Aberdeen Standard Australian Small Companies Fund

Monthly factsheet - performance data and analytics to 30 April 2019

Investment objective

To outperform the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, after fees, over rolling three year periods, by investing mainly in Australian (primarily outside the S&P/ASX 100 Accumulation Index) and New Zealand securities.

Investment strategy

The Fund utilises Aberdeen Standard Invesments' proven investment philosophy and approach to invest primarily in a concentrated portfolio of mainly Australian (primarily outside of the S&P/ASX 100 Accumulation Index) and New Zealand listed companies that have the potential for capital growth and increased earning potential. Our equity managers seek to identify and invest in good quality Australian and New Zealand listed securities through first hand company visits.

Performance (%)

				Per annum		
	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception[1]
Aberdeen Standard Australian Small Companies Fund net returns[2]	2.66	8.53	7.65	8.45	11.13	11.54
Aberdeen Standard Australian Small Companies Fund gross returns[3]	2.77	8.86	9.00	9.81	12.53	12.81
S&P/ASX Small Ordinaries Accumulation Index	4.11	11.04	7.18	11.79	9.11	6.74
Net returns[2] vs index	-1.45	-2.51	0.47	-3.34	2.02	4.80
Gross returns[3] vs index	-1.34	-2.18	1.82	-1.98	3.42	6.07

1. This figure represents the annualised performance of the Fund from the first full month of operation. **Prior to 1 May 2009 performance was obtained under a different process and different manager.**
2. Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.
3. Gross performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.
Please note: Prior to 20 June 2012 the Fund was known as the Aberdeen Classic Series Australian Small Companies Fund. Prior to 1 May 2009 the Fund was known as the Credit Suisse Australian Small Companies Fund.
Past performance is not a reliable indicator of future results.

Performance review

The Fund returned 2.77% in April (before fees), underperforming the benchmark by 1.34%.

Contributing to Fund performance was: Pro Medicus, after it clinched a A$14 million contract with Duke Health, the largest health provider in North Carolina in the US. The deal calls for the implementation of its software across three hospitals for the next seven years. This should generate healthy recurring revenue for the firm, while expanding the usage of its platform among new doctors.

Detracting from Fund performance was: Spark New Zealand, which retreated on the news that well respected CEO Simon Moutter would be retiring after a nearly seven years. He will be replaced by Jolie Hodson who joined in 2013 and has worked in various senior-leadership positions across the business, including CFO. This should ensure a smooth leadership transition.

Major Portfolio Moves: We introduced global electronic design automation software company Altium, with a highly-differentiated product offering of a unified end-to-end production environment. Its reputation in product development and innovation stems from its designer-friendly flexible software, with frequent product updates and attractive price points. These factors position Altium for further

Important information overleaf

AberdeenStandard Investments

Top ten holdings (%)

	Fund	Index
ARB Corporation	6.9	0.6
BapCor	5.2	0.8
Xero	4.7	0.0
Auckland Airport	4.2	0.2
Spark New Zealand	4.1	0.4
Fisher & Paykel Healthcare	3.8	1.1
AUB	3.7	0.5
Beach Energy	3.7	1.9
Millennium & Copthorne	3.7	0.0
NIB Holdings	3.6	1.3
Total	**43.6**	**6.8**

Sector breakdown (%)

	Fund	Index
Consumer Discretionary	17.7	15.9
Financials	17.0	9.5
Information Technology	15.0	12.4
Real Estate	14.1	11.0
Industrials	12.2	7.7
Communication Services	4.1	5.9
Health Care	4.1	6.6
Energy	3.7	5.2
Consumer Staples	3.0	7.8
Utilities	2.9	0.4
Materials	1.1	17.7
Cash	5.1	0.0
Total	**100**	**100**

Figures may not always sum to 100 due to rounding.

Key information

ASX mFund Code	**AFZ20**
APIR Code	**CSA0131AU**
Benchmark	**S&P/ASX Small Ordinaries Accumulation Index**
Date of launch	**March 2001**
Income payable	**30 June and 31 December**
Management costs	**1.26% pa of the net asset value of the Fund comprising: Management Fee 1.26% pa Indirect costs 0.00% pa**
Buy/Sell spread	**+0.10%/-0.10%**
Fund size	**A$321.57m**
Redemption unit price	**$3.3110**

Client Services: 1800 636 888
aberdeenstandard.com.au

Aberdeen Standard Australian Small Companies Fund

Monthly factsheet - performance data and analytics to 30 April 2019

expansion, both in terms of its existing mass-market share via its subscription model, as well as ascending the value chain into the high-end segment.

Market review

Australian equities rose in April, in tandem with global markets amid signs of macroeconomic stabilisation and better outlooks across emerging markets and China. Although commodities edged lower, iron ore rose by more than 9% on firm Chinese demand and tight supply. At home, consumer staples and technology-sector stocks led the rise, while property trusts, resource and materials lagged. Also boosting sentiment was the competition between the incumbent and opposition parties to win over middle- to low-income voters with fiscal sweeteners. First-quarter GDP rose and exceeded expectations amid solid infrastructure investments, while that for manufacturing moderated. Exports exceeded expectations in March. In contrast, business confidence sagged and unemployment nudged higher on the back of more people looking for work. Inflation remained benign, paving the way for the central bank to cut rates.

Outlook

Looking ahead, while Australian equities may remain supported by reasonably accommodative fiscal and monetary policy, volatility will feature in light of lower sentiment among consumers and businesses. Domestically, consumption has been grinding lower as high household indebtedness, a near-zero savings ratio and low wage growth have constrained the consumer.

Globally, among the concerns are ongoing trade tensions between the US and China despite some signs of rapprochement and uncertainty around Brexit's new deadline. We have seen downward revisions to global growth, and expectations are for these to continue. In the resources sector, we expect ongoing capital expenditure and productivity initiatives to sustain production and contribute to GDP growth, with all three major Australian iron-ore producers planning to undergo substantial replacement capital spending. This has coincided with a disruption to supply of a major Brazilian competitor.

We expect a similar dynamic in the energy sector, as several players ramp up large LNG projects to exploit a tightening market into the mid-2020s. For domestically-focused firms, those that are self-reliant and well managed should prosper because of their commitment to improving internal efficiencies, either by upgrading their operations through investments in technology and automation, or from cost savings. Business investment should continue, supported by higher government spending on infrastructure – especially in the Eastern states.

Domestic risks to this scenario include the implications of an election year, in which industry reviews could hamper listed companies, while tighter credit standards in the banking sector could dampen both the housing market and the construction sector. Nevertheless, we continue to find value within the Australian market. As always, our focus is on accumulating positions in companies led by excellent management, with healthy balance sheets and upbeat long-term prospects.

Contact us

Telephone:
1800 636 888 or +61 2 9950 2853
if calling from outside Australia
Email:
client.service.aust@aberdeenstandard.com
Website:
aberdeenstandard.com.au