

# Reasons why Aberdeen Standard Australian Small Companies Fund

July 2021

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# Aberdeen Standard Australian Small Companies Fund

## 01 The benefits of being small



- There are over 2,000 small companies listed in Australia<sup>1</sup>. Small companies are often under-researched and potentially mispriced, presenting opportunities for savvy investors.
- An investment in small companies can provide rewarding opportunities for investors over the long term. The key is finding companies in their early stages and staying invested while they expand and grow.
- Small companies are often the target of merger and acquisition activity, which can be a boon for small company stock prices.

## 02 Being small doesn't necessarily mean being less well known

Many investors confine themselves to the larger end of the company scale, overlooking some of the potential growth opportunities that may exist among smaller companies.

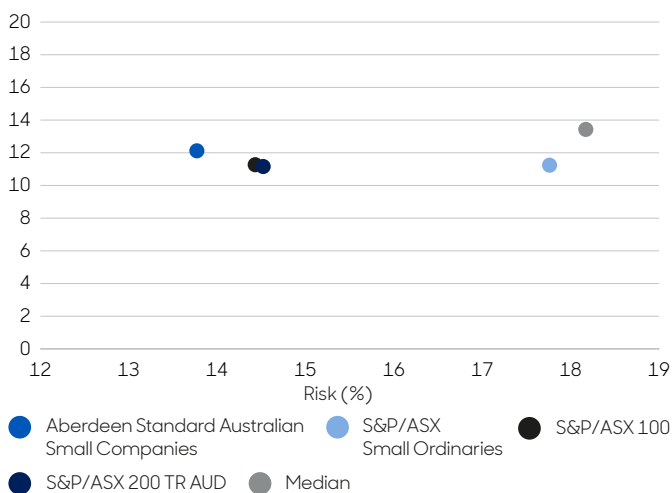
Investing in small companies doesn't necessarily mean holding unknown Australian or New Zealand companies. abrdn looks for industry leaders across a range of sectors with competitive advantages.



## 03 Experience counts – delivering strong returns while managing volatility over the long term

### Generating strong returns with less volatility 5 years<sup>2</sup>, June 21

Return (% pa)



Performance is shown gross of fees and does not reflect investment advisory fees; had such fees been deducted, returns would have been lower.

**Past performance is not a guide to future results.**

## 04 Taking stock – an example of a small cap in action

In December 2019, the Fund began investing in Megaport, a leading network-as-a-service provider that offers connectivity between multiple data centres to top cloud service providers.

We are attracted to Megaport due to the following reasons:

- **Strong market tailwinds:** As businesses continue their migration onto the cloud and seek out multi-provider services, Megaport is primed to offer flexible, easy to connect and secure services.
- **Attractive business model:** Allow customers to "subscribe" monthly generating stable and growing recurring revenues and cash flow.
- **Global ambitions:** Operates a large global Software Defined Network (SDN) that has scope to keep growing in terms of footprint and utilisation within their existing customers.
- **Virtual Edge:** Ability to leverage the existing platform to integrate with various networking technologies to work with additional partners.

<sup>1</sup> Source: World Federation of Exchange, 31 Aug 2020

<sup>2</sup> MercerInsight. The Mercer Australian Small Cap universe consists of long only Australian small cap equity strategies. 30 June 2020

# Aberdeen Standard Australian Small Companies Fund

## 05 Why abrdn for Australian Small Companies?

### Experience

Long history of investing in small cap



- Experienced, stable team with a broad range of specialist skills
- We have invested in a variety of market conditions and stages of the economic cycle

### Resources

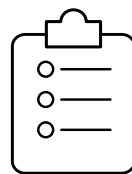
Local presence and experienced team



- Six locally dedicated investment professionals
- Leveraging the support and insights of regional and global teams

### Research

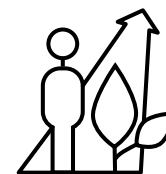
Intensive, global proprietary research approach



- We conduct all our own research
- We meet with company management to ensure we understand the fundamentals and risks that drive long term returns

### ESG

Analysis deeply embedded within investment process



- We aim to be the industry leader in ESG
- Stewardship and ESG are fundamental components of our investment process
- Critical to protecting and enhancing the value of the portfolios we manage on behalf of clients

## Key Facts

<b>Fund name</b>	Aberdeen Standard Australian Small Companies Fund
<b>ARSN</b>	095 866 872
<b>APIR</b>	CSA0131AU
<b>ASX mfund code</b>	AFZ20
<b>Management costs</b>	1.26% pa of the net asset value of the Fund
- <b>Management fee (Class A)</b>	1.26% pa
- <b>Indirect costs</b>	0.00% pa
<b>Distribution frequency</b>	Half yearly (30 June and 31 December)
<b>Benchmark</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>Min. suggested time frame</b>	Long term – 5 years plus
<b>Mix of asset classes<sup>3</sup></b>	75-100% Australian equity securities 0-15% New Zealand equity securities 0-10% Cash

<sup>3</sup> These are indicative asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment, cause the Fund to move outside these indicative ranges, or a limit set out in the PDS, this will be addressed by us as soon as reasonably practicable.

## Risks

All investments carry risk. The likely investment return and the risk of losing money is different for each managed fund, as different strategies carry different levels of risk based on the underlying mix of assets. Investors should not make investment decisions based on this document alone. More information on the risks of investing in the Fund is contained in the Product Disclosure Statement, which should be considered before deciding to invest in the Fund.

## Important Information

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## For more information

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