



DMP Australian Small Companies Trust

31 March 2022

Investment Manager	SG Hiscock & Company Limited	APIR	DMP6133AU
Sub-Investment Manager	DMP Asset Management Ltd	Minimum Initial Investment	\$25,000
Commencement	1 January 2017	Qualifying Investors	Wholesale clients
Management Costs¹	1.03%	Buy Spread	0.35%
Performance Fee²	20.50%	Sell Spread	0.35%

Investment Objective

Designed to provide medium to long-term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3 to 5 year periods after taking into account trust fees and expenses.

Investments Held

The Trust will primarily invest in companies that are listed on the ASX and reside outside the S&P/ASX 100.

Performance³

	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	Since Inception % p.a (1/1/2017)
Total Net Return	6.02%	-2.96%	-0.50%	19.02%	53.16%	24.67%	14.38%
S&P/ASX Small Ordinaries Accum. Index	5.26%	-4.21%	-2.27%	9.68%	29.18%	9.64%	9.71%
Total Return vs. the Index	0.76%	1.25%	1.77%	9.34%	23.98%	15.02%	4.66%

Past performance is not a reliable indicator of future performance.

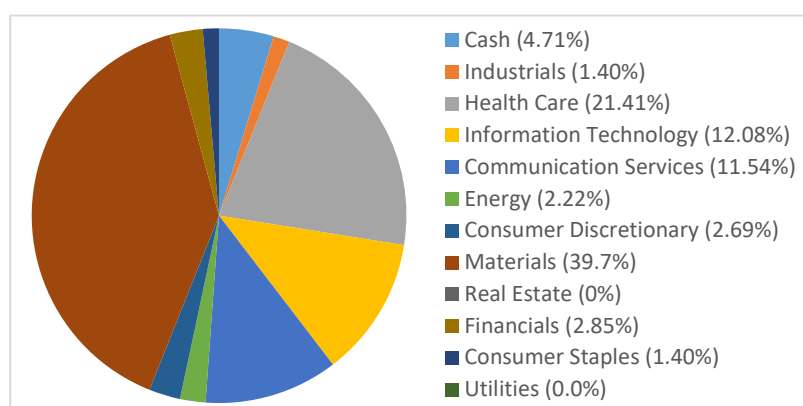
Distributions (cpu)

30 June 2021	14.6
30 June 2020	0.0
30 June 2019	2.2

31 March 2022 Unit Prices

Application	\$1.6418
Net Asset Value	\$1.6361
Withdrawal	\$1.6304

Sector Exposure as at 31 March 2022



Top 10 Holdings as at 31 March 2022

Big River Industries	(4.1%)
Uniti Group	(4.1%)
Animoca Brands	(3.1%)
Marketplacer (unlisted)	(3.0%)
Calidus Resources Limited	(2.9%)
Capricorn Metals	(2.9%)
Cogstate	(2.8%)
Liontown Resources	(2.7%)
Jervois Mining	(2.5%)
Aussie Broadband	(2.5%)

Top 10 holdings represent 30.57% of the total Trust

¹ Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

² Performance Fee: 20.50% of the amount by which the Trust's performance exceeds the performance hurdle (S&P/ASX Small Ordinaries Accumulation Index). Any underperformance from a prior period must be recouped before a fee can be taken (we call this the High-Water Mark).

³ Performance: Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

Commentary

The Trust's better performing stocks during March include: Australis Oil & Gas (+48.1%), Uniti Group (+43.8%), Nexus Minerals (+40.3%), Elementos (+39.3%) and Aeris Resources (+32.0%).

Stocks that underperformed during March Include: Radiopharm Theranostics (-25.8%), Lumos Diagnostics (-23.0%), Telix Pharmaceuticals (-15.4%), ICandy (-14.3%) and Raiz Invest (-14.2%).

Rough with the smooth

During March, the S&P/ASX Small Ordinaries Accumulation Index returned +5.26% for the month, underperforming the S&P/ASX 200 Accumulation Index, which returned +6.89%. Like February, the Materials and Financials sectors were the standout performers during the month, again explaining the outperformance of the S&P/ASX 200 Accumulation Index relative to the S&P/ASX Small Ordinaries Accumulation Index, with the two sectors relatively underrepresented in the latter.

A major driver of the Trust's performance during the month was Uniti Group (UWL), which delivered a return of +43.9%. On 15th March UWL received an indicative proposal from HRL Morrison at \$4.50 per share subject to satisfactory completion of confirmatory due diligence. Following this, on 24th March the company announced they had received a rival bid from a consortium, which includes Macquarie Infrastructure Group, at \$5.00 per share. This was then matched by a revised proposal from HRL Morrison on 29th March with the inclusion of Brookfield Infrastructure Group in the consortium. UWL has been a high conviction position, and one of the portfolio's largest positions, for some time and we have long held the belief that the company, and its "new world" infrastructure assets, are highly strategic. It is very pleasing to see this view reflected in a competitive bidding process after increasing the Trust's holding following a result which we viewed as underappreciated by the market.

It remains our view that those assets and businesses which enable the flow of data and communications will continue to generate value for their owners. It has been well documented that the biggest hinderance in the adoption of "Web3" is the issue of available infrastructure bandwidth. There is not enough existing infrastructure to accommodate the extraordinary levels of data demand and existing assets will command a valuation premium until significant additional supply is brought online. In terms of trust exposures in addition to that of UWL, there also exist positions in Aussie Broadband (ABB), and more recently Megaport (MP1).

In addition to UWL, it was also pleasing to see a strong contribution to aggregate performance from recent additions to the Trust, including Australis Oil & Gas (ATS) +48.1% and Elementos (ELT) +39.29% as the run in commodities prices continued its momentum. Converse to the strong performance of commodity prices, and resulting strong returns delivered by the trust's resources exposures, is the continued weakness of the trust's tech and MedTech exposures. The pressure on long duration stocks has continued to mount with an increasingly hawkish US Federal Reserve becoming more vocal. This has been the dominating theme of markets for some time, however, as inflationary pressures continue to mount, so too do market expectations of tighter monetary policy moving forward. Valuation and sentiment headwinds which have also weighed on stocks despite continued momentum in company fundamentals.

Alcidion (ALC) is a stock which highlights the detrimental effects of valuation compression the majority of ASX listed growth stocks have been subjected to in recent history. Whilst lumpier than the market expected, ALC has continued its progress in penetrating the UK market. During the quarter, the company announced numerous new contracts or contract extensions, putting them back on course to meet consensus expectations for FY22. During the quarter ALC signed a Miya Observations agreement with NHS Tayside. Existing customer Herefordshire/Worcestershire NHS Trust signed up to Miya Flow. Dartford/Gravesham expanded their existing

Miya Precision contract. East Lancashire NHS Trust signed a 5-year Miya Flow contract. And, in addition to which, ALC received their first two renewals for recently acquire Silverlink.

Continuing the theme of Health IT momentum and business acceleration, Beamtree (BMT) announced pleasing progress with regards to its international growth strategy with the company's first NHS contracts. Whilst still somewhat financially immaterial, BMT announced the signing of four leading NHS trusts in the UK, coming as the company's first international customers for Ripple Down decision support tech. Something we see as important validation of the company's IP and offering. In addition to which, BMT also announced the extension of key existing contracts with Abbott labs. This comes as further validation of an acceleration in the adoption of healthcare service digitisation.

While the performance of ALC and BMT flies in the face of progress, so too does that of Telix Pharmaceuticals (TLX). In January TLX completed a \$175m placement and \$25m SPP to raise a total of \$200m, predominantly for R&D spend related to progressing the company's extensive portfolio of radiopharmaceutical assets. Since then, TLX has announced dosing of its first patient for the prostate therapy program, grant of Illucix (prostate imaging), EU regulatory review extension, commercial distribution agreement for Illucix in Australia, UK and Ireland distribution agreement for Illucix, and, most importantly, commercial launch of Illucix in the US market. It remains our belief that the market is substantially underappreciating the potential success of Illucix in the US market, especially given the impressive momentum of competitor, Lantheus', prostate imaging product which we deem to have inferior distribution capabilities. As such, we have taken advantage of recent weakness to increase our holding.

Investment Guidelines

The Sub-Investment Manager will use the following guidelines when selecting investments for the Fund:

- The portfolio will generally hold 60 to 80 stocks with a minimum of 40 stocks.
- All stocks will reside outside the S&P/ASX 100 upon initial investment;
- Cash maximum 20%; equities 80-100 %;
- The Trust will be permitted to invest up to 10% of the Trust's assets in unlisted securities – but those unlisted securities must be expected to be quoted on the ASX within a 12-month period.
- The investment in any one company will not be more than 10% of the market value of the Trust's assets.
- Maximum shareholding in any one company is 10% of its market capitalisation.
- The Trust may use derivatives for risk management purposes, as substitutes for physical securities; and
- The Trust will not be geared.

All stocks on initial purchase will be outside the S&P/ASX 100. Should a stock, via growth, be included in the S&P/ASX 100 Index, DMP is able to hold this stock for a period of no greater than twelve months. DMP will immediately develop an exit plan for any stock that reaches the top 50.

Environmental Social & Governance (ESG)

Environmental

- No coal mining
- No direct uranium

Social

- No tobacco
- No direct gambling
- No predatory or pay day lending
- No weapons manufacturing
- No live animal exports
- No adult industries

Governance

- No poor occupational health and safety records
- No undisclosed related party transactions
- No excessive use of non-executive options

For more information visit www.sghiscock.com.au

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Trust. SG Hiscock & Company Limited (ABN 51 097 263 628 AFSL 240679) is the Investment Manager of the Trust and DMP Asset Management Ltd (ABN 77 145 590 316 and AFSL 38358) is the Sub-Investment Manager and have prepared this document for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither SG Hiscock & Company Limited, DMP Asset Management Ltd, Equity Trustees Limited nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Trust. Past performance is not a reliable indicator of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance on the information contained in this document. We strongly encourage you to obtain detailed professional advice and to read the relevant Information Memorandum in full before making an investment decision. Equity Trustees Limited does not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees Limited and no liability is accepted for any errors it may contain. Investors can acquire units by completing the application form accompanying a current Information Memorandum. A current Information Memorandum can be obtained by contacting DMP Asset Management Ltd on +61 3 9981 3300.