



# Australian Share Fund

"Where sensible investing goes to work"

## Factsheet and Performance Review

JANUARY 2018

### TOTAL RETURNS (AFTER FEES) AS AT 31 JANUARY 2018

	Jan	Dec	Nov	3 MTHS	6 MTHS	12 MTHS	INCEPTION (p.a.)	(Total)
<b>Meme Australian Share Fund</b>	- 0.19 %	+ 2.93 %	+ 4.39 %	+ 7.23%	+ 18.84%	+ 13.56%	+ 14.26%	+ 84.36%
All Ordinaries Accumulation Index	- 0.33 %	+ 2.03 %	+ 1.91 %	+ 3.63%	+ 8.75%	+ 12.96%	+ 10.22%	+ 56.28%
Performance Relative to Benchmark	+ 0.14%	+ 0.89 %	+ 2.48 %	+ 3.60 %	+ 10.09%	+ 0.60%	+ 4.04%	+ 28.08%

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

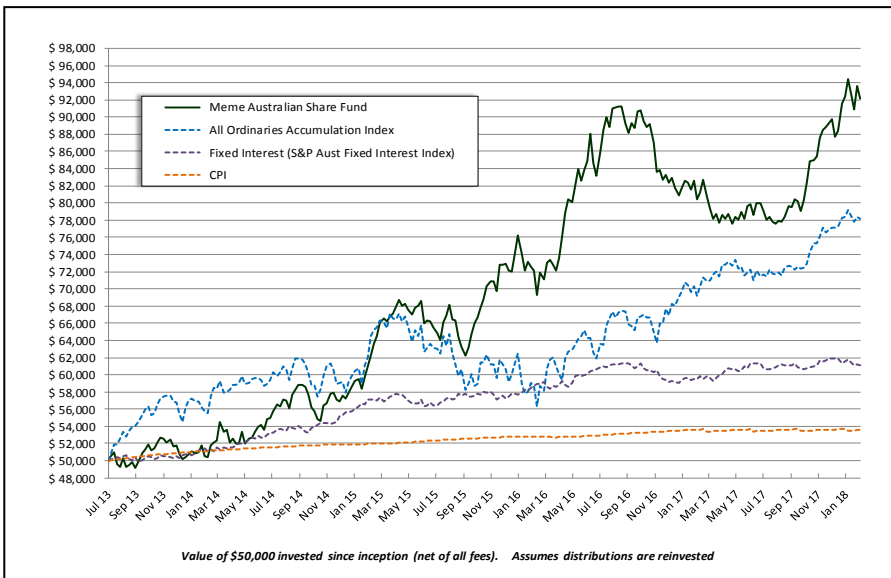
Assets Under Management	\$ 5.78 mill
Net Asset Value per unit	\$ 1.6280
Number of Holdings	84
Portfolio Components	Cash 0.92% Equities 99.08%

### KEY PERFORMANCE METRICS

Open Positions	
Winning Positions	79.2%
Avg Profit / Avg Loss	11.23
All Positions (last 12 months)	
Winning Positions	42.9%
Avg Profit / Avg Loss	3.48

	Up Weeks		Rel Mthly Perf when B'mark is	
	Fund	B'mark	Up	Down
1 Year	59.6%	63.5%	-0.26%	+1.69%
2 years	57.7%	58.7%	-0.23%	+0.11%
Inception	59.6%	58.3%	-0.14%	+1.20%

### COMPARATIVE PERFORMANCE



### TOP 10 HOLDINGS

Stock	%
A2 Milk (A2M)	6.15
Appen (APX)	5.19
Big Un (BIG)	4.79
McMillan Shakespeare (MMS)	3.07
Platinum Asset Mgmt (PTM)	2.80
NextDC (NXT)	2.66
Lynas Corp (LYC)	2.63
IMF Bentham (IMF)	2.61
SmartGroup (SIQ)	2.43
Whitehaven Coal (WHC)	2.34
<b>Total Top 10</b>	<b>33.92</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
2018	-0.19												-0.19

### DISTRIBUTIONS

Jun	Dec
	1.6358
0.6277	1.7428
8.2160	0.0000
1.9278	0.3543
0.5106	0.0000

## INVESTMENT MANAGER'S COMMENTARY

**Review.** The Fund posted its first negative return in six months with a modest fall of -0.19%, though still ahead of the market's -0.33%. This most recent result brings the Fund returns since inception to +14.26% per annum, comfortably ahead of the market's +10.22% with outperformance since inception in 2013 still holding above 4.0% per annum.

Sector returns in January were mixed, with Health and Information Technology replacing Energy and Materials as the strongest sectors while Utilities, Property and Industrials remaining the weakest. Smaller cap dominance has continued in January though it has now moved to bias those stocks outside the ASX300 which as a group returned +2.1% with the ASX20 and the Small Ordinaries (ASX100-ASX300) each posting small negative returns. Our active bottom up investment style will guide our portfolio allocations such that they continue to respond to these market performance characteristics as they evolve over time.

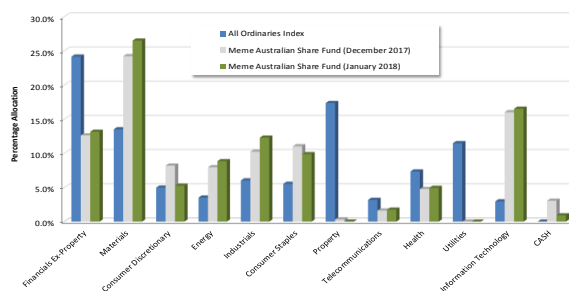
**Attribution.** The five most positive contributors to the funds' January performance of -0.19% were A2 Milk (A2M, +0.67%), Appen (APX, +0.29%), Altium (ALU, +0.26%), Platinum Asset Management (PTM, 0.21%), and Whitehaven Coal (WHC, +0.19%) while the five most negative contributors were Mineral Resources (MIN, -0.25%), Saracen (SAR, -0.24%), Pilbara Minerals (MIN, -0.18%), Costa Group (CGC, -0.18%) and Birimian (BGS, -0.14%).

**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 rising to over 91% of the total portfolio and allocations to ASX100 stocks falling to just 7.9%. The Fund remains virtually fully invested with cash remaining low at about 0.9%. Our largest sector allocations continue to be Materials, Information Technology, Financials and Industrials (which collectively account for over 68% of the fund's 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.

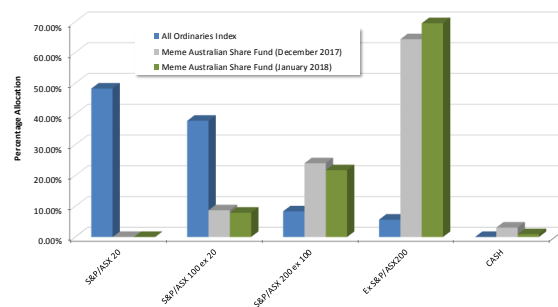
**Outlook.** The strength of recent month's appears to be softening, with the broad market tracking sideways after breaking through resistance at 6,100 late in December. That resistance is currently holding as support, which if broken could lead to a test of the upward trendline off the February 2016 low at around 5,900. Overhead resistance remains at around 6,400 which is the upper chord of the current trend channel. January also brought a change of character for the market, with the previously strong small cap stocks coming back to just market performance and only the emerging companies (ASX300+) providing current strength.

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.

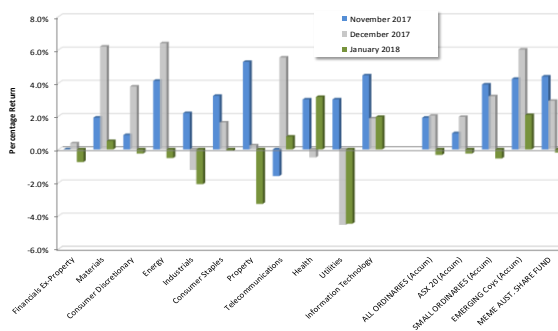
## PORTFOLIO ALLOCATION BY SECTOR



## 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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