

LONGWAVE AUSTRALIAN
SMALL COMPANIES FUND

LONGWAVE
CAPITAL

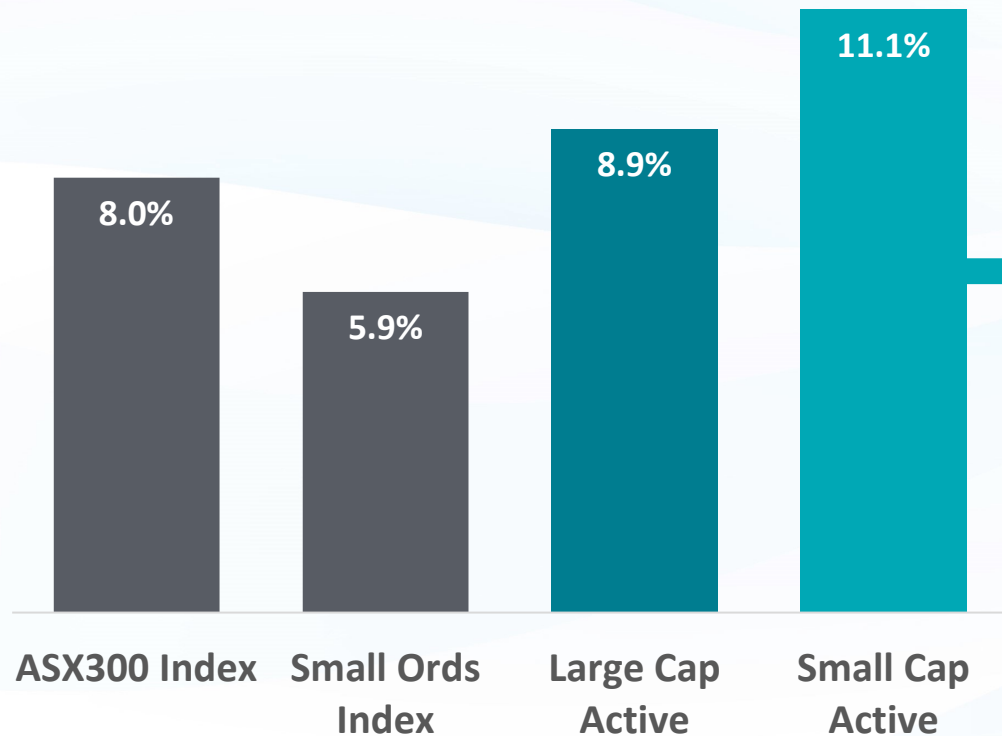
Are we there yet?

David Wanis: Portfolio Manager
March, 2023

LONGWAVE
CAPITAL

Why Small Caps?

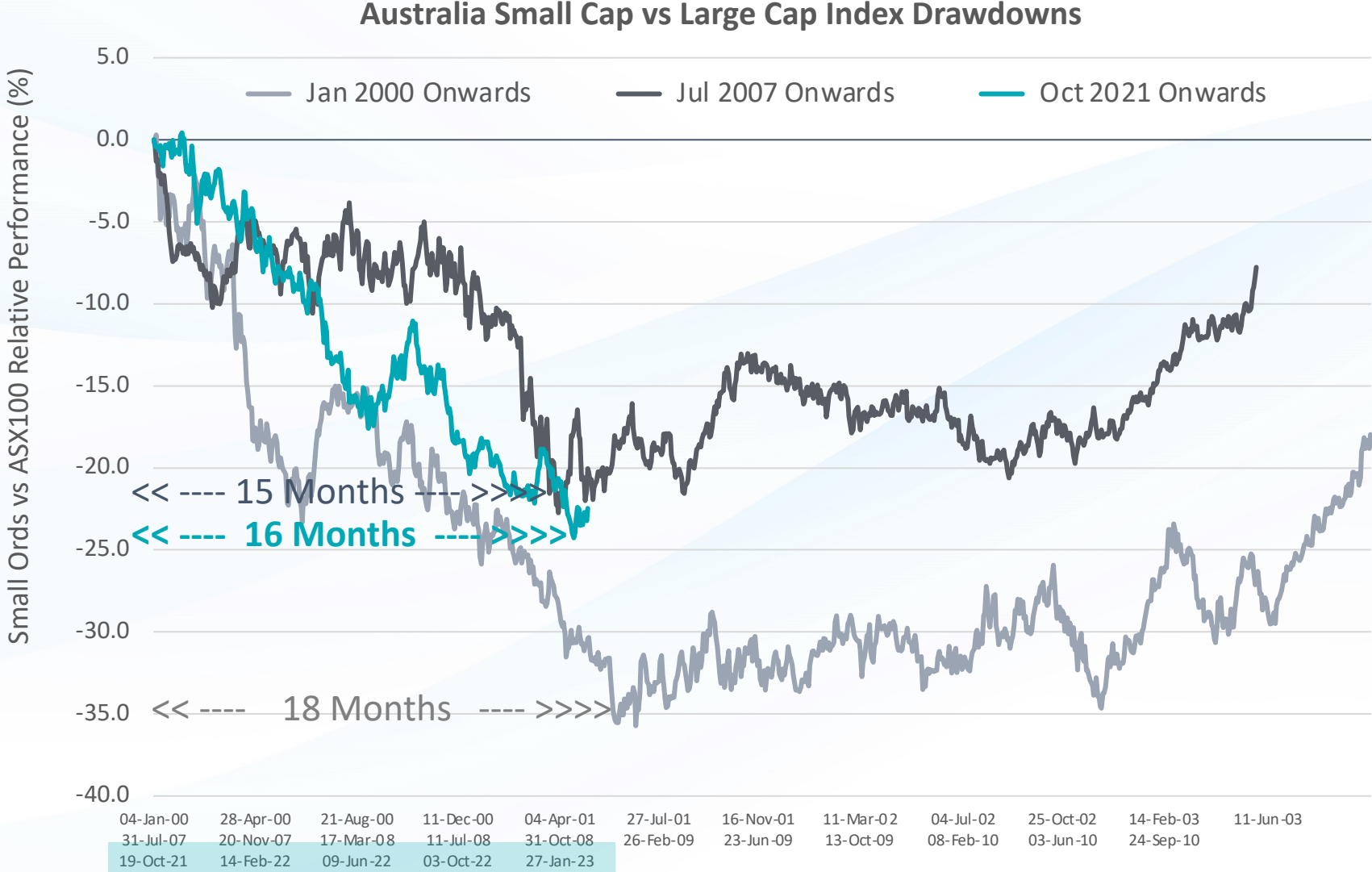
Gross Total p.a Returns - Jan 2002 to Dec 2022



Active Small Caps vs S&P/ASX 300 Index (Rolling 5yr Excess Return)



Small Cap Index Drawdowns vs Large Caps

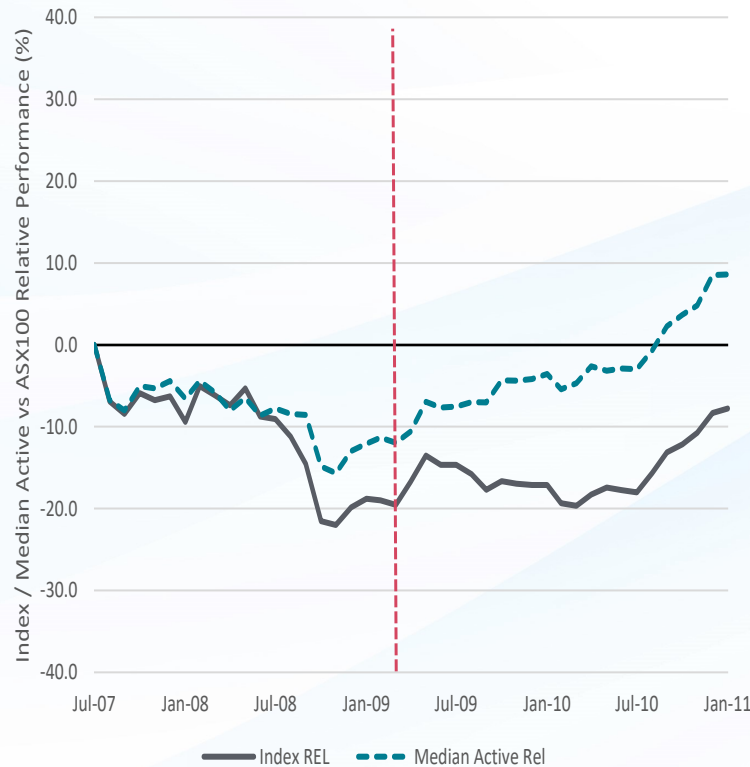


Active Management vs Market Timing

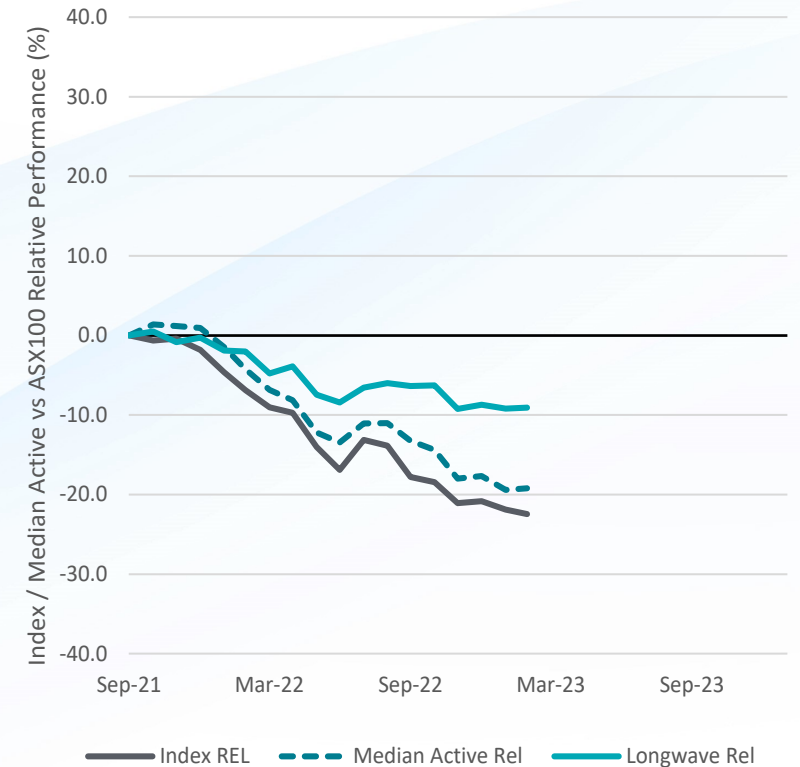
1999 - 2003 Index & Active Smalls vs ASX100



2007 - 2011 Index & Active Smalls vs ASX100

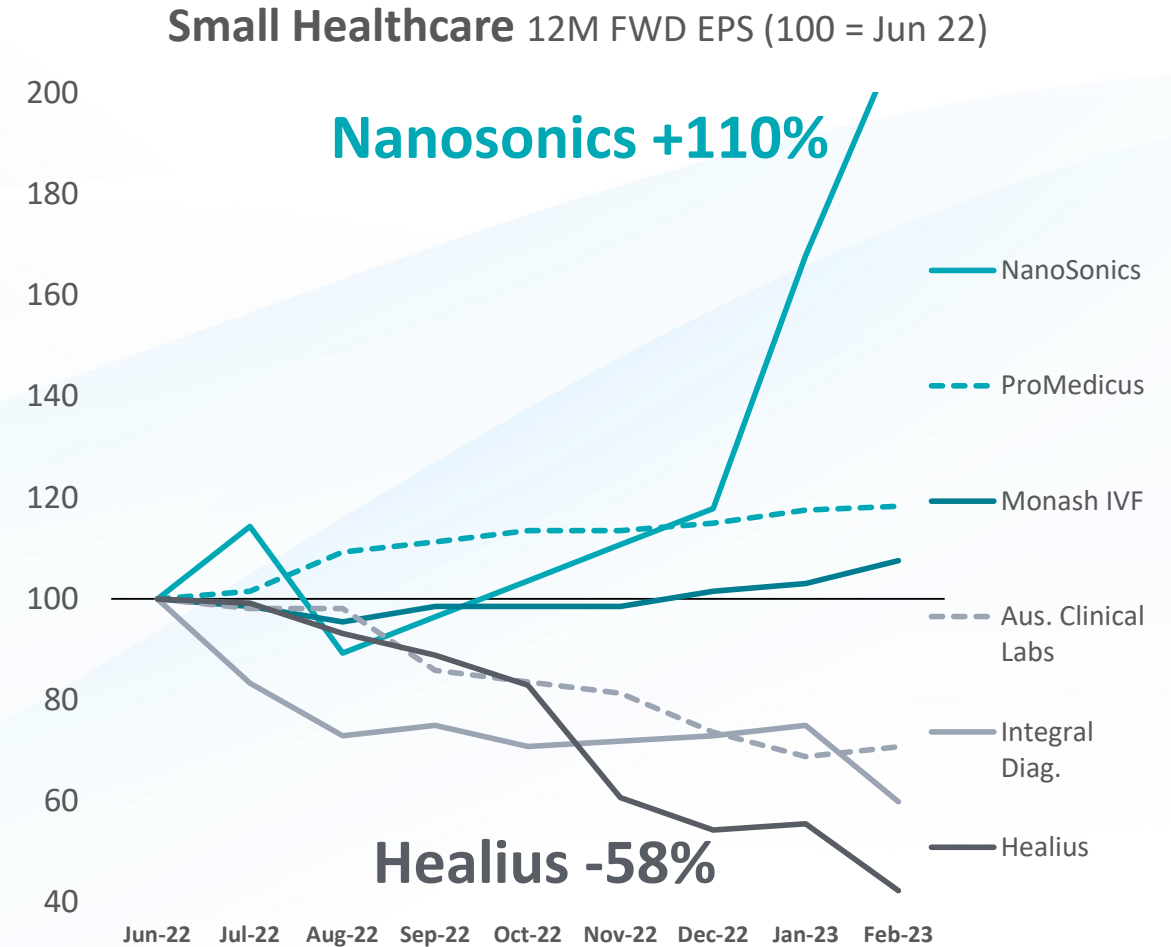
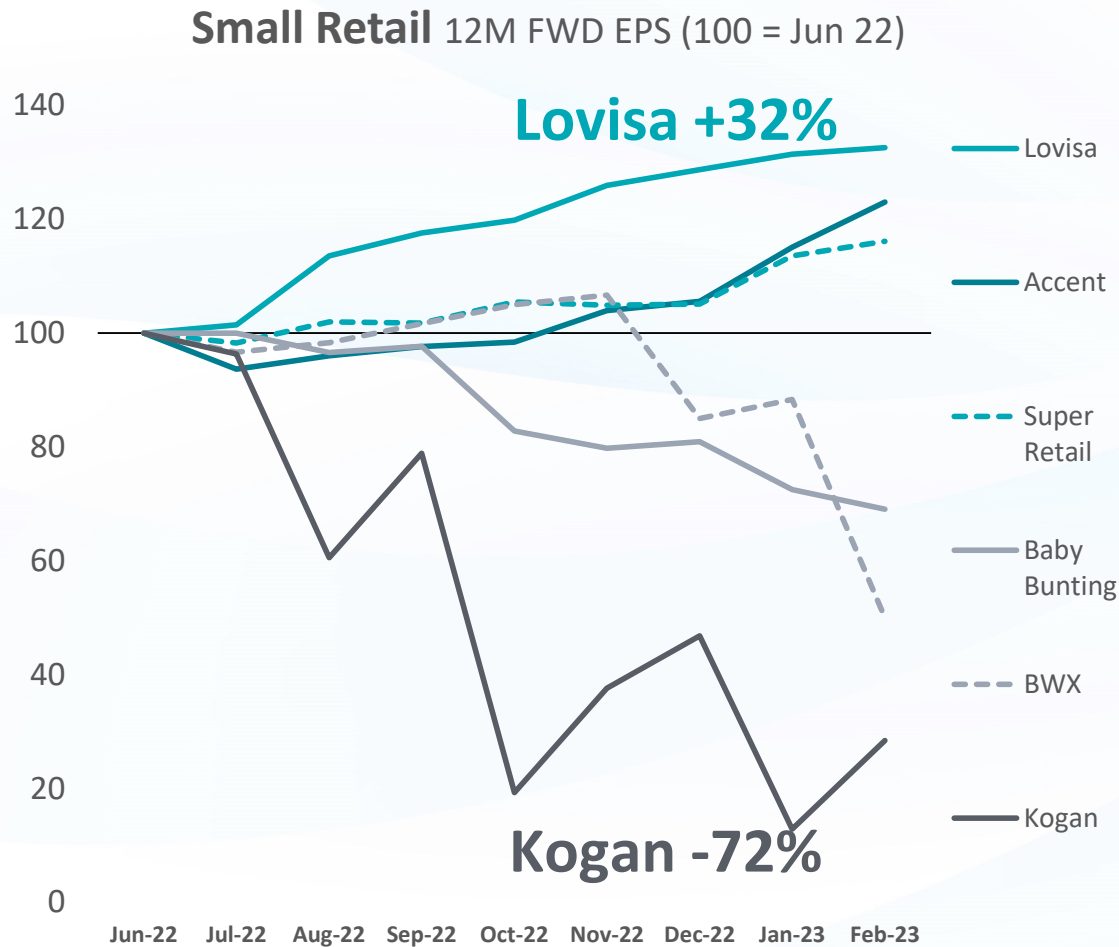


2021 - ?? Index & Active Smalls vs ASX100



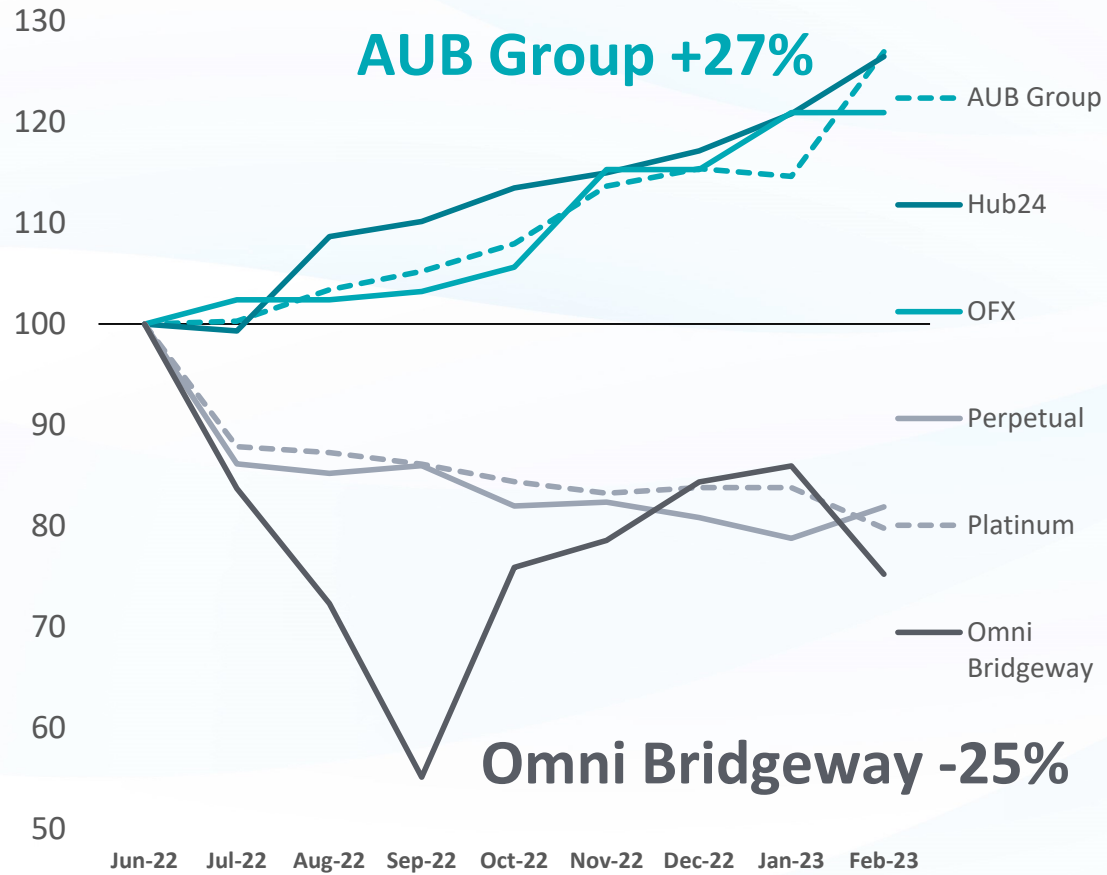
Where to Invest?

Focus on Companies not Macro

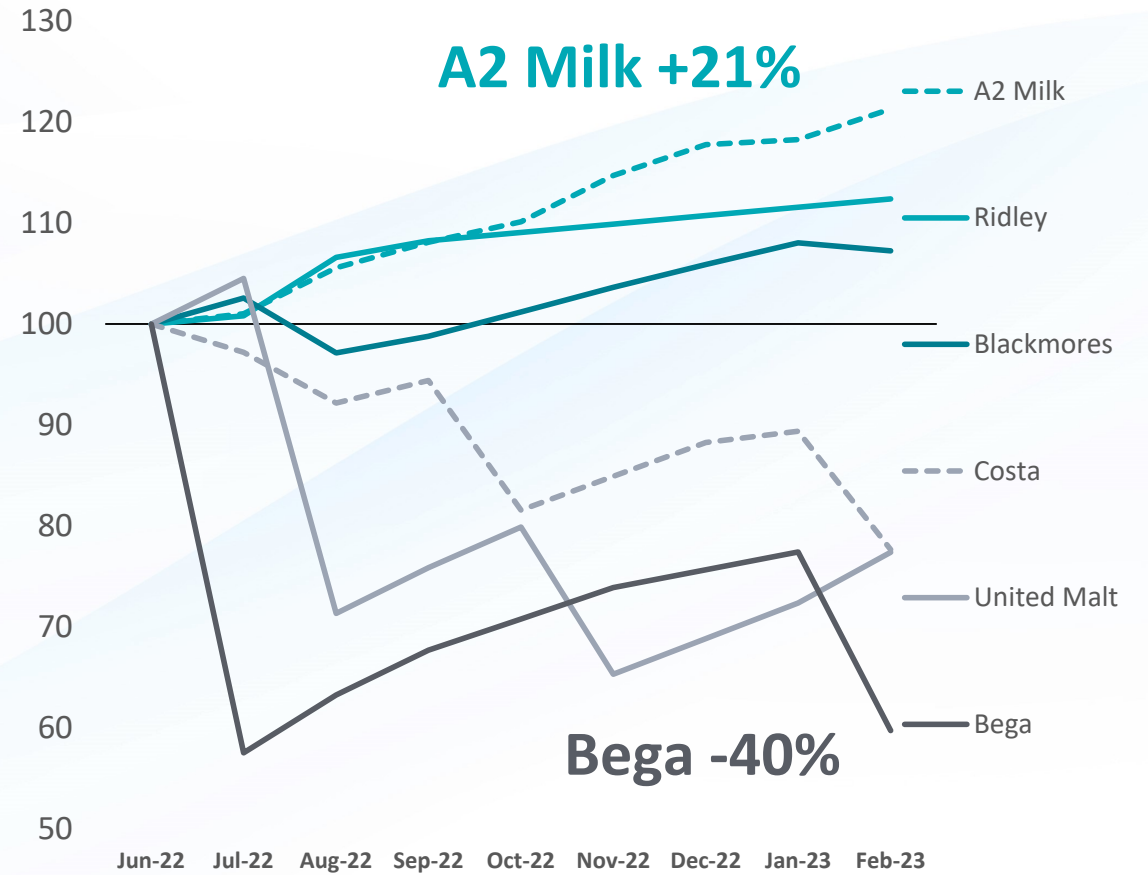


Focus on Companies not Macro

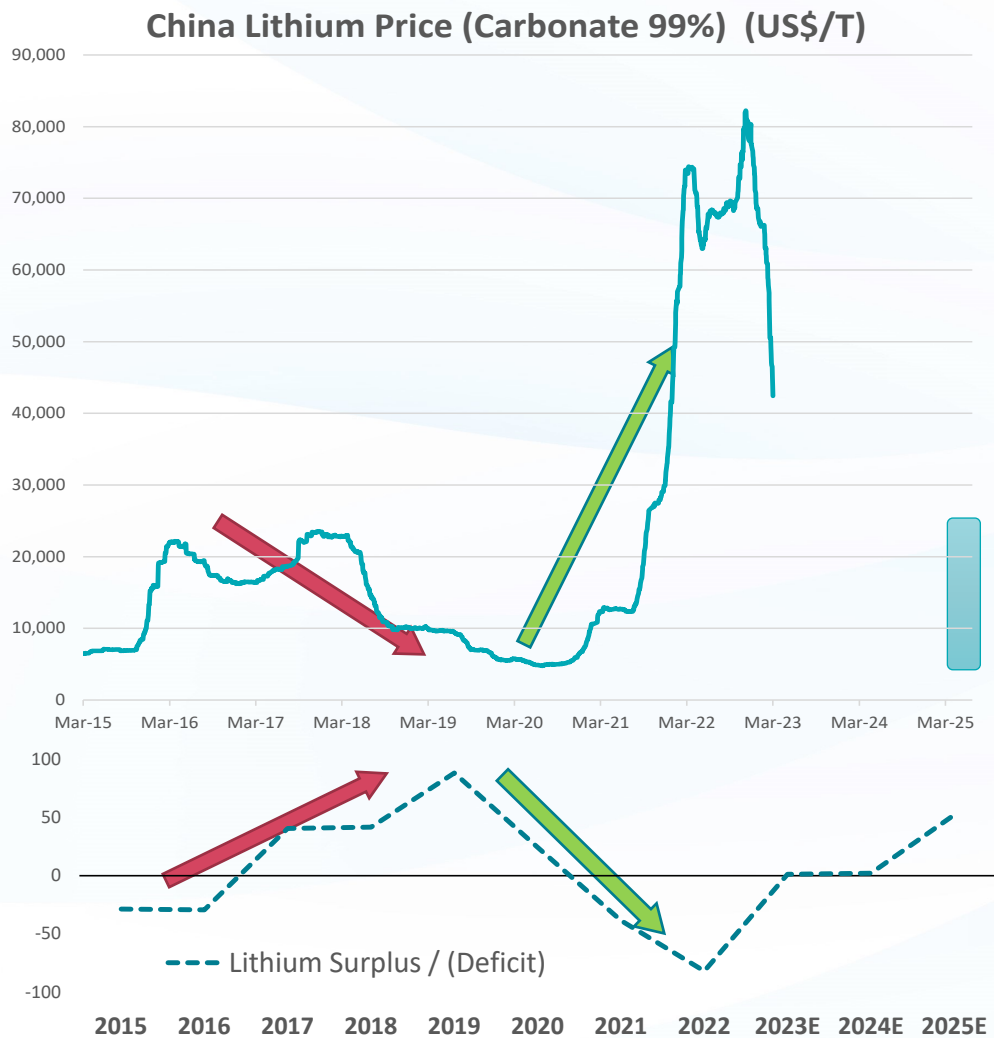
Small Financials 12M FWD EPS (100 = Jun 22)



Small Staples 12M FWD EPS (100 = Jun 22)



Lithium – not Magic, just Mining



Lithium Developer #1 Economics and Assumptions

Stage (date)	Capex (m)	Assumed LT Prices (Carbonate Eqv US\$/t)	NPV (post tax) (m)
PFS (Jan 21)	700	9,728	700
DFS (Feb 23)	1,496	25,292	2,600
<i>Change from PFS</i>	114%	160%	271%

Lithium Developer #2 Economics and Assumptions

Stage (date)	Capex (m)	Assumed LT Prices (Carbonate Eqv US\$/t)	NPV (post tax) (m)
PFS (Oct 20)	325	4,192	1,120
DFS (Nov 21)	473	7,114	4,200
<i>Change from PFS</i>	46%	70%	275%
FID (Jun 22)	545		
Update (Jan 23)	895		
<i>Change from PFS</i>	175%		

PFS = Pre Feasibility Study

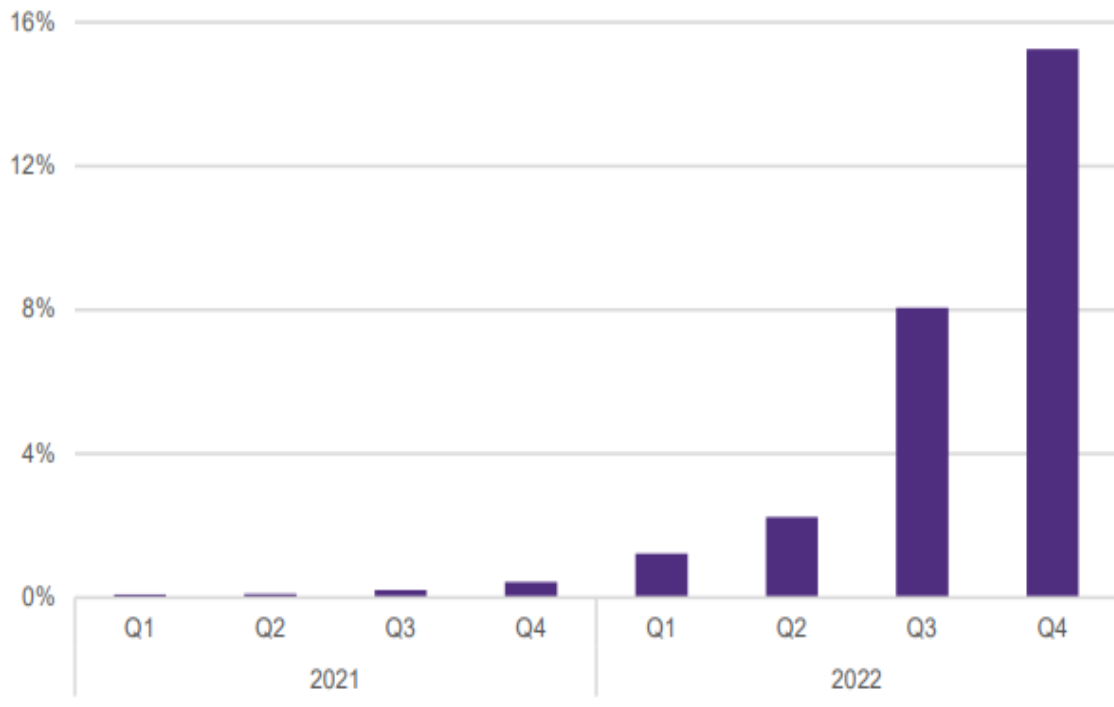
DFS = Definitive Feasibility Study

FID = Final Investment Decision

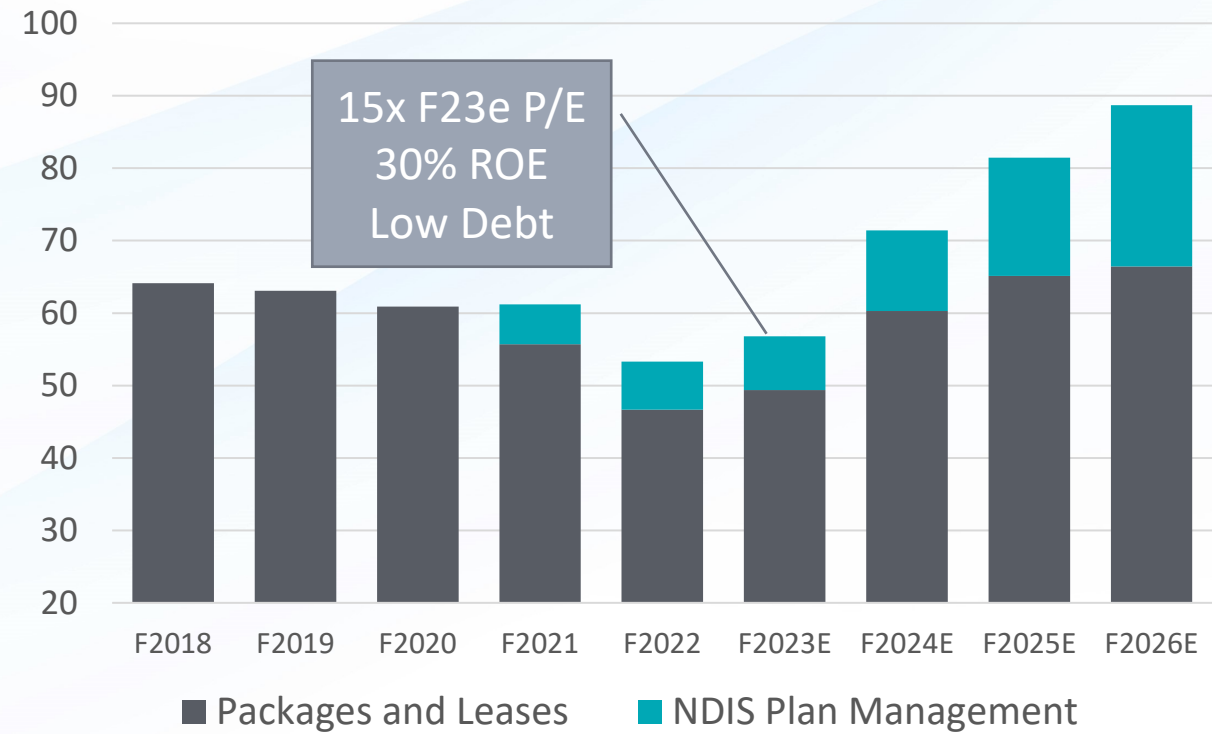
McMillan Shakespeare (MMS): EV beneficiary

“The FBT exemption has had a significant impact and by way of example, a three-year lease on a \$50,000 EV will have about the same monthly cost to the individual as a \$30,000 (internal combustion engine) vehicle,”

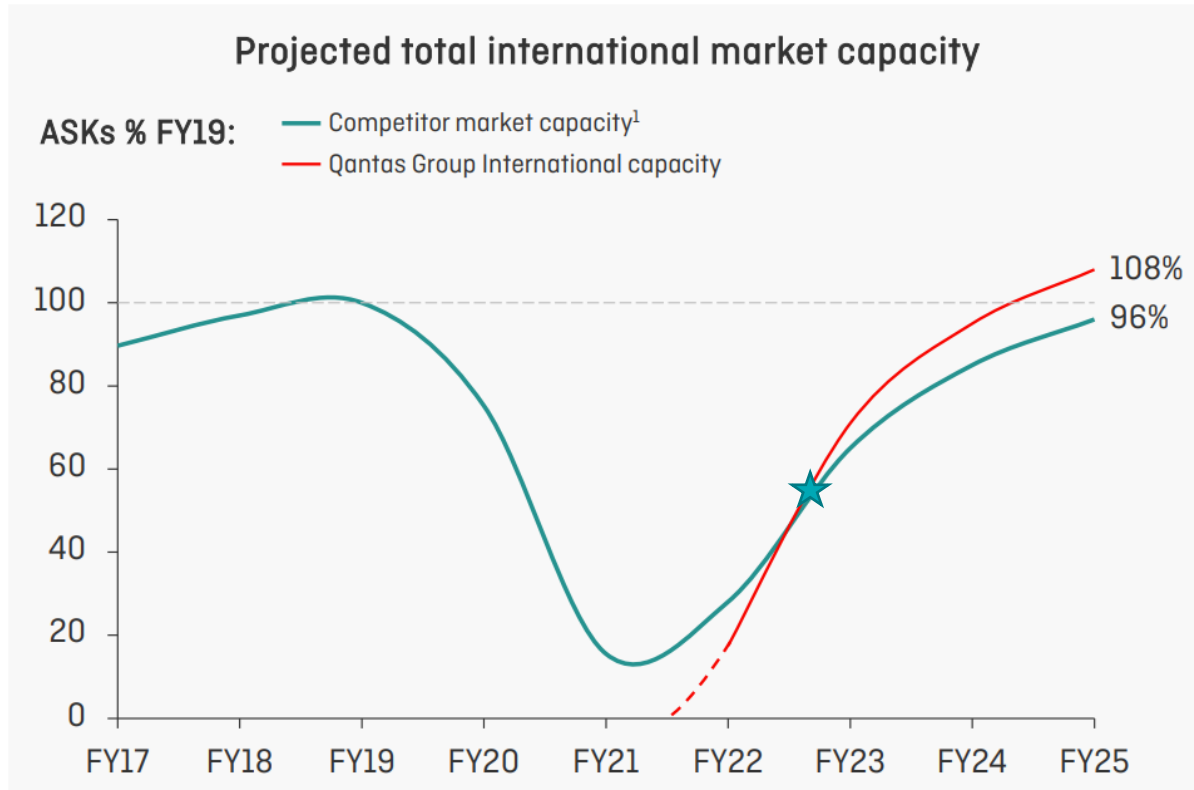
EV % of total quotes



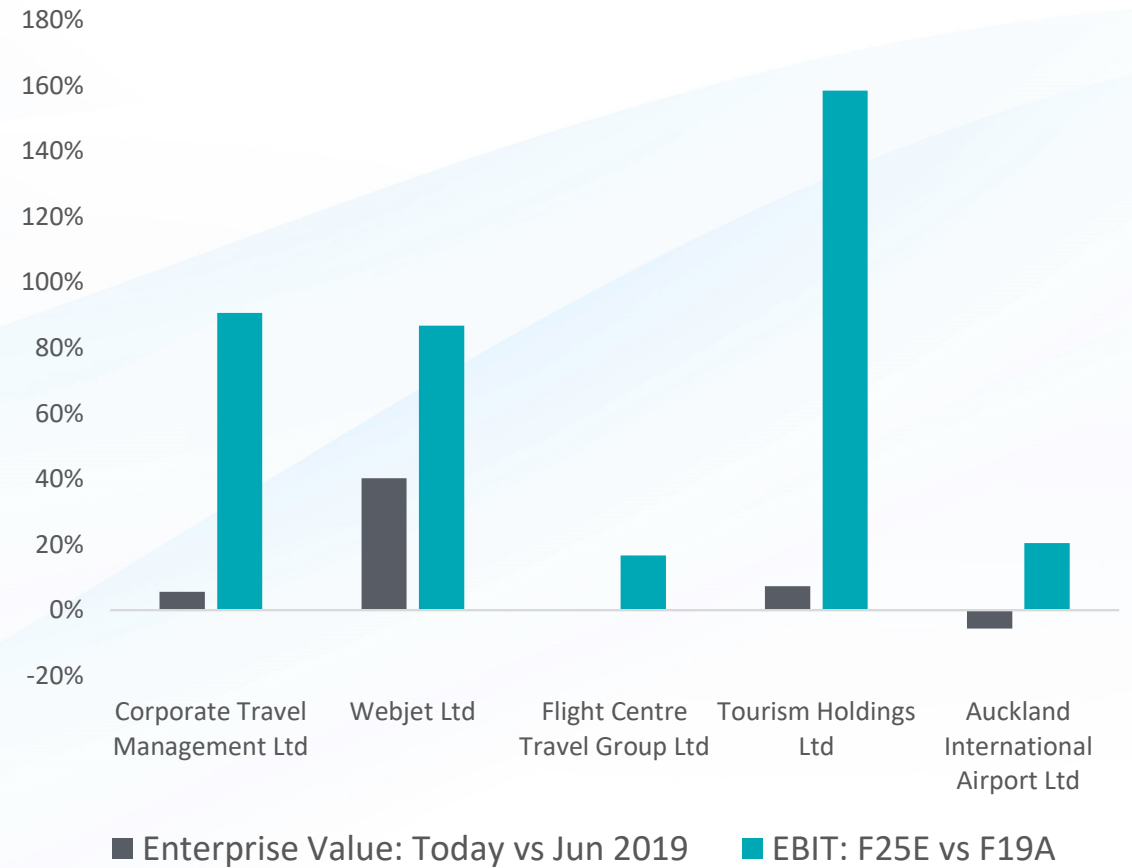
MMS: Segment Net Income - A\$m



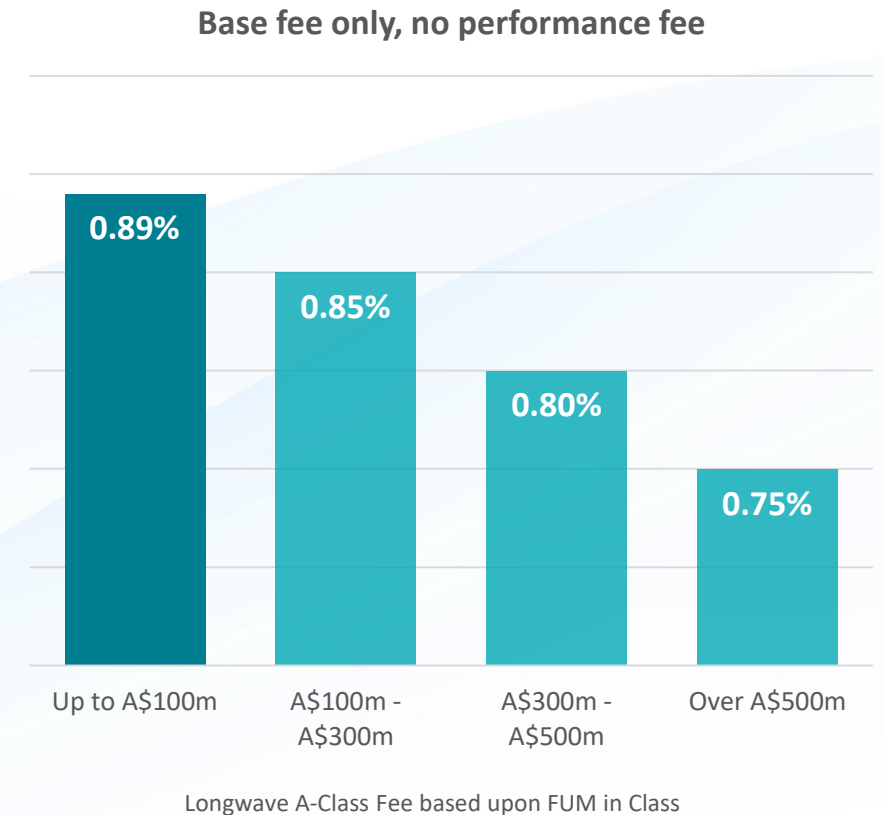
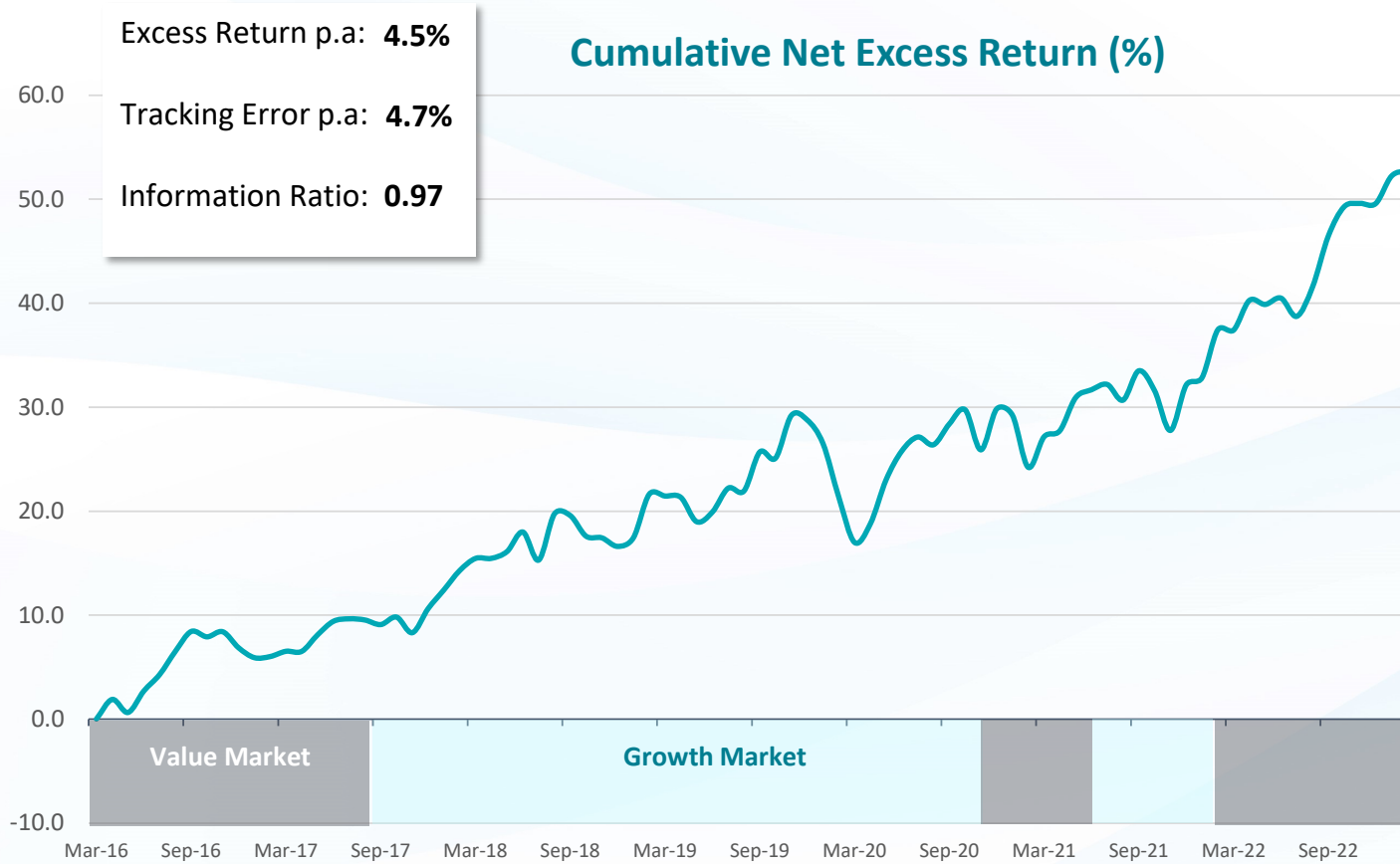
Travel Recovery is Only Halfway There



Travel Recovery - Stocks vs Earnings



More Consistent Alpha at Lower Fees



Source: Longwave Capital Partners

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

Net returns to 28 Feb, 2023

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).

Quality and Value to Compound Returns

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

Portfolio / Index Characteristic	Longwave	Small Index	ASX 300 Index
Return on Equity (%)	20.4	15.1	20.5
Debt / EBITDA (x)	1.5	3.3	1.7
Debt / Assets (%)	21	28	25
Dividend Yield (%)	4.5	4.1	4.7
P/E Ratio (x)	13.3	16.3	14.5
EV / EBITDA (x)	7.2	9.8	8.9
Price / Book (x)	1.7	1.7	2.1

More Consistent Alpha at Lower Fees

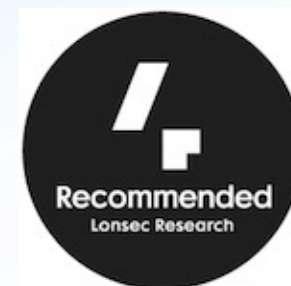
28 Feb, 2023 Fund Net / Benchmark	6 Mth	1 Year	2 Years p.a	3 Years p.a	Fund Since Incep p.a²	Strategy SI p.a³
Fund Net	3.9%	0.7%	5.9%	9.4%	6.4%	11.5%
Benchmark ¹	-2.0%	-8.0%	-1.7%	4.2%	2.4%	7.0%
Net Alpha	5.9%	8.7%	7.6%	5.2%	4.0%	4.5%

1 S&P / ASX Small Ordinaries Accumulation Index

2 31 Oct 2019 – A Class Units

3 31 Mar 2016 – Strategy net of A Class unit fee

Source: Longwave Capital Partners. 28 Feb 2023



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 Schroders real return fund which has been operating since March 2016. Strategy performance has been calculated using the monthly returns (before fees) 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 Schroders 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).

Disclaimer

Interests in the Longwave Australian Small Companies Fund (ARSN 630 979 449) ('the Fund') is issued by Pinnacle Fund Services Limited (ABN 29 082 494 362 AFSL 238371) (PFSL) as Responsible Entity of the Fund. PFSL is not licensed to provide financial advice. The Product Disclosure Statement ('PDS') of the Fund is available at <https://longwavecapital.com/>. Any potential investor should consider the PDS before deciding whether to acquire, or continue to hold units in, the Fund. The issuer is not licensed to provide financial product advice. The information in this communication has been prepared without taking account of any person's objectives, financial situation or needs and is not intended as a recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. A financial adviser should be consulted before making any investment decision.

This presentation is prepared by Longwave Capital Partners (ABN 17 629 034 902) ('Longwave'), a corporate authorised representative (No. 1269404) of Pinnacle Investment Management Limited (ABN 66 109 659 109, AFSL 322140) ("Pinnacle") as the investment manager of the Fund(s). The information is not intended for general distribution or publication and must be retained in a confidential manner.

Information contained herein consists of confidential proprietary information constituting the sole property of Longwave and its investment activities; its use is restricted accordingly. All such information should be maintained in a strictly confidential manner. Past performance is for illustrative purposes only and is not indicative of future performance.

Whilst Longwave, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Longwave, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication. Any opinions and forecasts reflect the judgment and assumptions of Longwave and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Longwave. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication. This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Longwave.

The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund is available at <https://longwavecapital.com/>