

LONGWAVE AUSTRALIAN
SMALL COMPANIES FUND

LONGWAVE
CAPITAL

Taming the Small Cap Wild Ride

David Wanis / Melinda White: Portfolio Manager
September, 2022

LONGWAVE
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What doesn't change?

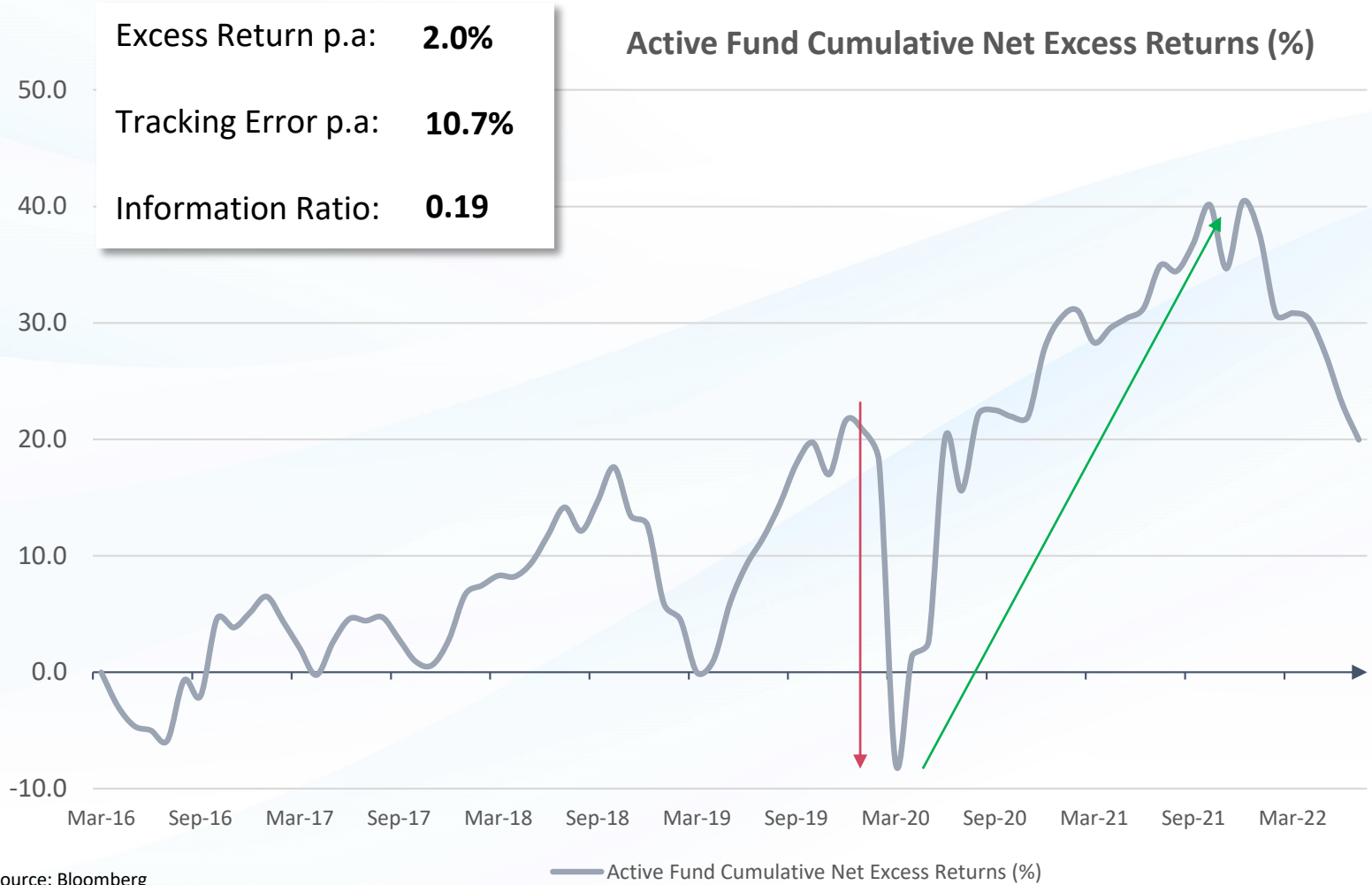
"We know that customers today want low prices, fast delivery and vast selection and that's going to be true 10 years from now."

Jeff Bezos, Amazon, 2016

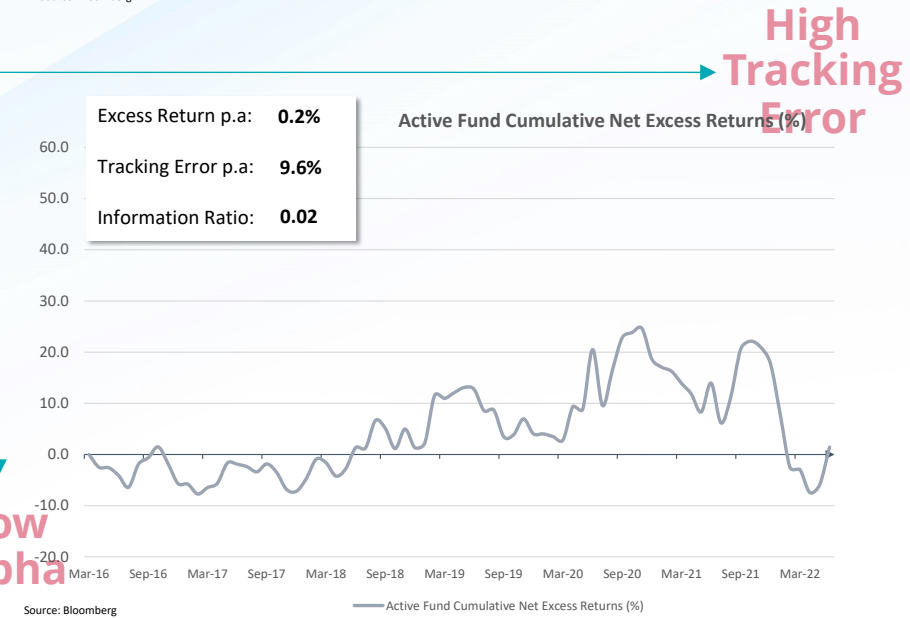
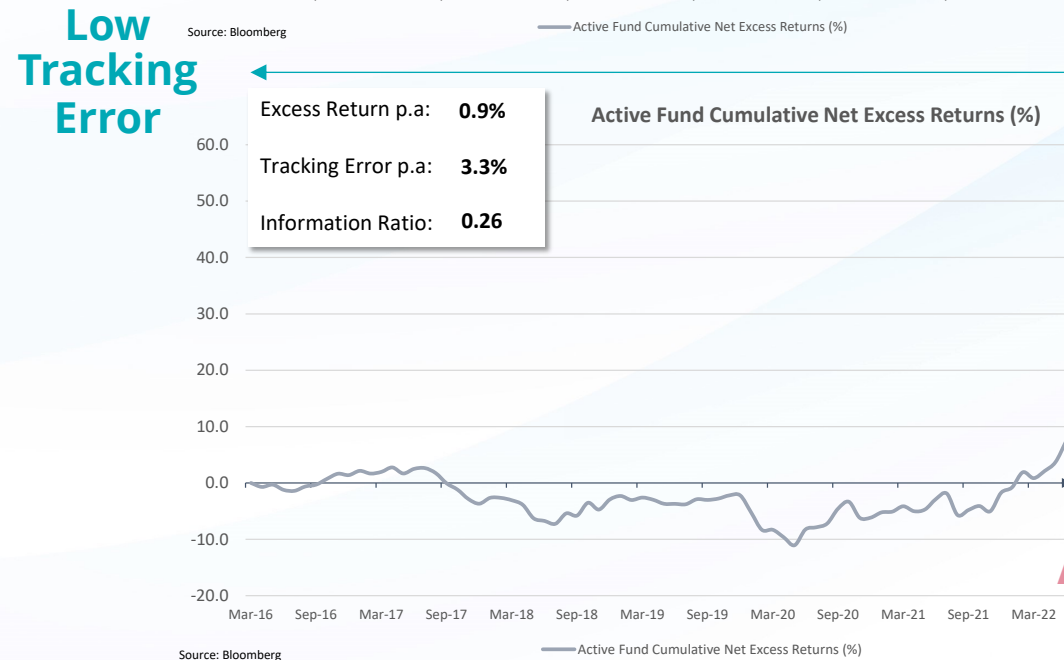
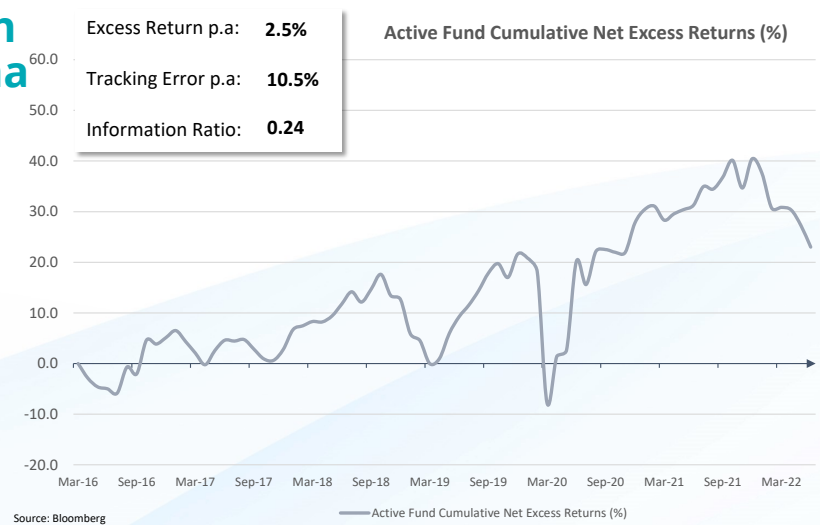
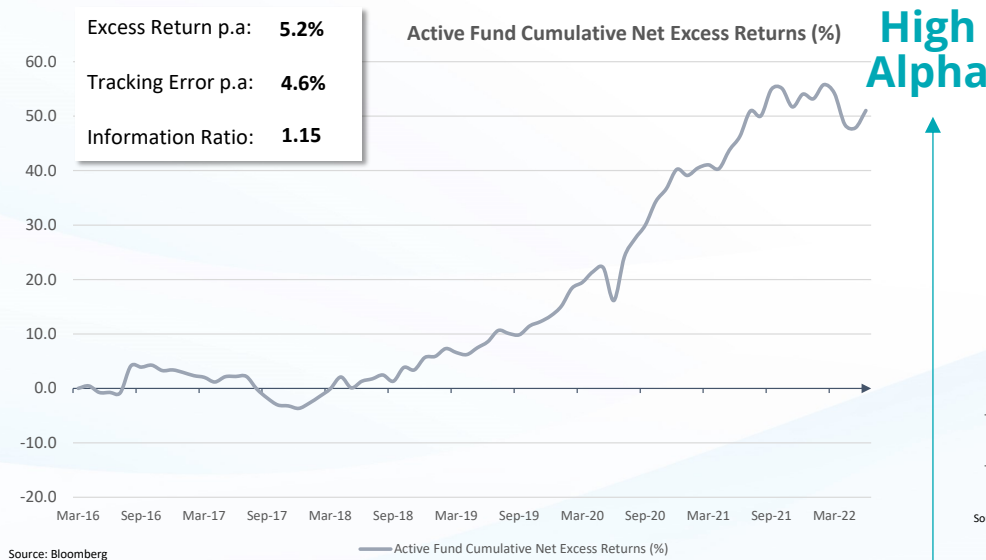


**“More Consistent Alpha
at Lower Fees”**

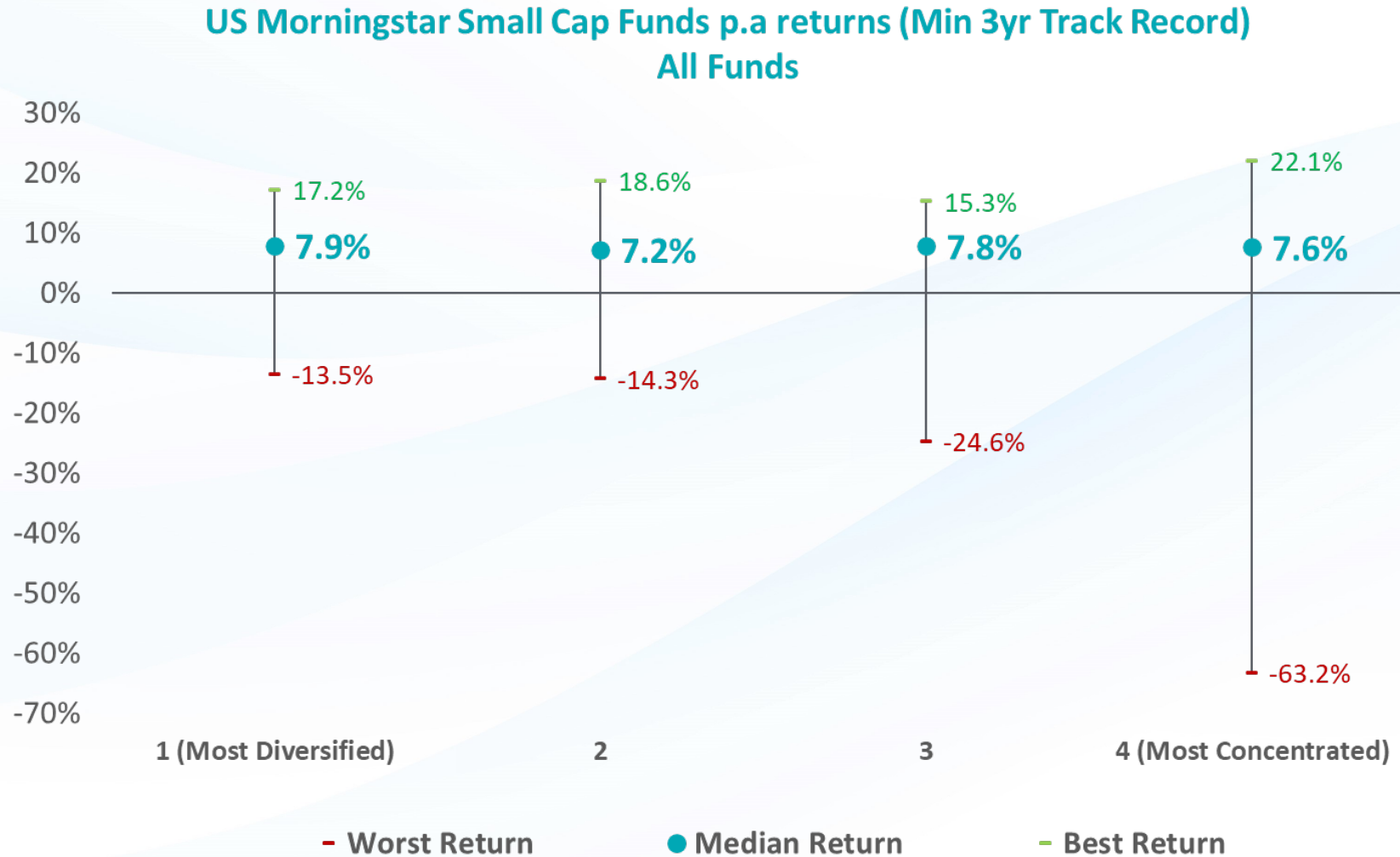
A Wild Ride to Small Cap Alpha



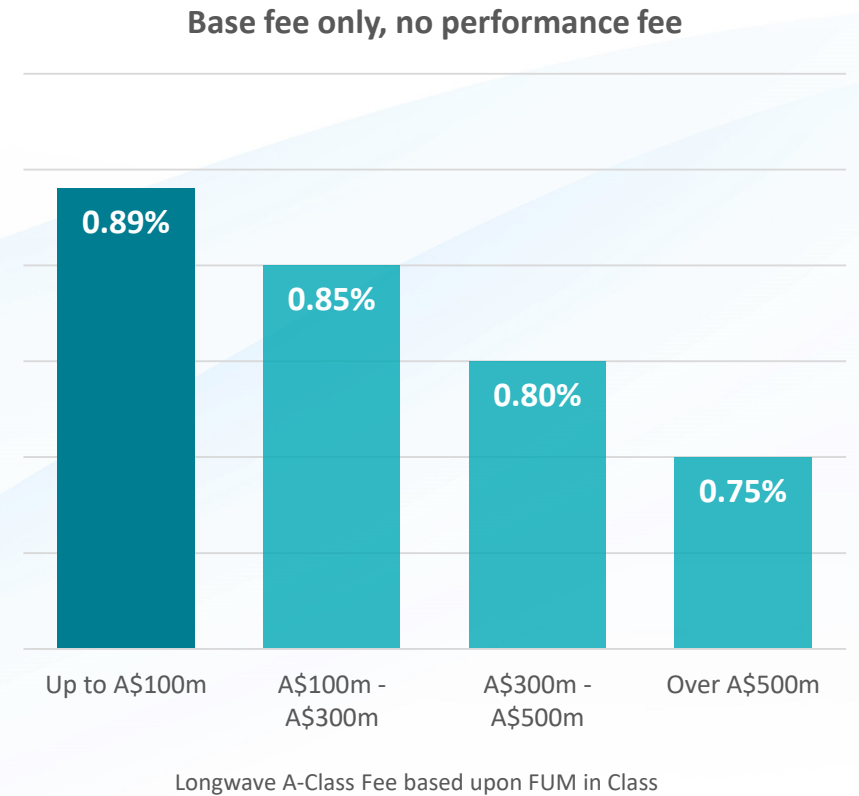
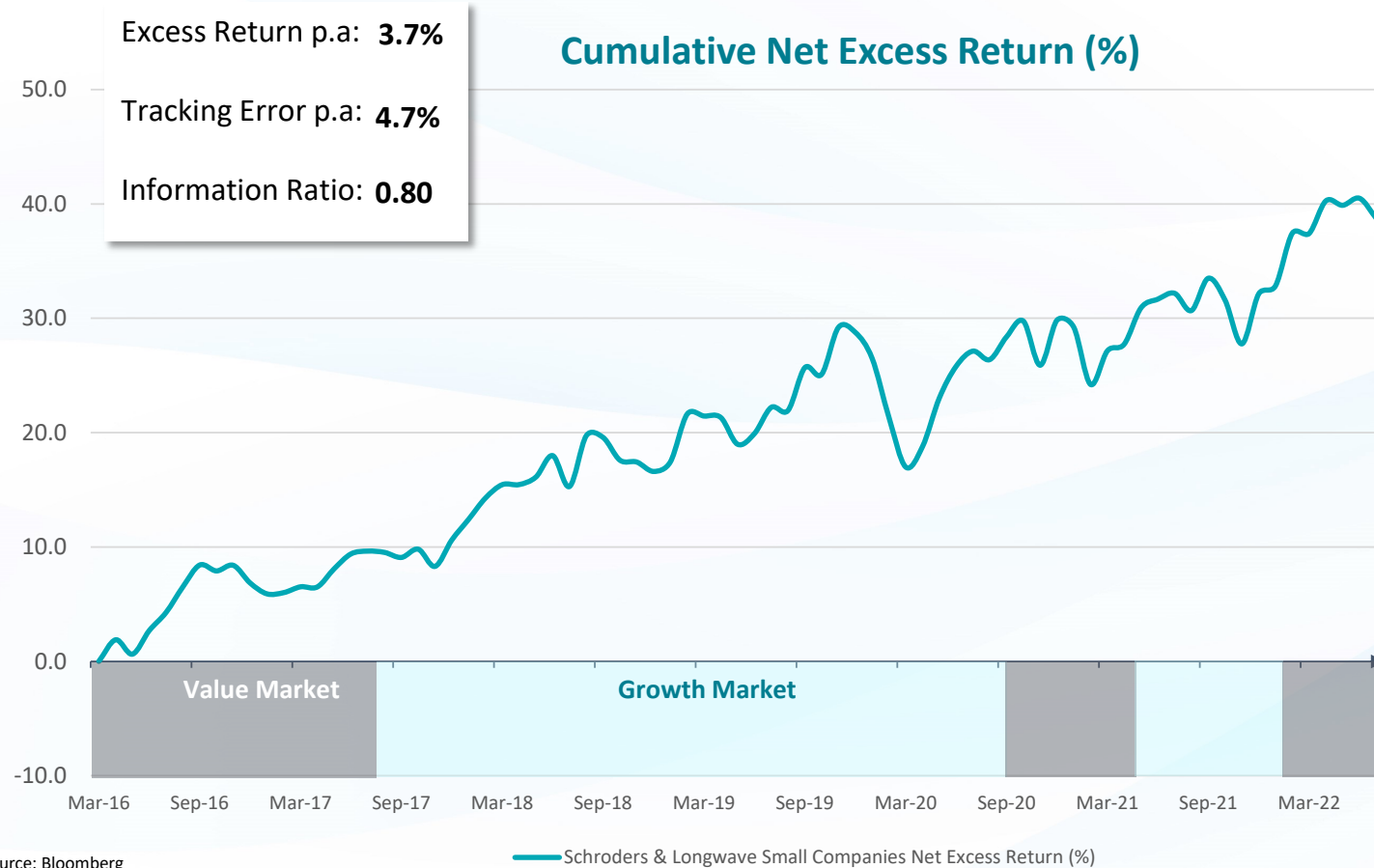
Alpha Consistency and Magnitude



Skill matters far more than stock numbers



Skilled Diversification Works



Source: Bloomberg

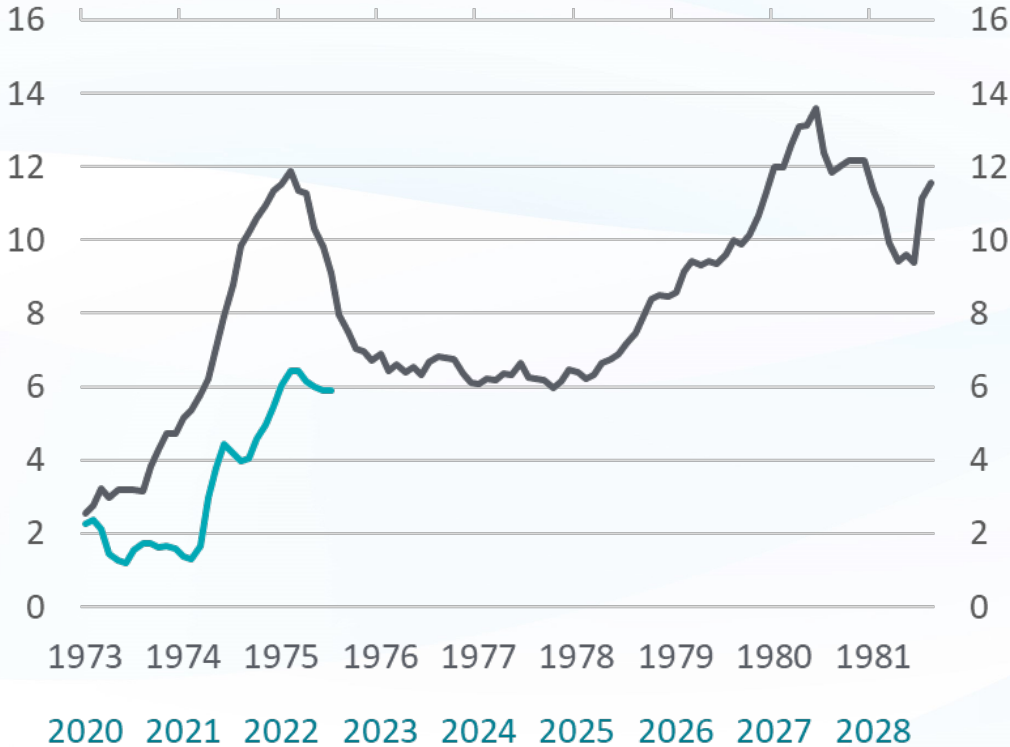
Net returns to 31 July, 2022

— Schrodgers & Longwave Small Companies Net Excess Return (%)

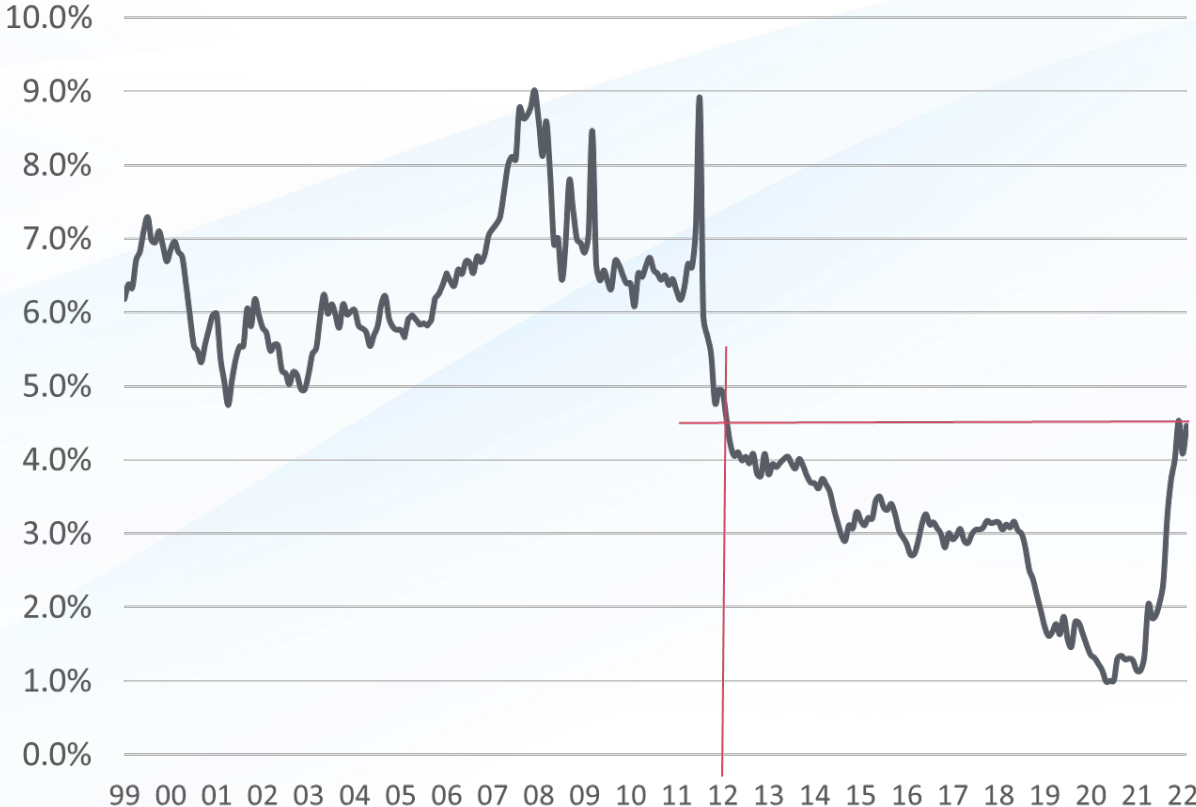
The Longwave Australia Small Companies Fund “the fund” has been operating since 01 February 2019. To give a longer-term view of our performance for this asset class, we have also shown returns for the small cap sub –portfolio of the Schrodgers real return fund which has been operating since March 2016. Strategy performance has been calculated using the monthly returns since 31 March 2016 to current date. The Fund employs the same systematic process as was used by the same investment team that managed the Schrodgers portfolio. Longwave has records that document and support the performance achieved. As such, the annualised performance periods stated are inclusive of the combined composite monthly returns, and do not include any period when the team were not managing the Strategy (the period Oct 2018 to Jan 2019 index returns are used). Fund returns are in AUD terms. Past performance is for illustrative purposes only and is not indicative of future performance. Strategy performance data prior to the 31 October fund inception, has been calculated net of the same fee as the Longwave Class A units (89bps).

A Great Reshape of Capital Cost

US Core CPI (%): 1973 & 2020



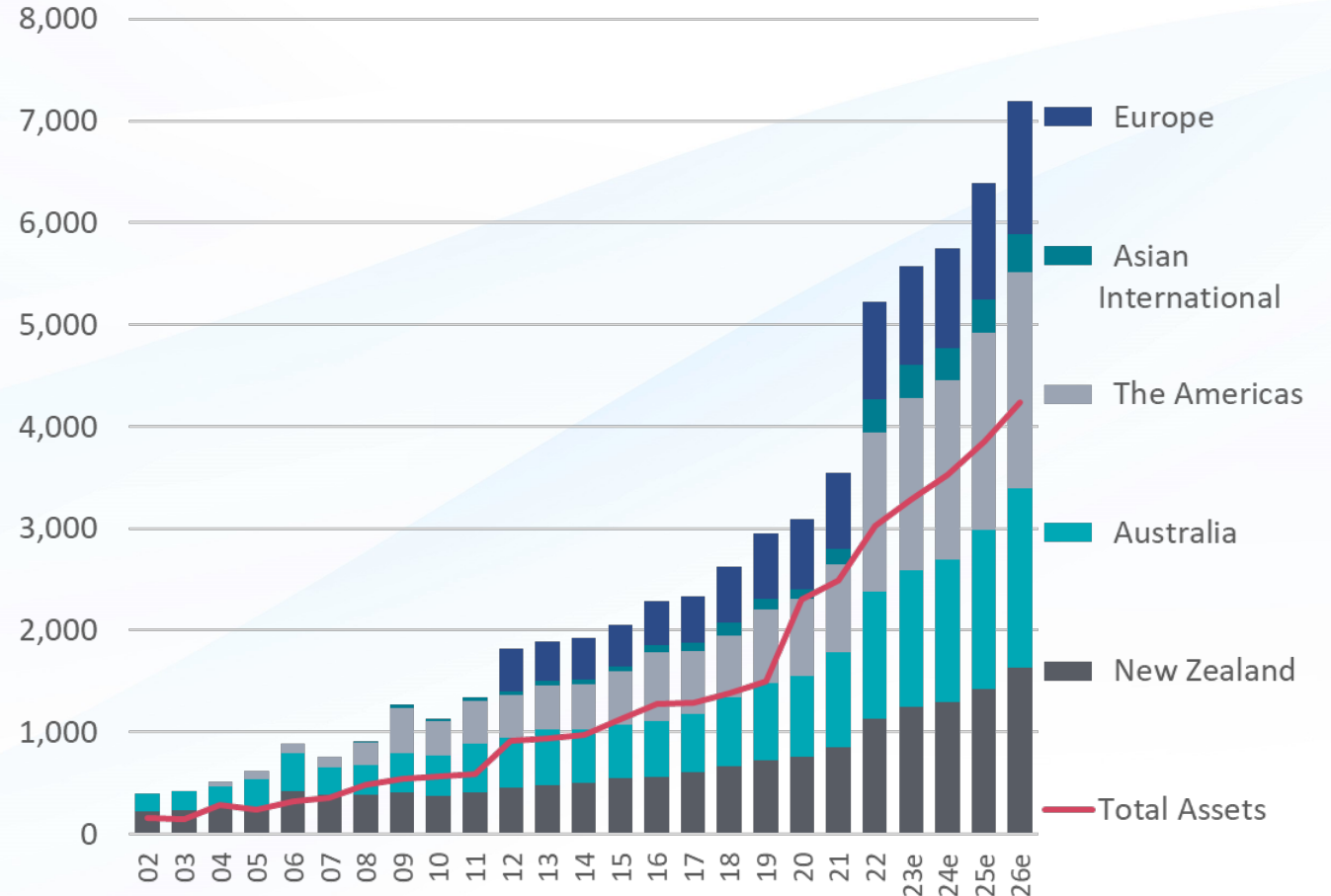
Australia Investment Grade Corporate Debt Cost (%)



Mainfreight: a Compounding Culture

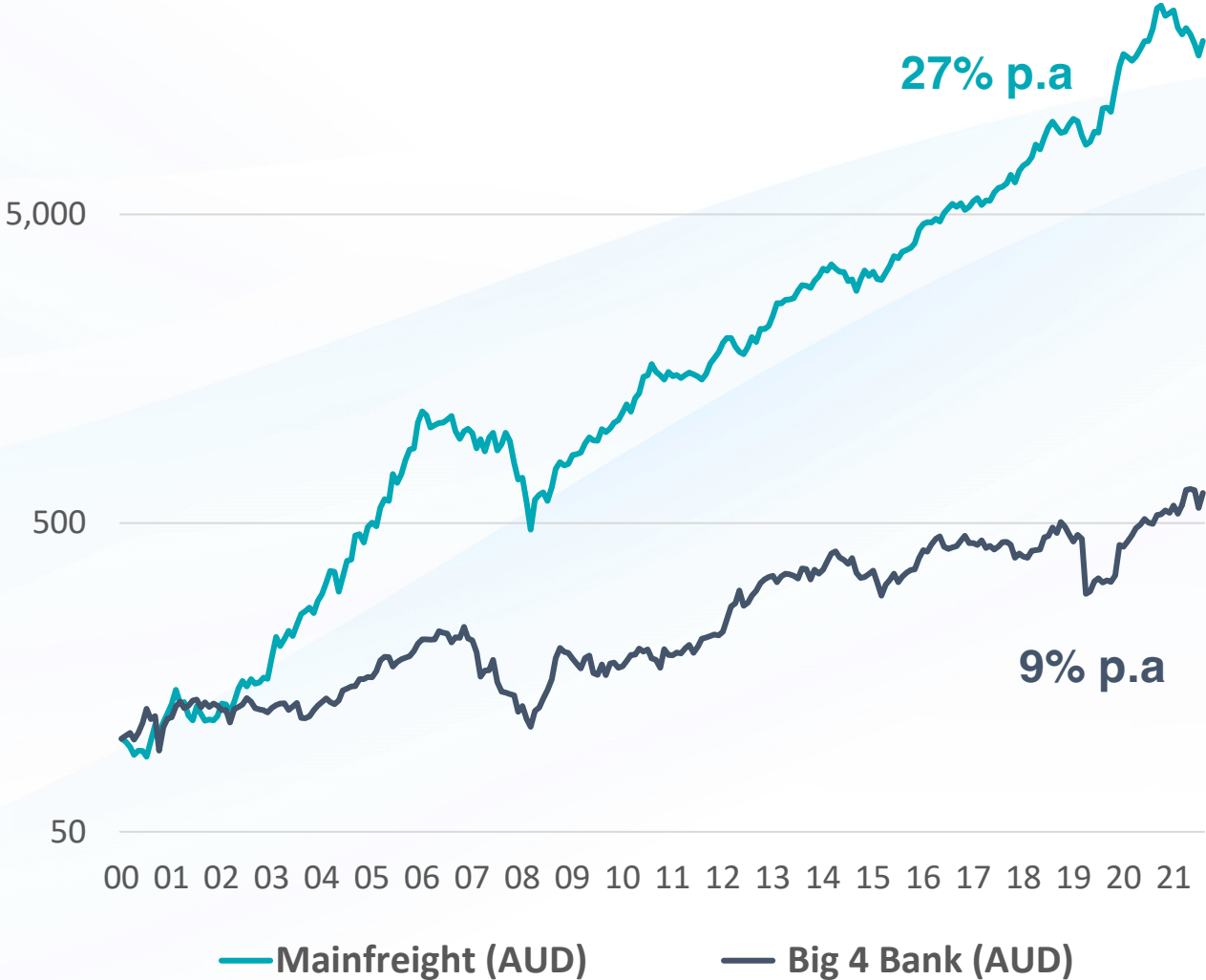
Compounded Revenue at 14% p.a and EBITDA at 20% p.a over the past 20 years

Revenue by Region and Total Assets (NZ\$m)



Credentials or Results?

Guess who employs more MBA's?

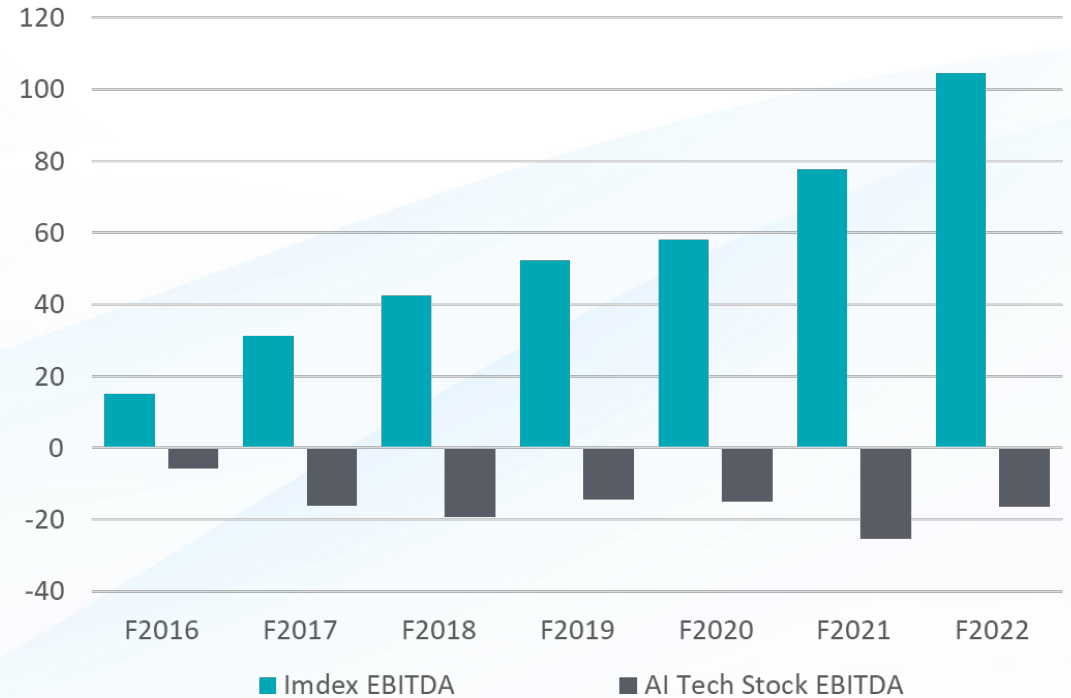


Imdex: Reality vs Technology Hope

A\$m Revenue: Imdex vs AI Tech Hopeful



A\$m EBITDA: Imdex vs AI Tech Hopeful

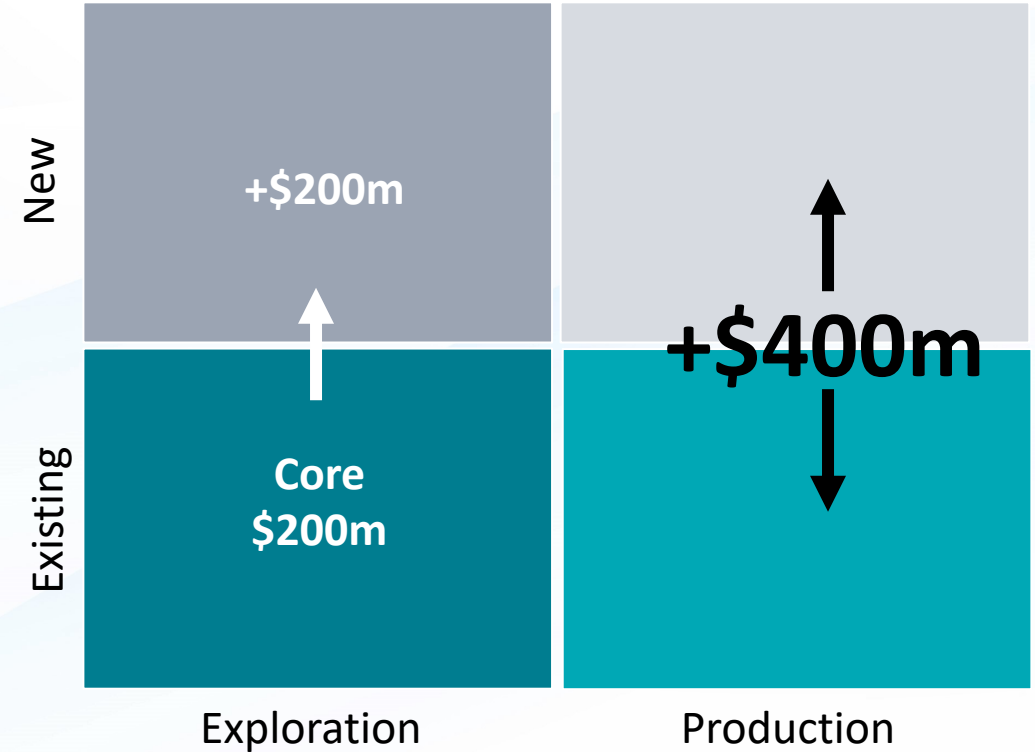


IMDEX Market Cap: A\$800m
Tech Hope Mkt Cap: A\$1,800m

IMDEX 5yr R&D Spend: A\$95m
Tech Hope 5Yr R&D: A\$25m

Index: Quality Cyclical & Tech Transformation

Mining Tech drives margin expansion



More Consistent Alpha at Lower Fees

- > Buy good businesses
- > Don't pay too much
- > Capture growth in long term returns

Portfolio / Index Characteristic	Longwave	Small Index	ASX 300 Index
Return on Equity (%)	22.7	14.1	19.8
Debt / EBITDA (x)	1.0	2.5	1.7
Debt / Assets (%)	19	28	25
Dividend Yield (%)	4.2	4.2	4.8
P/E Ratio (x)	11.3	15.9	13.8
EV / EBITDA (x)	6.8	10.6	8.6
Price / Book (x)	1.8	2.2	2.2
Revenue Growth (%)	15	16	14

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