

# Maple-Brown Abbott Australian Small Companies Fund

Australian Small Companies

July 2022

## Portfolio managers



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## Maple-Brown Abbott Australian Small Companies Fund

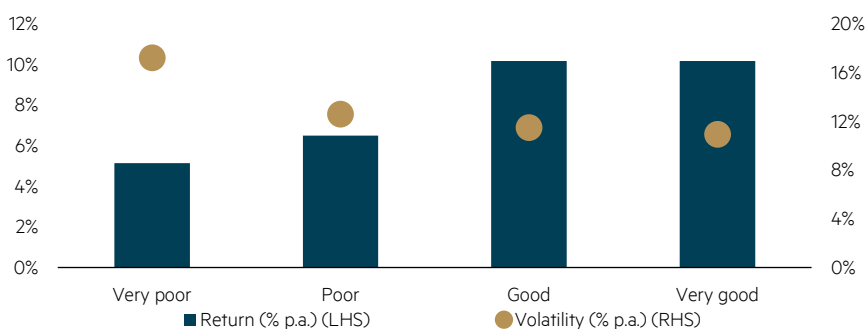
- Clear investment philosophy that 'earnings drive share prices' over the medium term
- Differentiated sustainability framework
- Proprietary research focusing on non-consensus inputs
- Focused investment process designed to create an 'all weather portfolio' comprised of stocks that rank highly on our earnings, sustainability and risk measures
- Managed by passionate and experienced portfolio managers with a proven track record<sup>1</sup>

## How is this fund different?

**Investment approach:** We define ourselves by our 'earnings drive share prices' philosophy rather than any particular investment style (unlike many of our peers that are categorised as growth, value or 'growth at a reasonable price' (GARP) managers).

**Sustainability:** An integral part of our investment process, sustainability is a key competitive advantage for the Fund. We believe sustainable companies provide superior risk-reward characteristics over the long term and are exemplified by strong, persistent earnings streams over long-term periods. Our sustainability inputs are proprietary and do not rely on external research or ratings, with dedicated environmental, social and governance (ESG) specialists providing research, thought leadership and company engagement, as well as rating companies on ESG risks. The portfolio managers have demonstrated a strong correlation between their ESG ratings and the subsequent share price for Australian small cap companies.<sup>1</sup>

## Higher ESG ratings correlate to better returns and lower volatility



Companies classified into four categories based on MBA ESG team proprietary scoring method, rebalanced on a six monthly basis from 2010 to 2021.

We believe it is through combining our earnings-based valuation approach with a focus on sustainability that the fund will deliver enhanced investment performance in Australian small companies

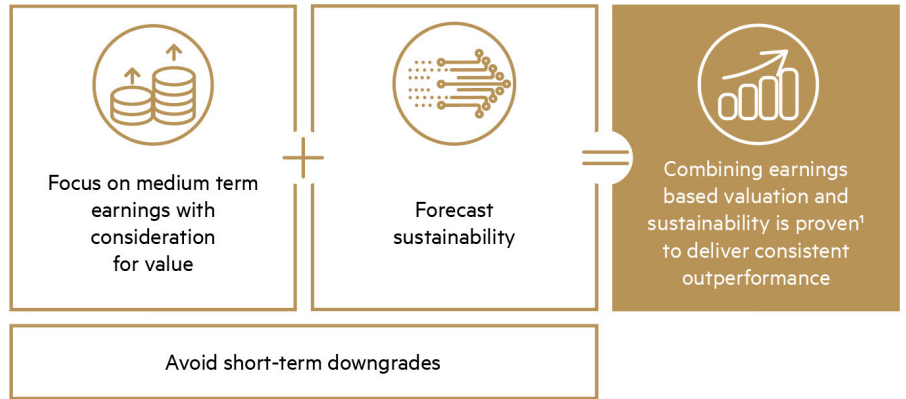
<sup>1</sup> The past performance and experience of the portfolio managers was achieved managing a different fund with substantially the same investment strategy as the Fund. Past performance is not a reliable indicator of future performance.



**Research:** We focus on bottom-up fundamental research to gain an information advantage over our peers. Our research includes over 1000 company-related meetings per year, including management meetings, site visits, industry expert panels and ESG meetings. We also use alternate data sources which provide both sector and stock-specific data.

**Alignment:** Collectively the team is highly aligned to the client goals of the strategy through a market-competitive remuneration framework. Each team member has invested a substantial portion of their own savings into the strategy.

### What is our investment approach?



Earnings are central to our investment philosophy, which is based on the following three core beliefs:

- 1 Share price performance is driven by medium-term earnings delivery with consideration given to valuation and where the company is in the earnings cycle.
- 2 Sustainability factors are important drivers of long-term performance and superior risk-reward characteristics.
- 3 Companies which disappoint on short-term earnings expectations typically underperform.

### How does the fund work with your clients' portfolios?

The Fund is likely to be appropriate for investors who are seeking capital growth, have an investment horizon of at least five years and a very high risk tolerance, and are comfortable with the risks associated with investing in small companies.

### Why Maple-Brown Abbott?

Our passionate and experienced Australian Small Companies portfolio managers employ a differentiated investment process, with a nine-year track record.<sup>1</sup> The team is supported by dedicated ESG specialists and the broader Maple-Brown Abbott non-investment team and platform, allowing the investment team to focus on investing on behalf of their clients.

<sup>1</sup> The past performance and experience of the portfolio managers was achieved managing a different fund with substantially the same investment strategy as the Fund. Past performance is not a reliable indicator of future performance.

### Fund snapshot

<b>Fund name</b>	Maple-Brown Abbott Australian Small Companies Fund
<b>Inception date</b>	24 June 2022
<b>Investment objective</b>	The Fund aims to outperform the S&P/ASX Small Ordinaries (Total Return) Index (Benchmark), after fees, over a five-year period
<b>Portfolio limits<sup>2</sup></b>	Typically 30–50 stocks 10% absolute stock weight limit with no sector limits Cash limit of 15%
<b>Investable universe</b>	Primarily companies listed outside the S&P/ASX100 Index and >A\$100m market capitalisation
<b>Investment time horizon</b>	5+ years
<b>Fees<sup>3</sup></b>	Management fees – 1.10% p.a Performance fee – 15% of the Fund's outperformance of the Benchmark

- Should the Fund move outside of the asset allocation ranges or the investment guidelines, the Fund will be rebalanced within a reasonable period of time.
- Additional fees and costs may also apply in relation to an investment in the Fund. For a full description of the fees and costs refer to the Product Disclosure Statement and Additional Information Booklet for the Fund.

### Link

> [Australian Small Companies Fund](#)

### Contact us



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