

LONGWAVE AUSTRALIAN  
SMALL COMPANIES FUND

**LONGWAVE**  
CAPITAL

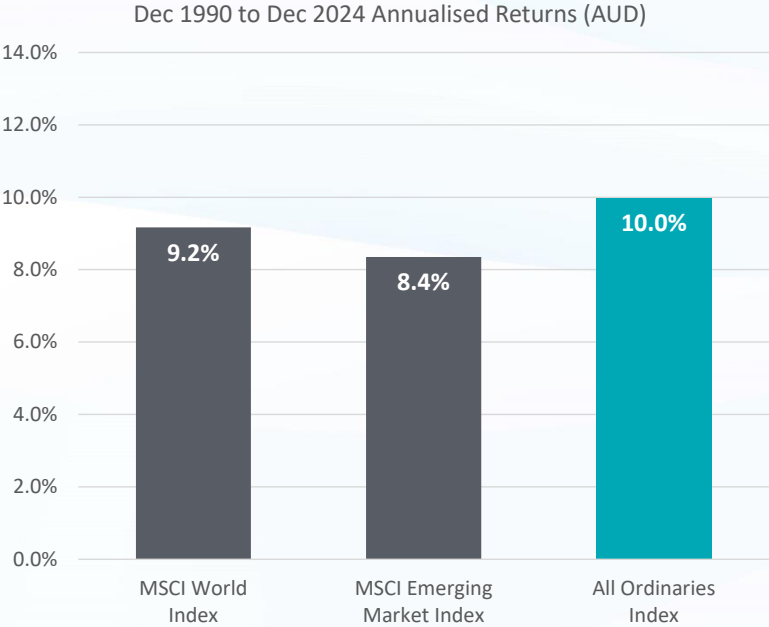
# Turning Volatility into Alpha

David Wanis / Melinda White  
April 2025

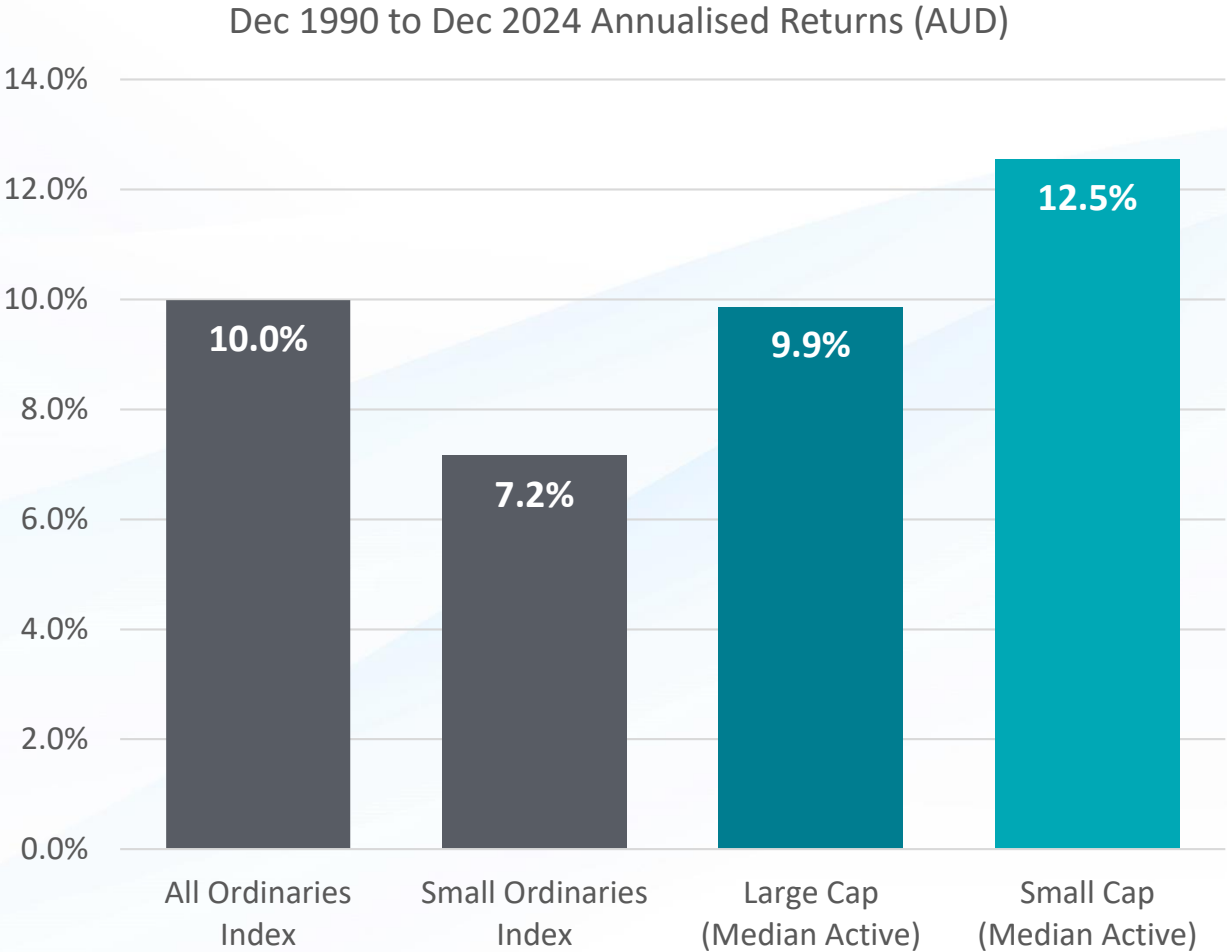
**LONGWAVE**  
CAPITAL

# Why Small Cap Alpha Exists

# Long term benefits of Active Aussie Small Caps

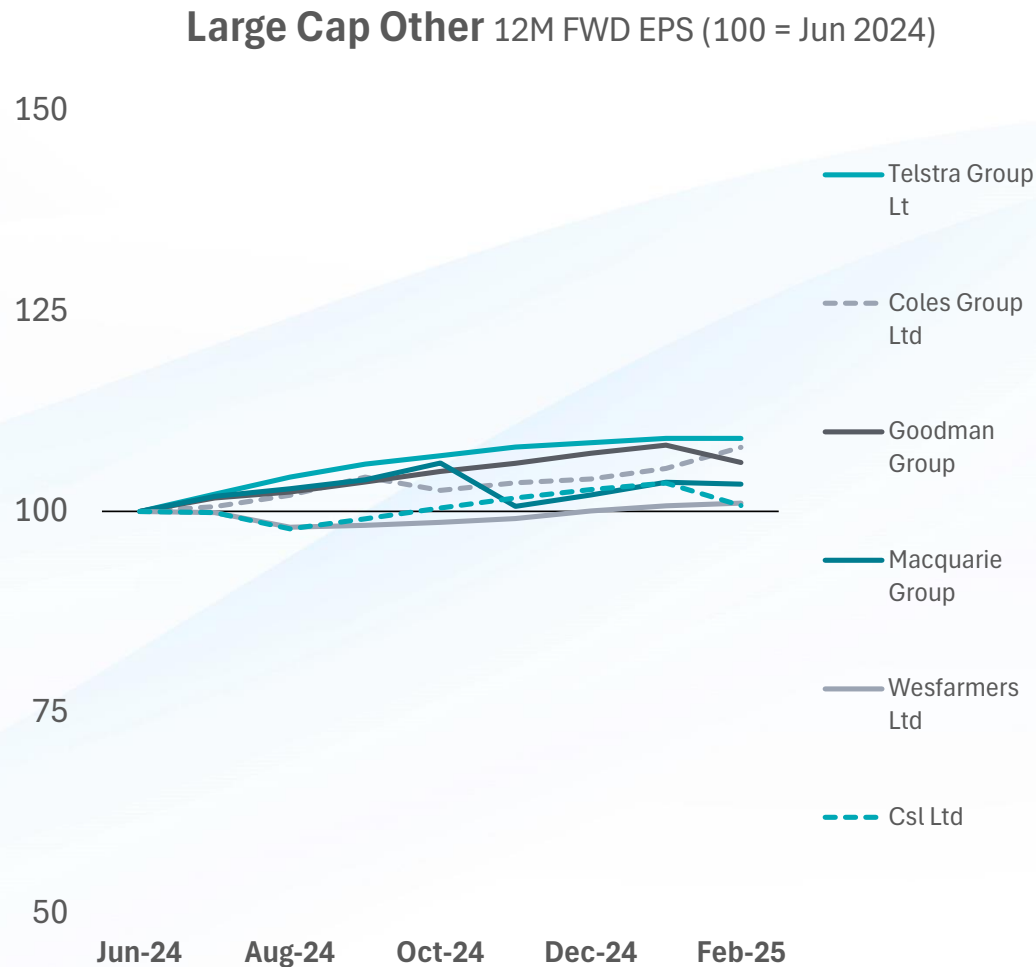
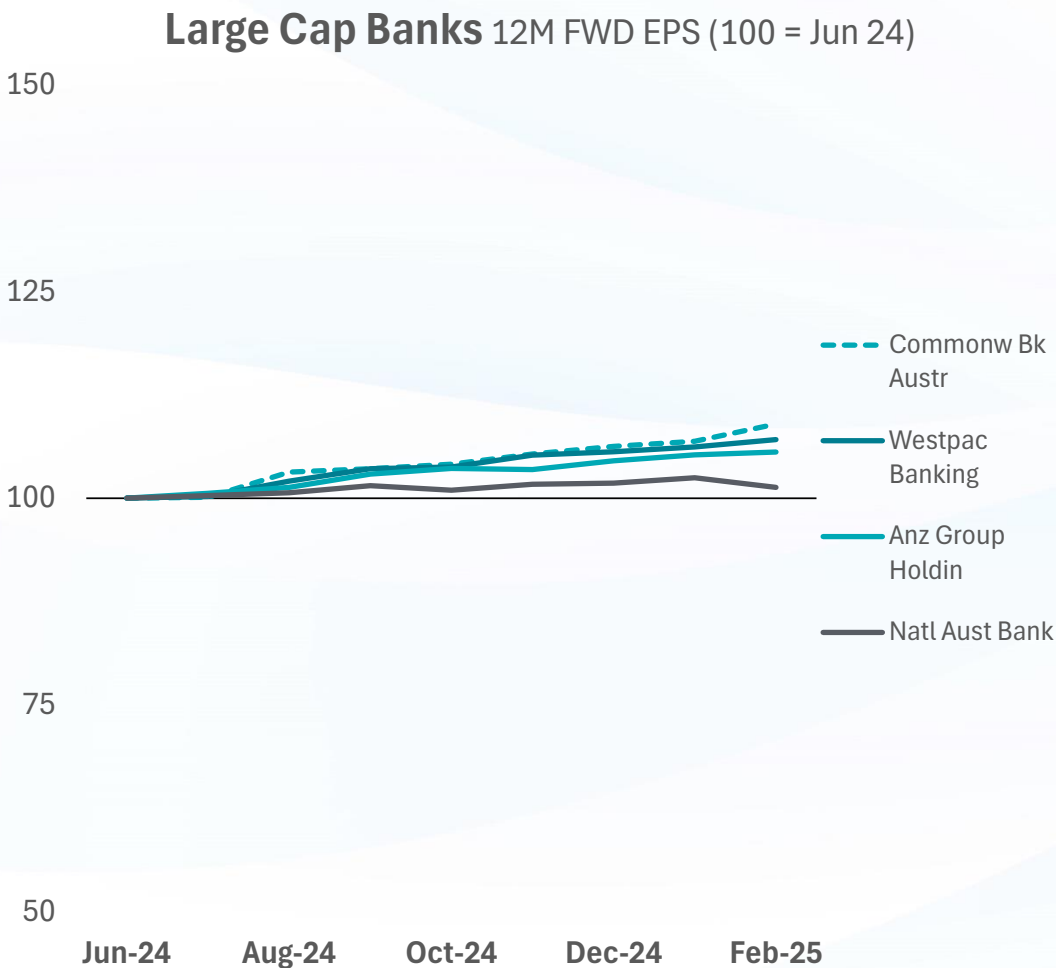


Source: MSCI, Bloomberg, Longwave Capital. Gross of Fees



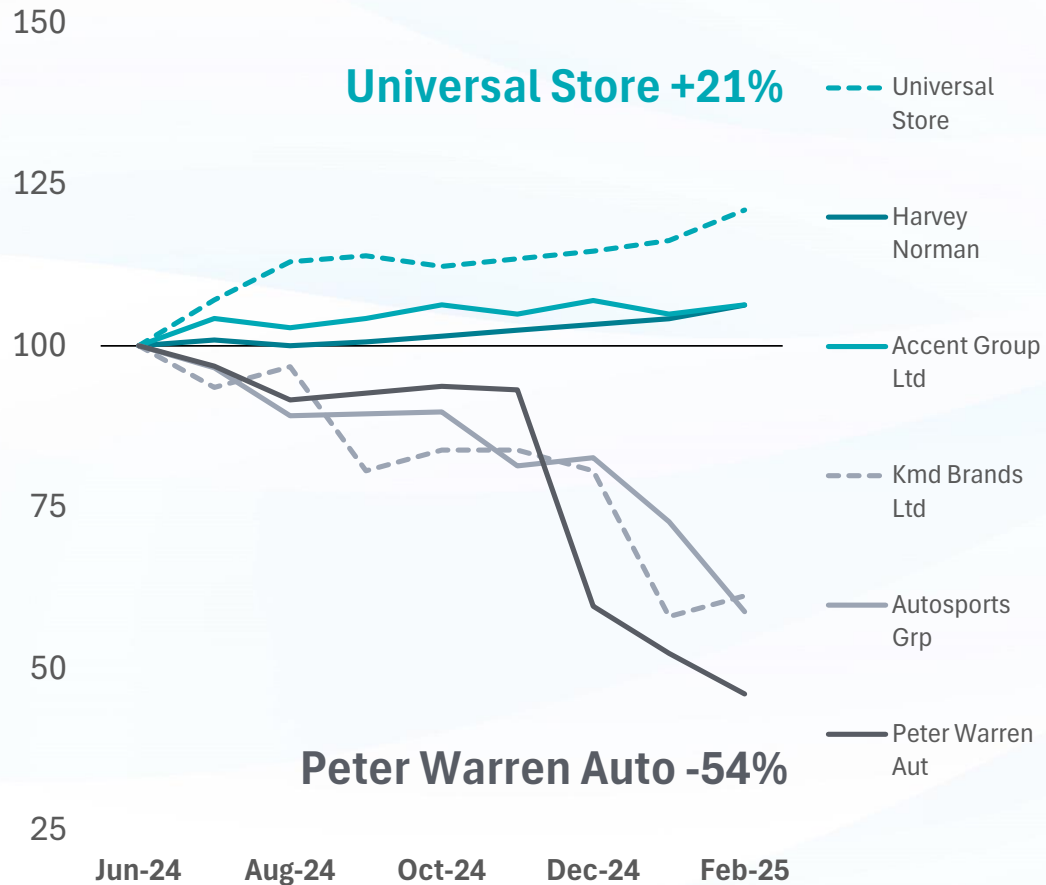
Source: Morningstar, Longwave Capital. Index returns are gross of fees, fund returns are net of fees

# Large Cap investors are used to this...

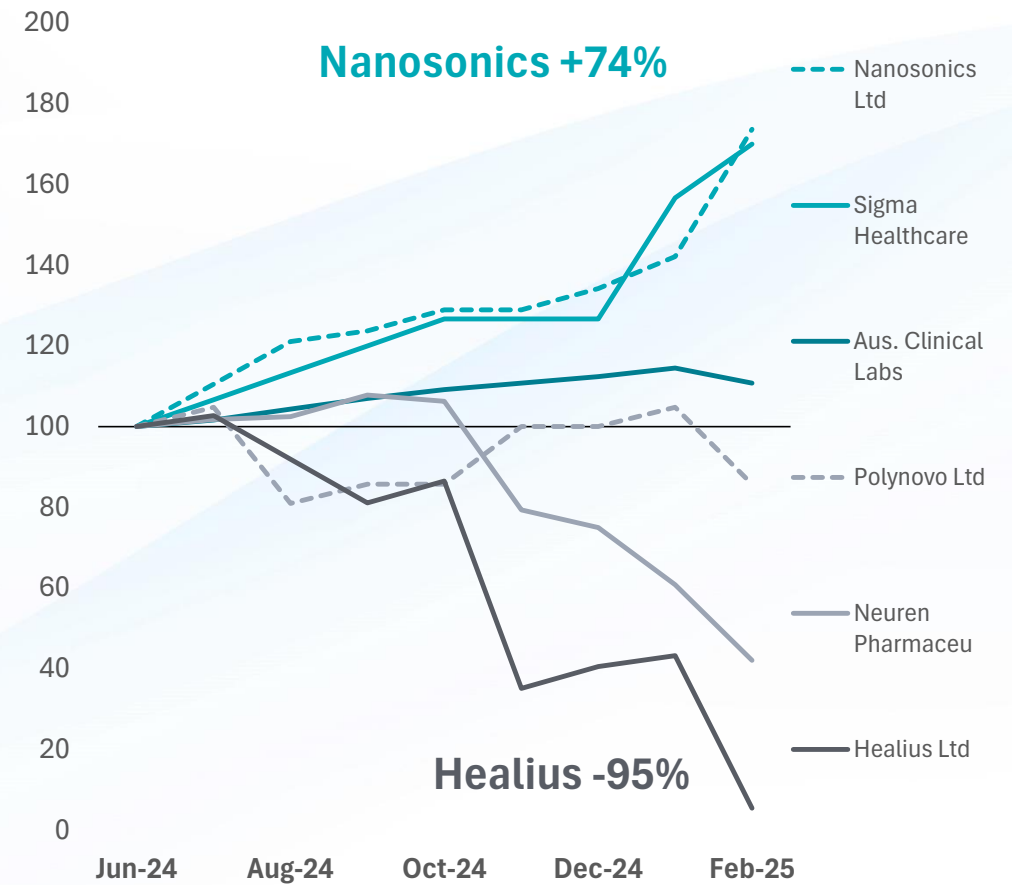


# ...Small Cap investors are used to this

Small Retail 12M FWD EPS (100 = Jun 2024)



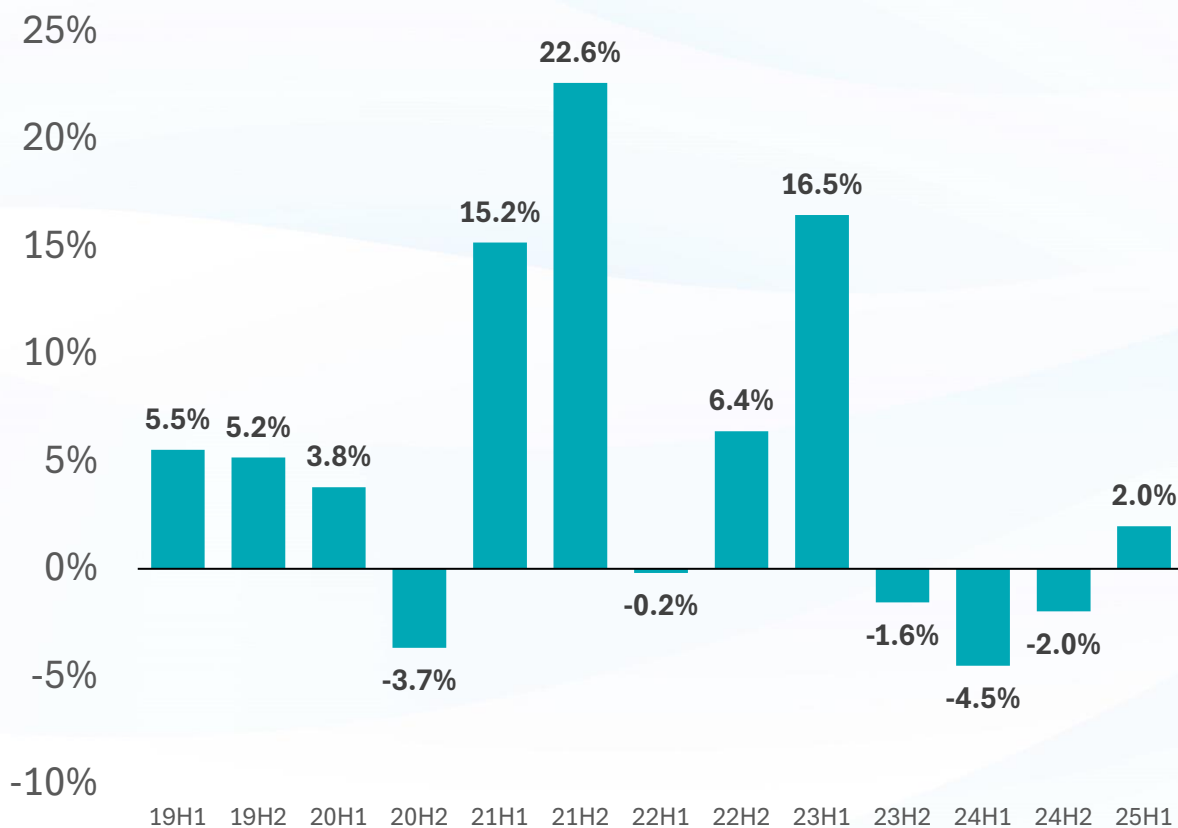
Small Healthcare 12M FWD EPS (100 = Jun 2024)



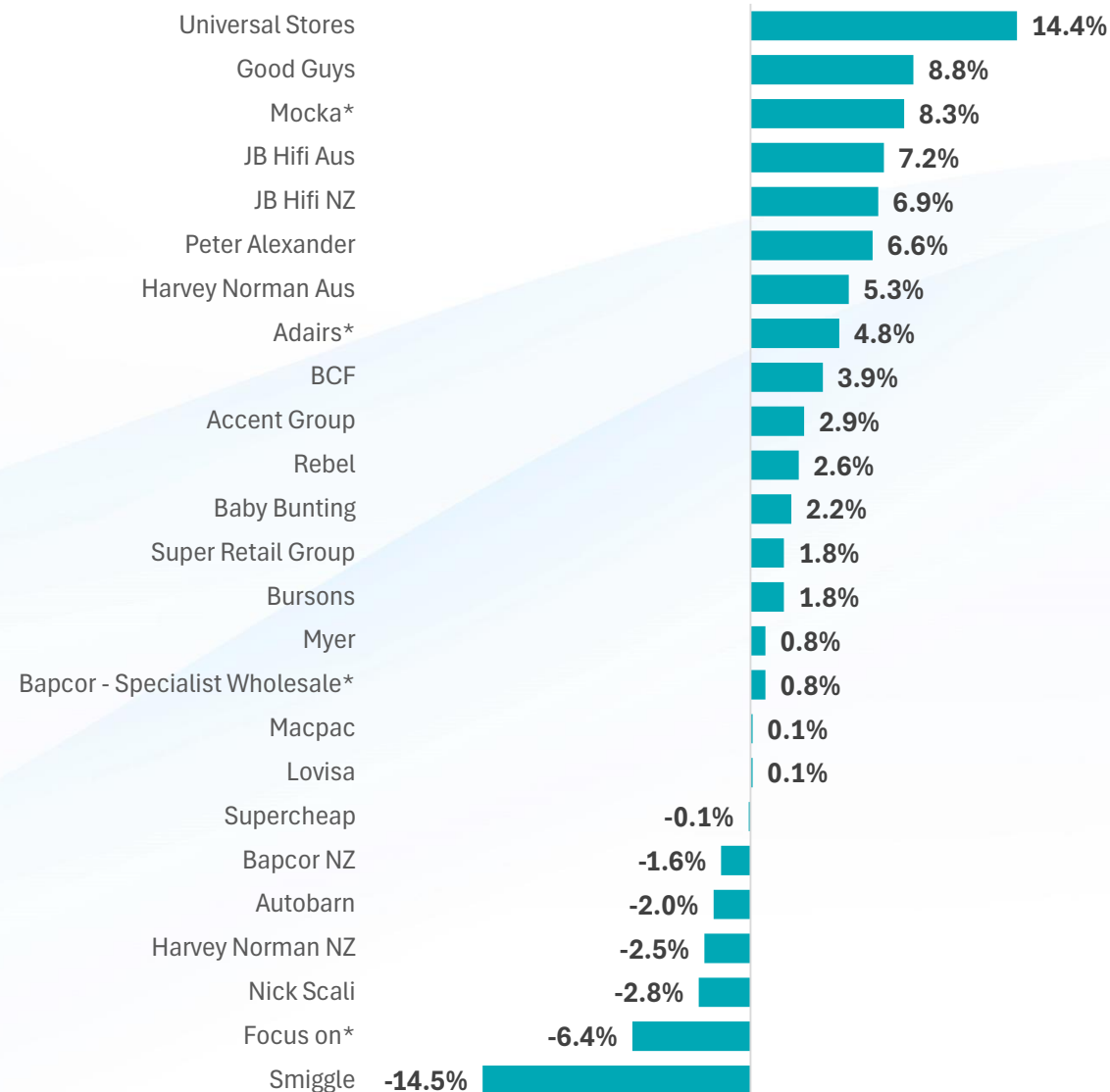
# Let volatility work for you

# Consumer Spending Returning

Average Half Yearly LFL Growth across 33 Brands

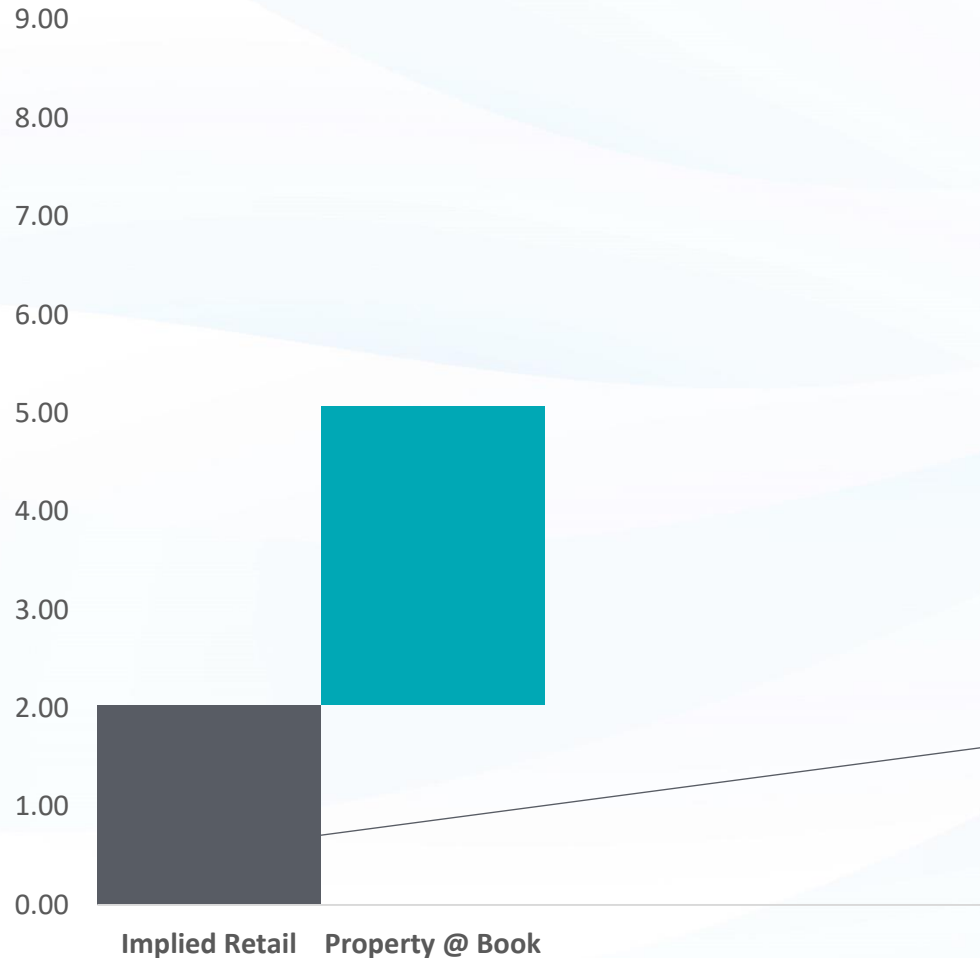


Retail LFL Growth Rates - 25H1



# Real Estate hidden behind Retail Volatility

Harvey Norman Implied Value (A\$ per Share)



Stock	F26E EV / EBIT (x)
JB Hifi	13.5
Nick Scali	13.0
Adairs	8.5
<b>Average</b>	<b>11.7</b>

<b>HVN Implied</b>	<b>8.5</b>
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# Real Estate hidden behind Retail Volatility





# Real Estate hidden behind Retail Volatility



## Lachlan's Square Village

Site Size (sqm)	15,000
Number of Dwellings	900

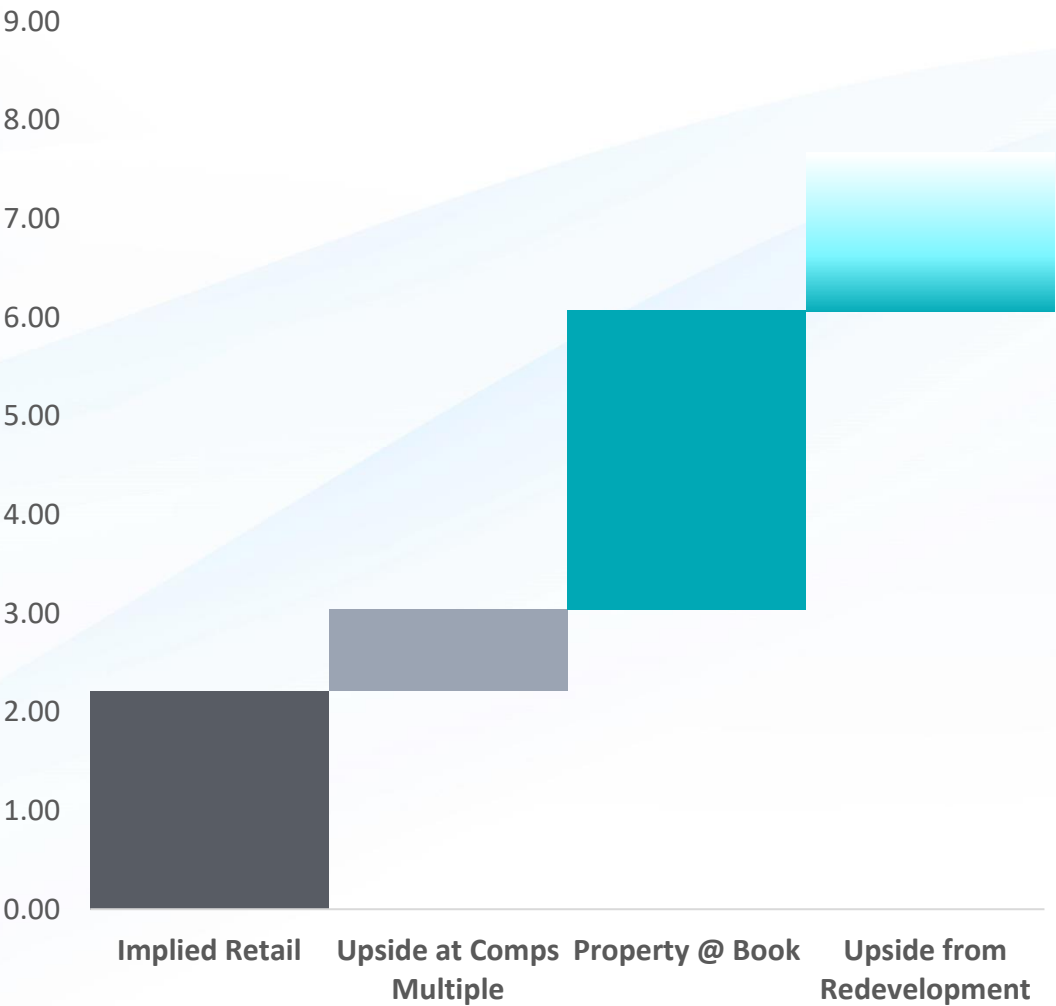
## Harvey Norman Macquarie Park

Estimated Site Size (sqm)	19,700
Potential Number of Dwellings	739
Redeveloped Value (A\$m)	206
Estimated Carrying Value (A\$m)	40

Upside to Carrying Value (%) 414%



Harvey Norman Implied Value (A\$ per Share)



# Hope, Despair and Reality



Megaport (MP1) - Share Price vs Value



Megaport (MP1) - Premium (Discount) to Fair Value

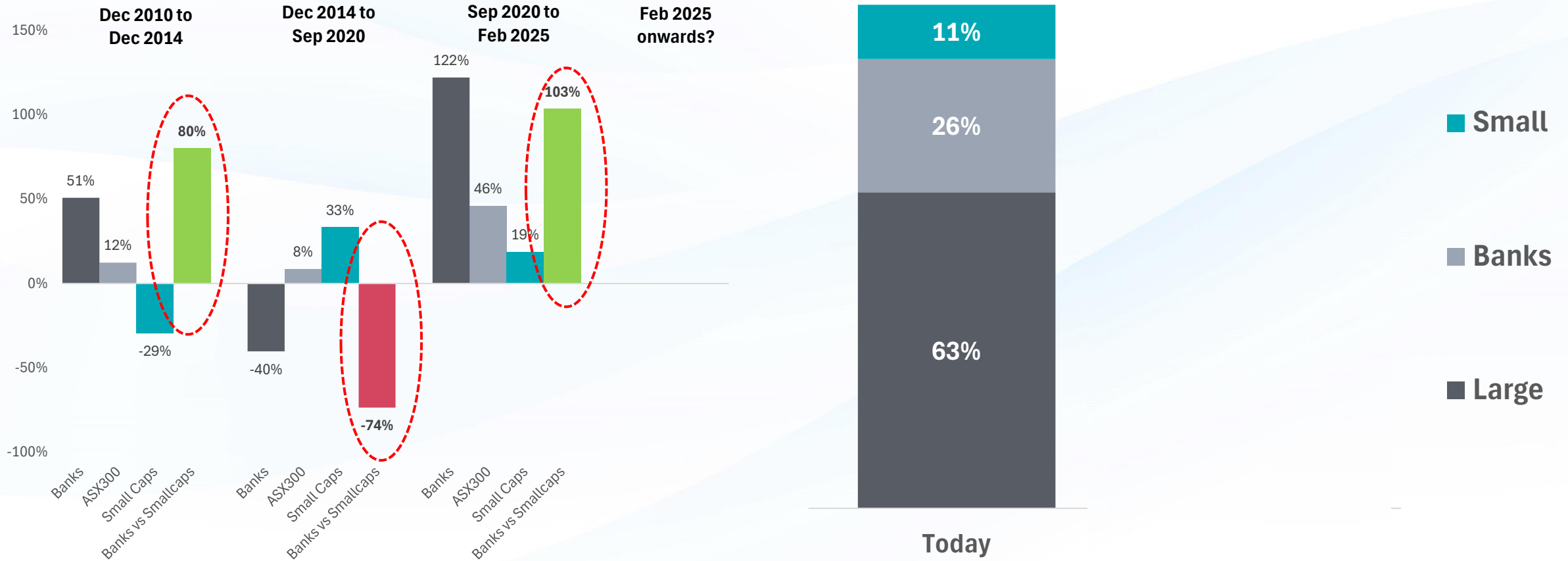


Loss Making  
Mgt / Governance  
Poor GTM  
Narrow Product

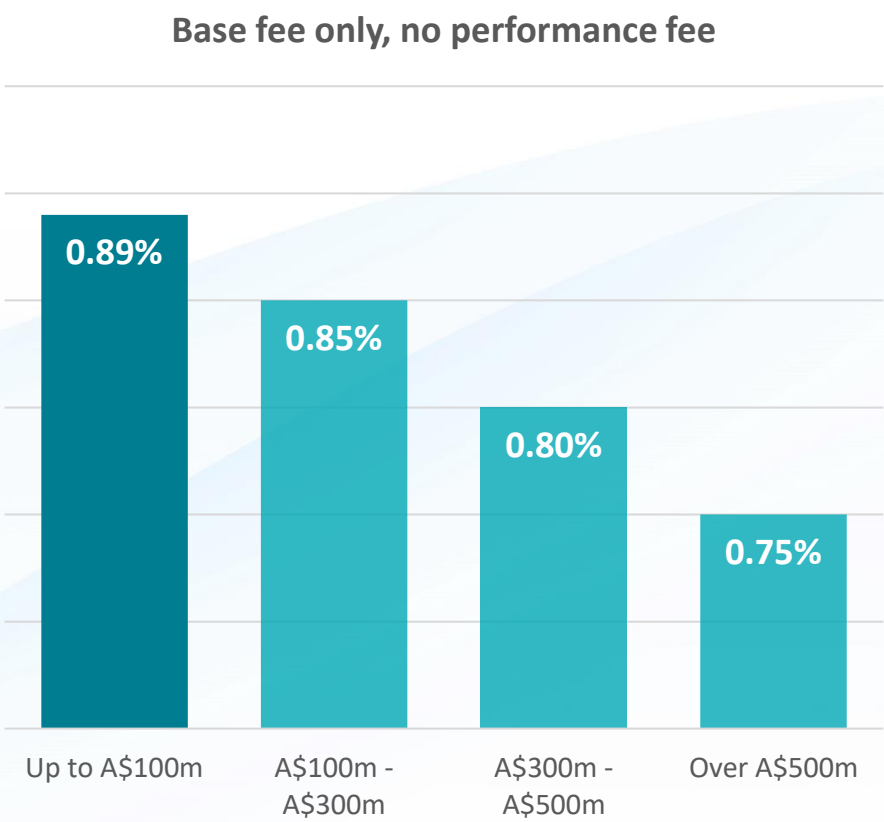
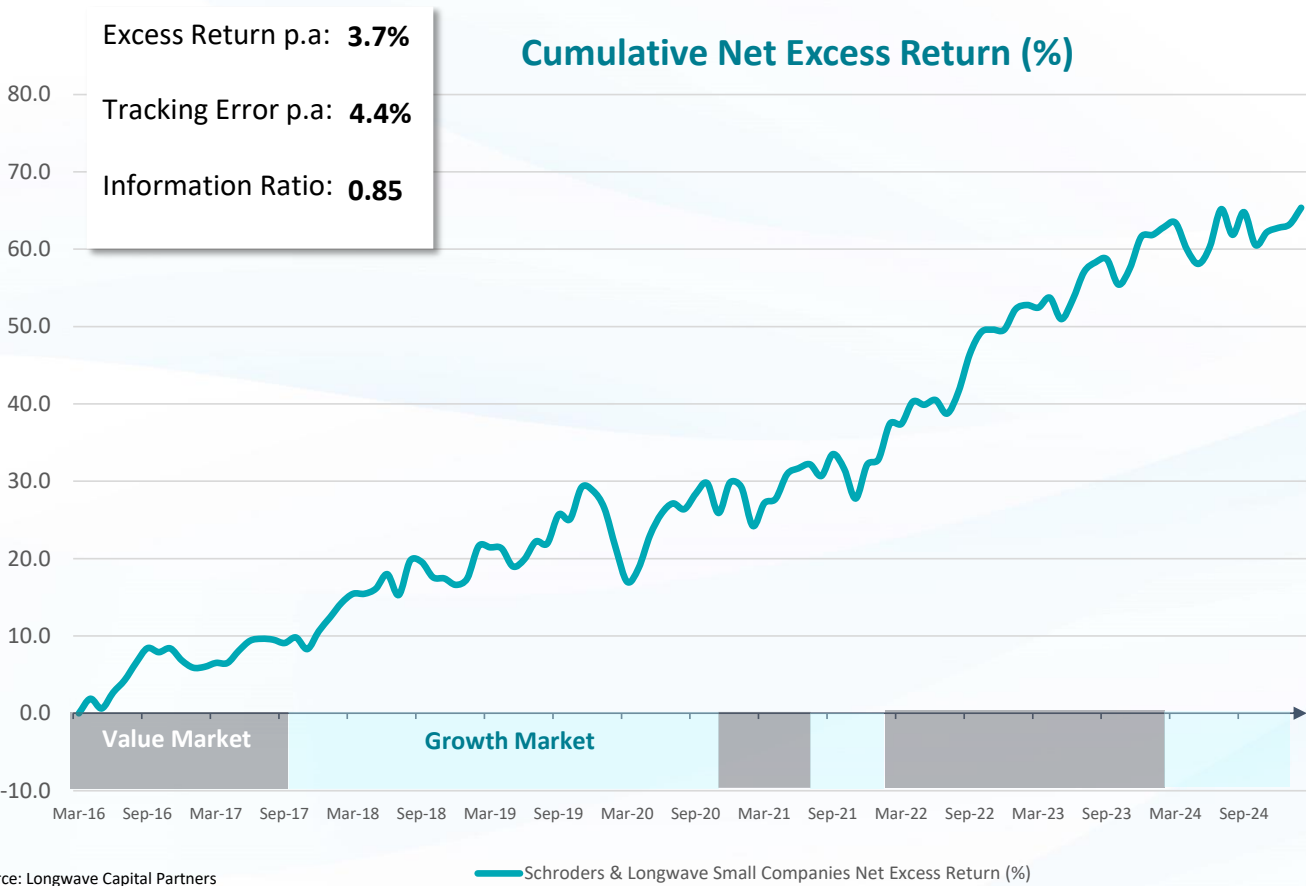
Profitable  
New Mgt + Chair  
New GTM Strategy  
Products + Pipeline

# Banks vs Small Caps: Big, Boring and Bloated

Banks vs Small Caps Index Total Returns



# More Consistent Alpha at Lower Fees



Net returns to 28 Feb 2025



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 (after 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).

# More Consistent Alpha at Lower Fees

28 Feb 2025 Net Fund / Bmark	1 Month	3 Month	6 Month	1 Year	3Yrs p.a	5Yrs p.a	Fund Since Incep p.a <sup>2</sup>	Strategy SI p.a <sup>3</sup>
Fund Net	-1.3%	0.2%	5.7%	6.4%	5.9%	9.0%	<b>7.2%</b>	10.8%
Benchmark <sup>1</sup>	-2.8%	-1.5%	5.7%	7.3%	2.1%	5.6%	<b>4.3%</b>	7.1%
<b>Net Alpha</b>	<b>1.5%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>-0.9%</b>	<b>3.7%</b>	<b>3.5%</b>	<b>2.9%</b>	<b>3.7%</b>

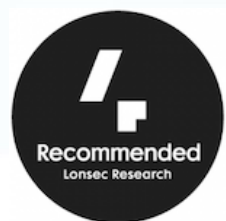
1 S&P / ASX Small Ordinaries Accumulation Index

2 31 Oct 2019 – A Class Units

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

Source: Longwave Capital Partners. 28 Feb 2025

## 89bps Flat Fee



### PLATFORM AVAILABILITY

AMP North	Asgard	BT Panorama	Centric	CFS FirstChoice
CFS FirstWrap / Edge	DASH	HUB24	Macquarie Wrap	
	Netwealth	Praemium		



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