



# Australian Share Fund

"Where sensible investing goes to work"

## Factsheet and Performance Review

DECEMBER 2017

### TOTAL RETURNS (AFTER FEES) AS AT 31 DECEMBER 2017

	Dec	Nov	Oct	3 MTHS	6 MTHS	12 MTHS	INCEPTION (p.a.)	(Total)
<b>Meme Australian Share Fund</b>	<b>+ 2.93 %</b>	<b>+ 4.39 %</b>	<b>+ 7.08 %</b>	<b>+ 15.05%</b>	<b>+ 16.86%</b>	<b>+ 12.86%</b>	<b>+ 14.60%</b>	<b>+ 84.71%</b>
All Ordinaries Accumulation Index	+ 2.03 %	+ 1.91 %	+ 4.06 %	+ 8.20%	+ 9.31%	+ 12.47%	+ 10.50%	+ 56.80%
Performance Relative to Benchmark	+ 0.89 %	+ 2.48 %	+ 3.02 %	+ 6.85 %	+ 7.55%	+ 0.39%	+ 4.09%	+ 27.91%

Past performance is not necessarily indicative of future performance. Portfolio results assume distributions totalling \$0.15015 have been reinvested. Inception was 1 July, 2013.

**INVESTMENT OBJECTIVE:** To outperform the S&P/ASX All Ordinaries Accumulation Index over rolling three year periods, through active investment in ASX listed securities outside the S&P/ASX 20.

**INVESTMENT APPROACH:** The Fund takes an evidence-based quantitative approach to investing and uses a robust and back-tested trend-following strategy to identify investment opportunities expected to provide both positive price appreciation and relative price out-performance over the medium to long term. The Fund rigorously applies a set of capital management rules to manage both risk and return such that any losses are taken while they are small while gains are given room to compound until their long-term price trends become exhausted or their relative out-performance becomes impaired.

The Fund employs a non-thematic, bottom-up investment style which allows us to quantify both the absolute and relative merits of each investment opportunity and to allocate the Funds' investment capital accordingly. The resulting exposures to the various market sectors are essentially a consequence of that process, such that the strategy at the individual investment level guides the Funds' sector exposure and not the other way around.

The Fund only takes long positions and does not use derivatives. The Fund will hold an allocation to cash to the extent that there are at any time insufficient investment opportunities at appropriate levels of risk.

### KEY PORTFOLIO METRICS

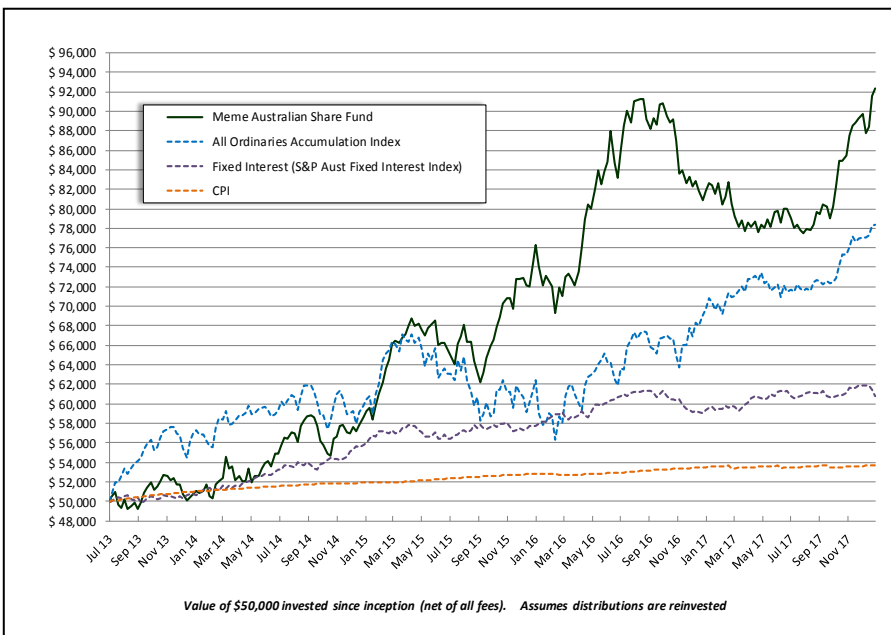
Assets Under Management	\$ 5.95 mill
Net Asset Value per unit	\$ 1.6312
Number of Holdings	86
Portfolio Components	Cash 3.07% Equities 96.93%

### KEY PERFORMANCE METRICS

Open Positions	
Winning Positions	88.1%
Avg Profit / Avg Loss	14.87
All Positions (last 12 months)	
Winning Positions	42.3%
Avg Profit / Avg Loss	3.36

	Up Weeks		Rel Mthly Perf when B'mark is	
	Fund	B'mark	Up	Down
1 Year	59.6%	63.4%	-0.26%	+1.60%
2 years	56.7%	58.7%	-0.23%	+0.16%
Inception	60.0%	58.7%	-0.14%	+1.26%

### COMPARATIVE PERFORMANCE



### TOP 10 HOLDINGS

Stock	%
A2 Milk (A2M)	5.26
Appen (APX)	4.86
Big Un (BIG)	4.57
McMillan Shakespeare (MMS)	2.91
Invocare (IVC)	2.80
Credit Corp (CCP)	2.66
NextDC (NXT)	2.63
Platinum Asset Mgmt (PTM)	2.61
Lynas Corp (LYC)	2.43
Costa Group (CGC)	2.34
<b>Total Top 10</b>	<b>33.07</b>

### MONTHLY PERFORMANCE % BY YEAR (after fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013							-0.99	-0.67	4.19	2.94	-1.96	-1.00	2.39
2014	-1.32	3.66	0.16	1.01	1.84	1.01	6.12	1.59	-4.60	1.10	0.42	3.79	15.41
2015	3.29	8.38	2.09	-0.04	1.76	-5.97	5.56	-7.50	4.93	7.12	3.11	4.40	30.48
2016	-4.89	-1.71	3.38	8.60	5.43	0.61	7.18	-3.75	3.68	-4.39	-5.07	-0.72	7.33
2017	-0.81	-1.83	-1.40	-0.30	0.66	0.23	-1.86	2.23	1.23	7.08	4.39	2.93	12.86

### DISTRIBUTIONS

	Jun	Dec
2013		1.6358
2014	0.6277	1.7428
2015	8.2160	0.0000
2016	1.9278	0.3543
2017	0.5106	0.0000

## INVESTMENT MANAGER'S COMMENTARY

**Review.** The positive performance of the Fund continued in December with a strong return of +2.93% compared to the broad market's total return of +2.03%. This most recent result brings the Fund returns since inception to +14.60% per annum, comfortably ahead of the market's +10.50% and increasing the outperformance since inception in 2013 to +4.09% per annum.

Sector returns in December were mixed, with Energy and Materials providing the strongest performances and Utilities and Industrials the weakest. Smaller cap dominance has continued, with the ASX20 returning 2.0% while the Small Ordinaries (ASX100-ASX300) and Emerging Companies (ASX300+) stocks returned +3.2% and +6.0% respectively. Our active bottom up investment style guides our portfolio allocations such that they continue to respond to these market performance characteristics as they evolve over time.

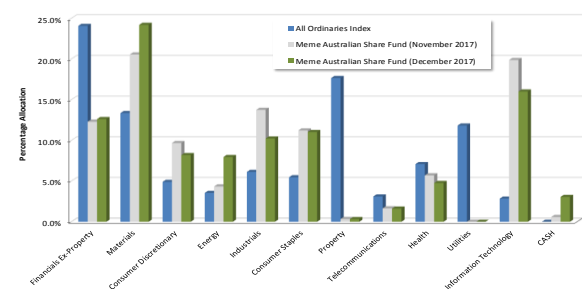
**Attribution.** The five most positive contributors to the funds' November performance of +2.93% were Appen (APX, +0.72%), Aconex (ACX, +0.40%), IMF Bentham (IMF, +0.36%), Tawana Resources (TAW, 0.21%), and Blue Sky (BLA, +0.21%) while the five most negative contributors were Big Un (BIG, -0.48%), Invocare (IVX, -0.31%), Monadelphous (MND, -0.17%), A2 Milk (A2M, -0.16%) and Audio Pixels (AKP, -0.10%).

**Allocations.** In line with the continuing market bias towards smaller cap stocks, our allocation to this group continues to dominate, with our exposure to stocks outside the ASX100 holding at over 88% of the total portfolio and allocations to ASX100 stocks falling to just 8.7%. The fund remains virtually fully invested with cash remaining relatively low at about 3.1%. Our largest sector allocations continue to be Materials, Information Technology and Financials (which collectively account for over 52% of the funds' investment capital) and we continue to have little or no exposure to the Property and Utilities sectors. Our capitalisation and sector allocations are primarily a risk-adjusted response to investment opportunities as they arise and they continue to be materially non-correlated to the broad market. We continue to hold strongly to the view that the passive use of capitalisation alone constitutes a very poor premise on which to base meaningful portfolio allocations.

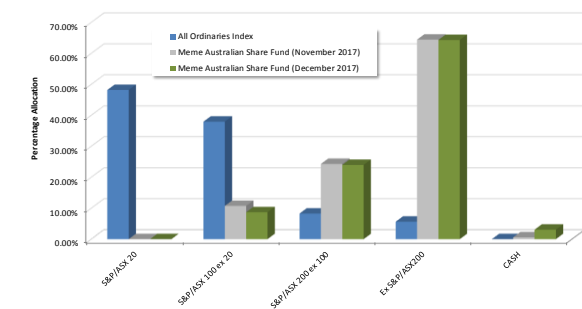
**Outlook.** The technical weakness evident until October has now dissipated, confirming that the broad market character has changed post the break of the psychologically significant 6,000 level. In December the broad market went on to record a second consecutive post-GFC high after breaking out of the short term trading range between 6,000 and 6,125 before being halted by fresh resistance below 6,200. Should continued strength break this recent resistance the next important level is not found until about 6,400, being the top of the upward trend channel off the early 2016 lows. We note however that this recent strength continues to be primarily provided by the smaller cap stocks, which have dominated the broad market performance since August by providing a return of 18.0% since that time, compared to 8.2% for the market and 6.5% for the ASX100.

Regardless of the market action from here, our investment strategy will continue to monitor and respond to the market dynamics such that portfolio rotation, expansion or contraction will naturally occur in response to the evolving market circumstances.

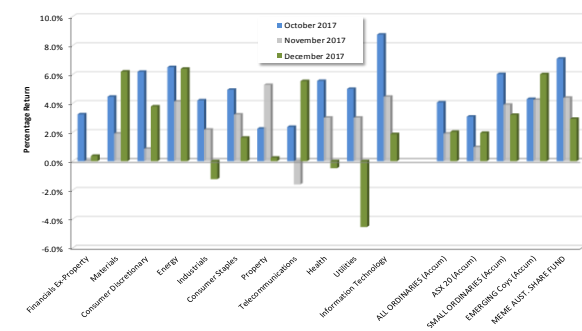
## PORTFOLIO ALLOCATION BY SECTOR



## PORTFOLIO BY MARKET CAPITALISATION



## MARKET PERFORMANCE BY SECTOR (last 3 months)



APIR Code	MMC0003AU	Morningstar™	Ticker: 40932 Category: Equity Australia Mid/Small Growth
Investment Horizon	3 to 5 years	Minimum Investment	\$20,000
Investor Type	Wholesale	Buy/Sell Spread	±0.25% on applications and withdrawals.
Valuations	Weekly and last day of each month.	Distributions	Six-monthly, 30 June and 31 December.
Fees and Costs	Investment Management	1.10% pa (incl. GST but net of applicable Reduced Input Tax Credits (RITC)).	
	Recoverable Expenses	Maximum of 0.77% pa (incl. GST but net of applicable Reduced Input Tax Credits (RITC)).	
	Performance Fee	11.00% pa (incl. GST but net of applicable Reduced Input Tax Credits (RITC)) of out-performance over the All Ordinaries Accumulation Index. High water mark applies.	

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Past performance is not indicative of future performance.

Interests associated with the Investment Manager maintain a significant holding in the Meme Australian Share Fund.

## FURTHER INFORMATION

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