

LONGWAVE AUSTRALIAN
SMALL COMPANIES FUND

LONGWAVE
CAPITAL

Small Caps for All Seasons

David Wanis: Portfolio Manager
September 2024

LONGWAVE
CAPITAL

The Greatest Product of all time?

**US\$1.8
Trillion
Sales**

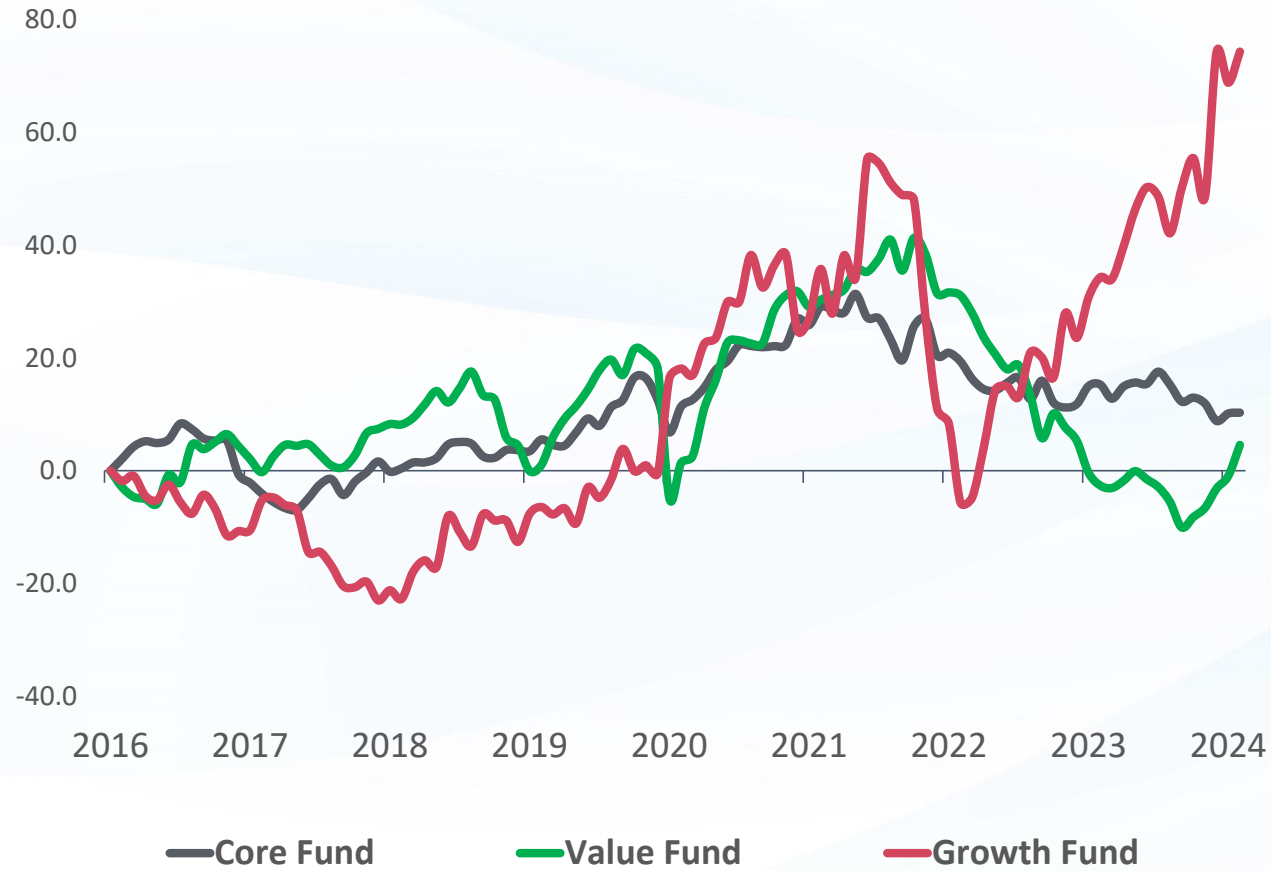
**US\$550
Billion
Profit**

The Greatest Product of all time?



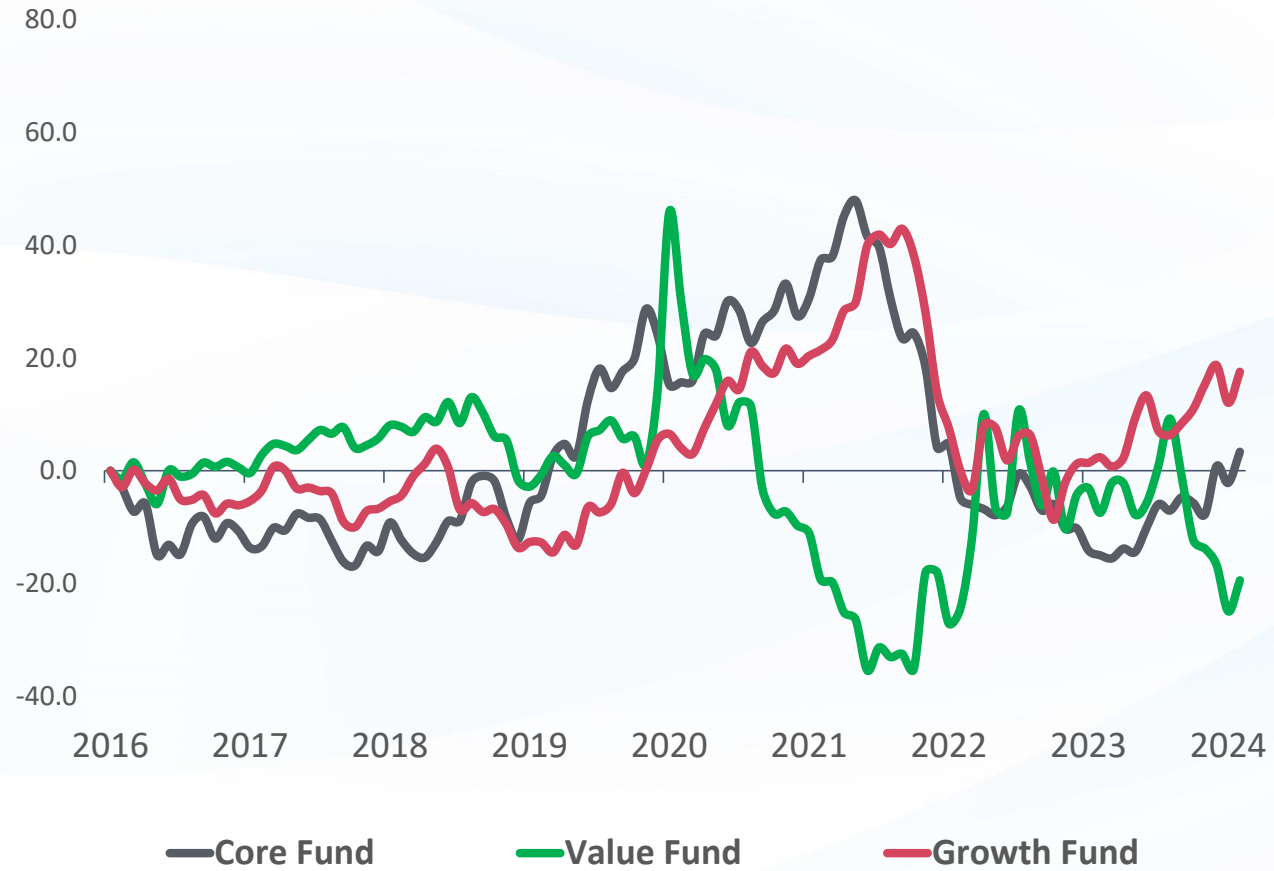
Concentration and Style Bias

Cumulative Net Excess Return



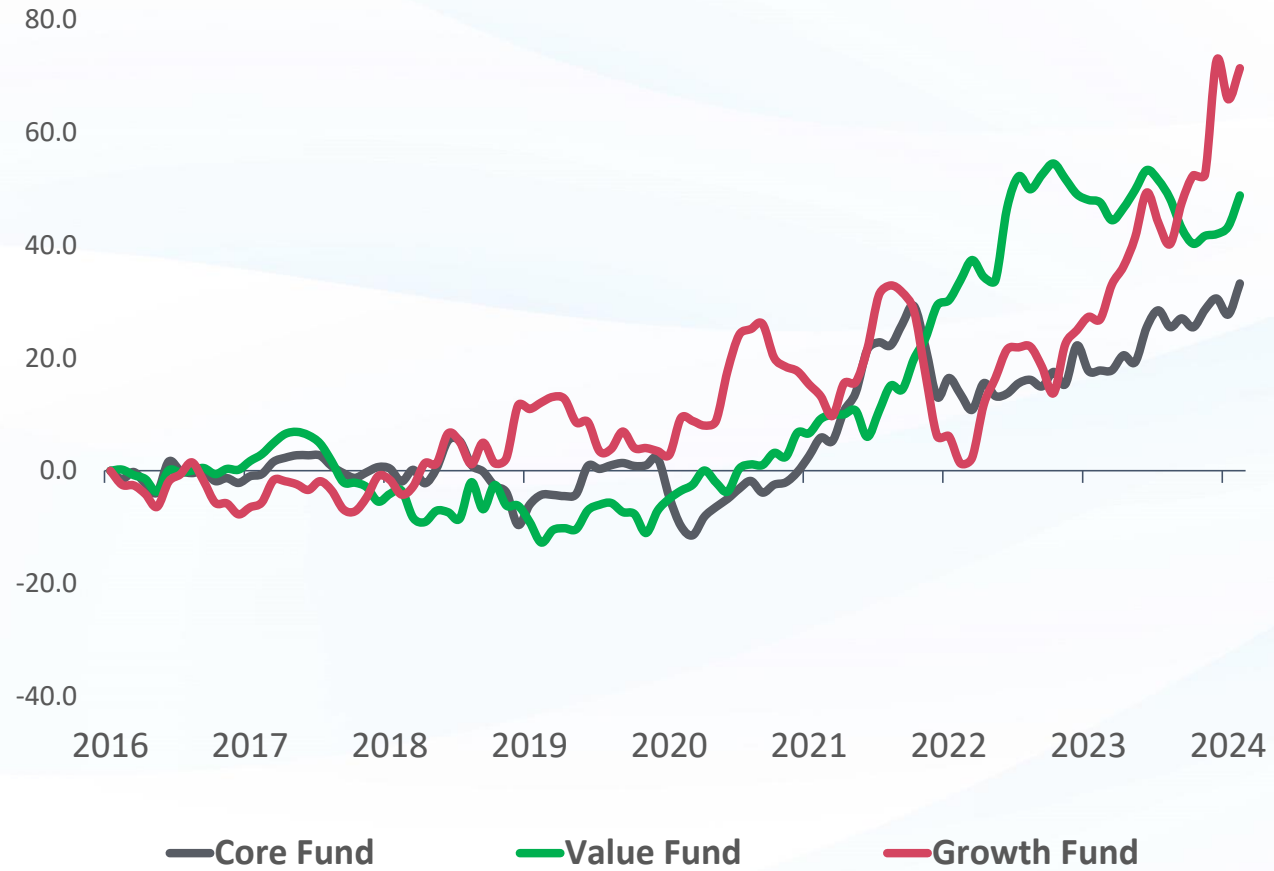
Concentration and Style Bias

Cumulative Net Excess Return



Concentration and Style Bias

Cumulative Net Excess Return



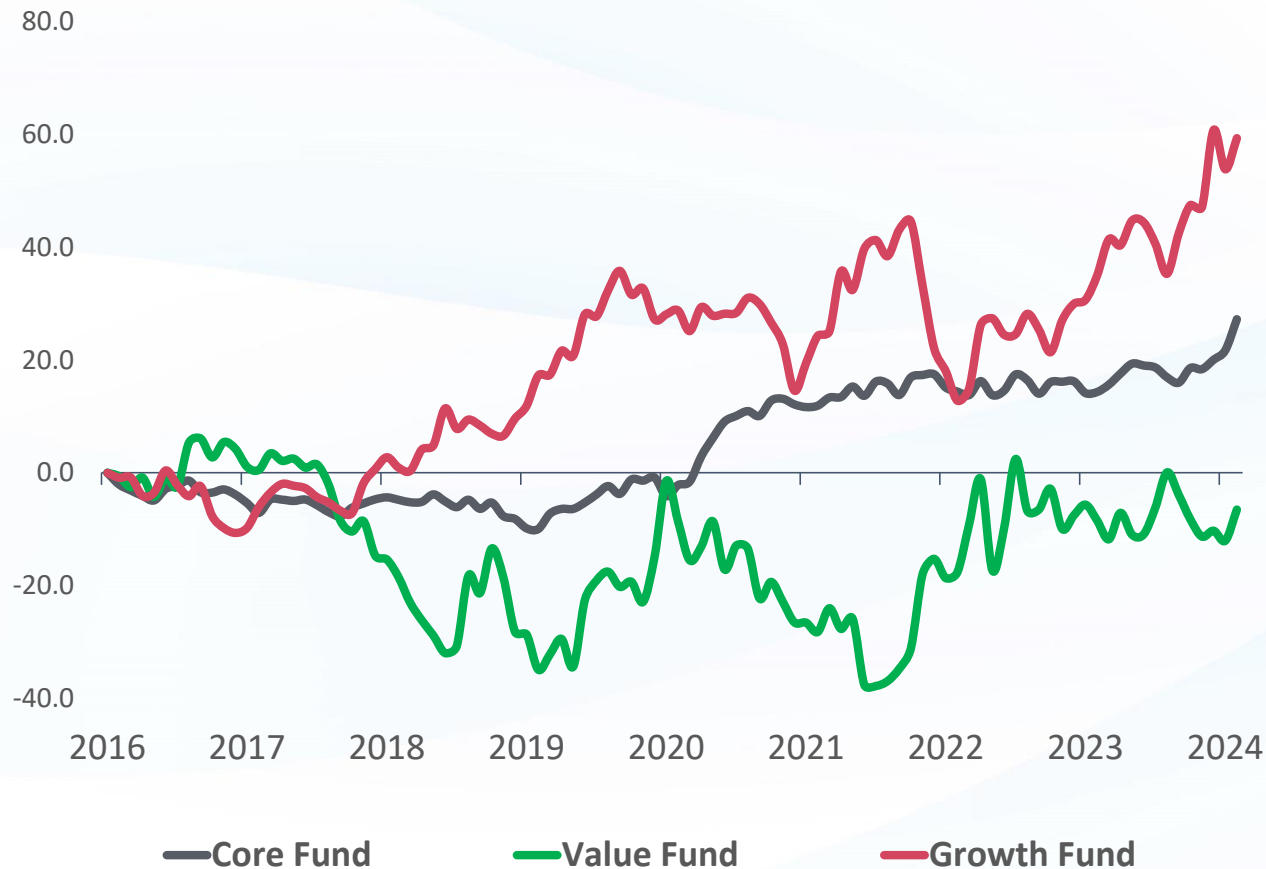
Concentration and Style Bias

Cumulative Net Excess Return



Investing in Multiple Smallcap Managers?

Cumulative Net Excess Return



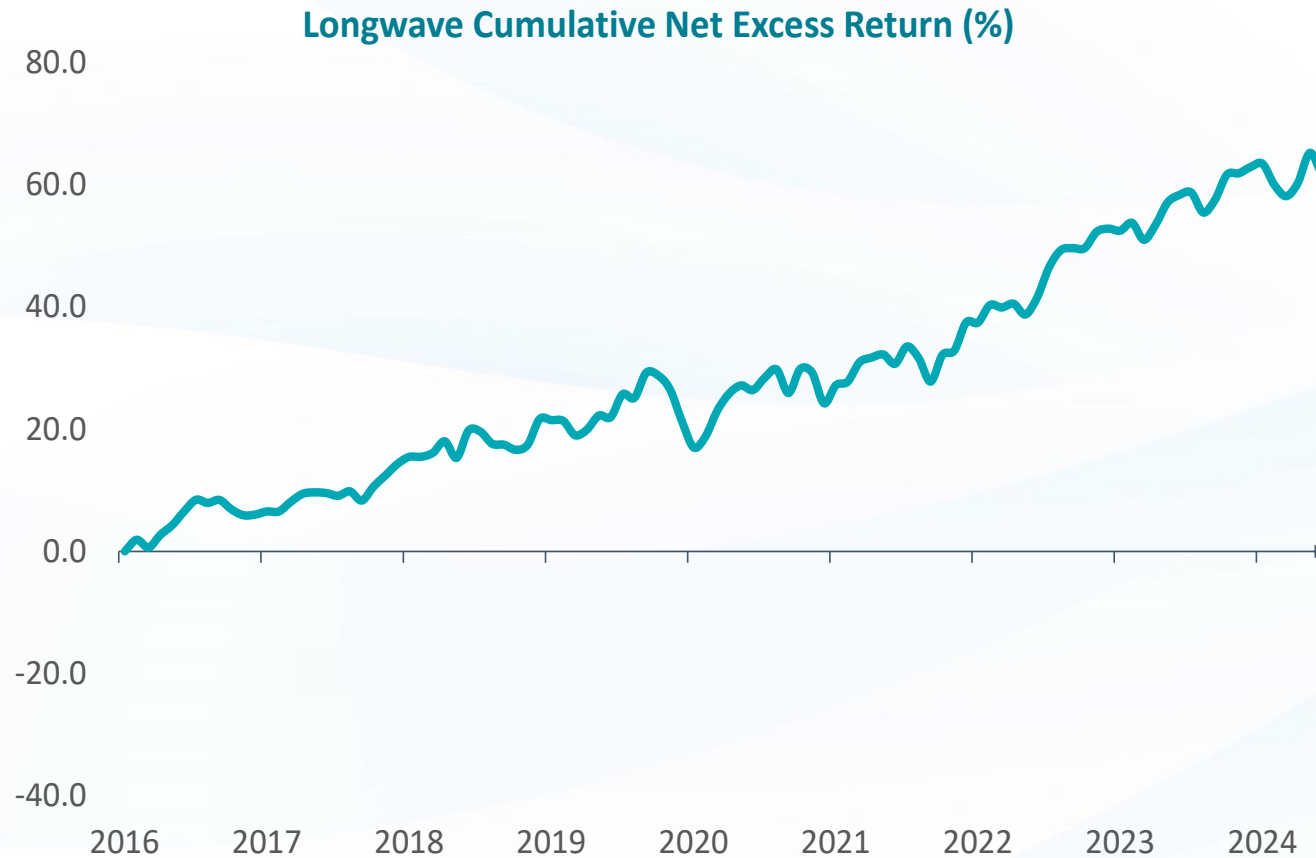
"A volatile small cap fund means I spend half of my annual client meeting discussing a fund that is less than 5% of the portfolio"

"As my clients approach retirement, consistency becomes more important than the highest returns"

"I only want one or two small cap funds for my client portfolios"

"The fees on small cap funds are too high"

More Consistent Alpha



Source: Longwave Capital. Aug 2024

CORE fund
+
VALUE fund
+
GROWTH fund

Benefits of combination

CORE

Stalwarts
Strong Franchise
Solid Growth
Reasonable Value

+

VALUE

Out of Favour
Cyclically Depressed
Company Turnaround
Hidden Upside

+

GROWTH

Profitable High Growth
P/E ≠ long term value
Long runway, global
Proven not speculative

EQT Holdings

Monadelphous Group
Spark New Zealand
Premier Investments
Freightways Group
Smartgroup Corp
Harvey Norman Holdings
Tabcorp Holdings
Auckland Intl Airport
Bapcor
Austal

...

Macmahon Holdings

SRG Global
Perenti
Beach Energy
Karoo Energy
New Hope Corp
Credit Corp Group
NRW Holdings
Super Retail Group
MMA Offshore
Fletcher Building

...

RPMGlobal Holdings

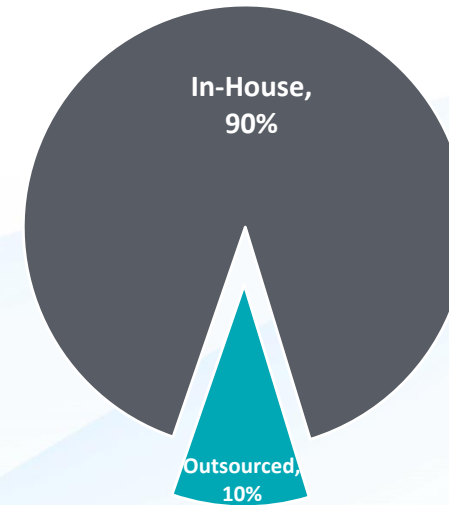
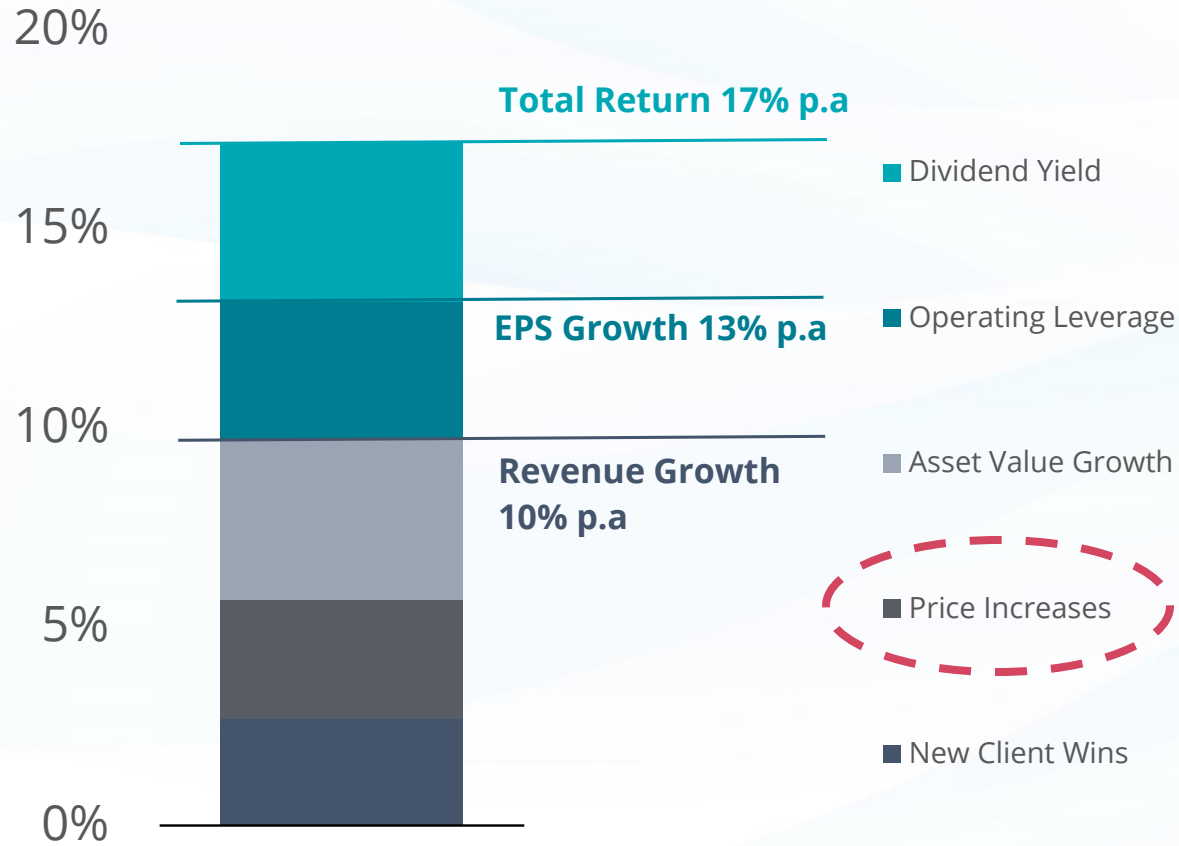
Telix Pharmaceuticals
Imdex
Hub24
Mainfreight
Lovisa Holdings
ARB Corp
Nanosonics
Temple & Webster Group
PWR Holdings
Webjet

...

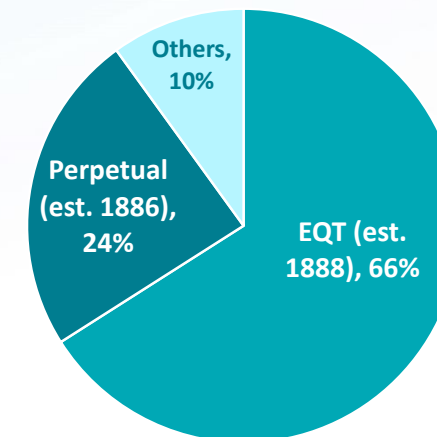
A CORE Stock – EQT Holdings

Fund Responsible Entity (RE) Market

F2023 to F2028E p.a Growth Rates



Outsourced Fund RE Market



A VALUE Stock – Macmahons



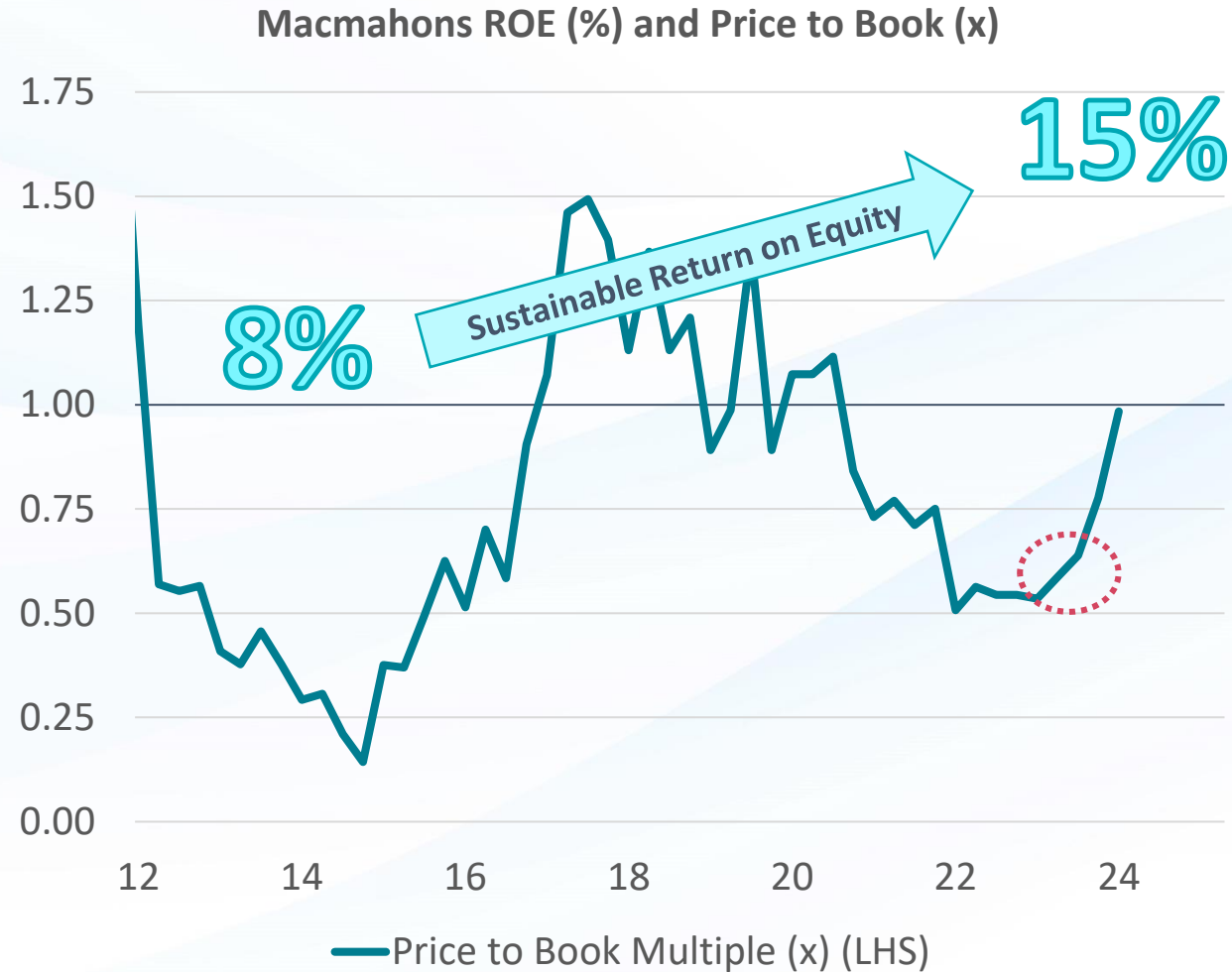
Competition 2014



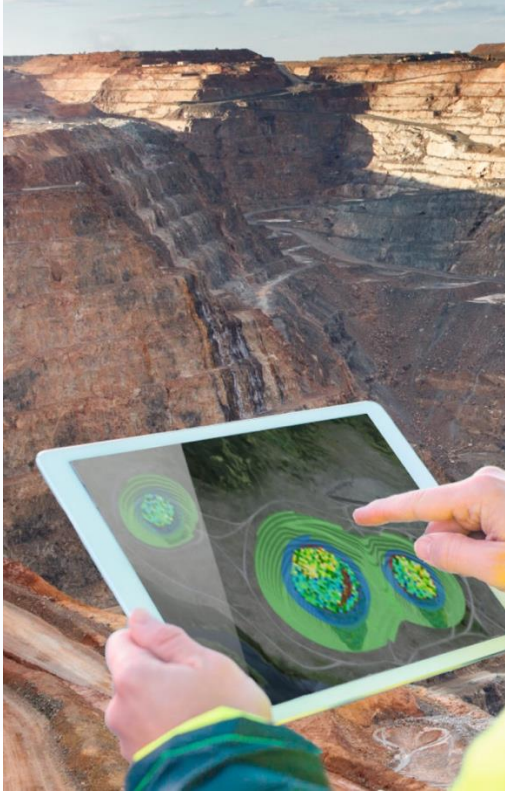
Competition 2024



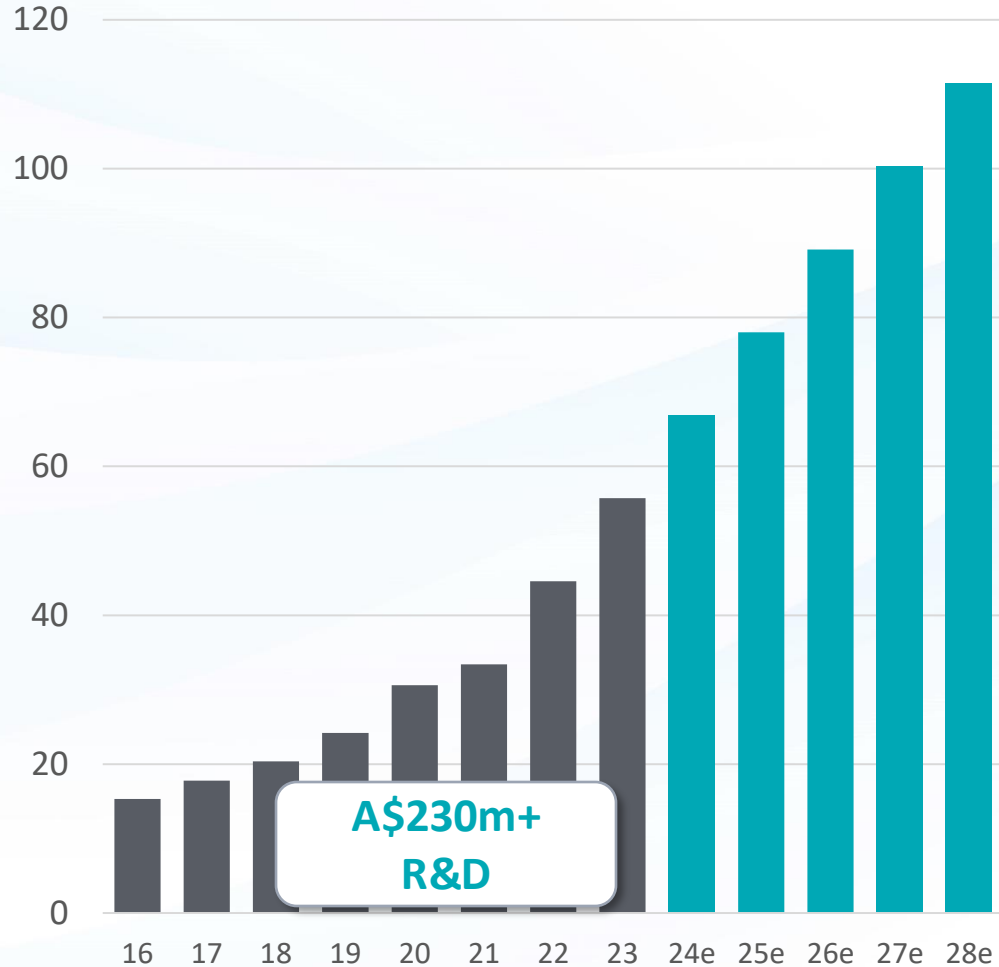
A VALUE Stock – Macmahons



A GROWTH Stock – RPMGlobal



RPM Software Revenue (A\$m)

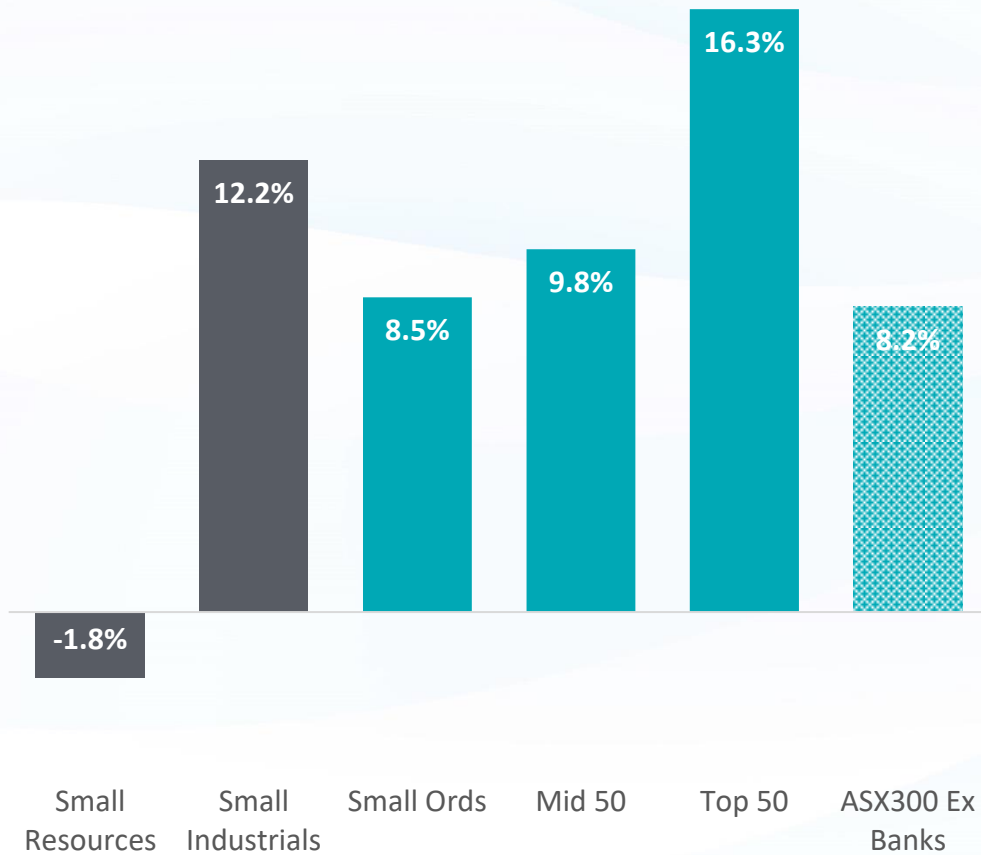


<25%
Tier 1 Mines

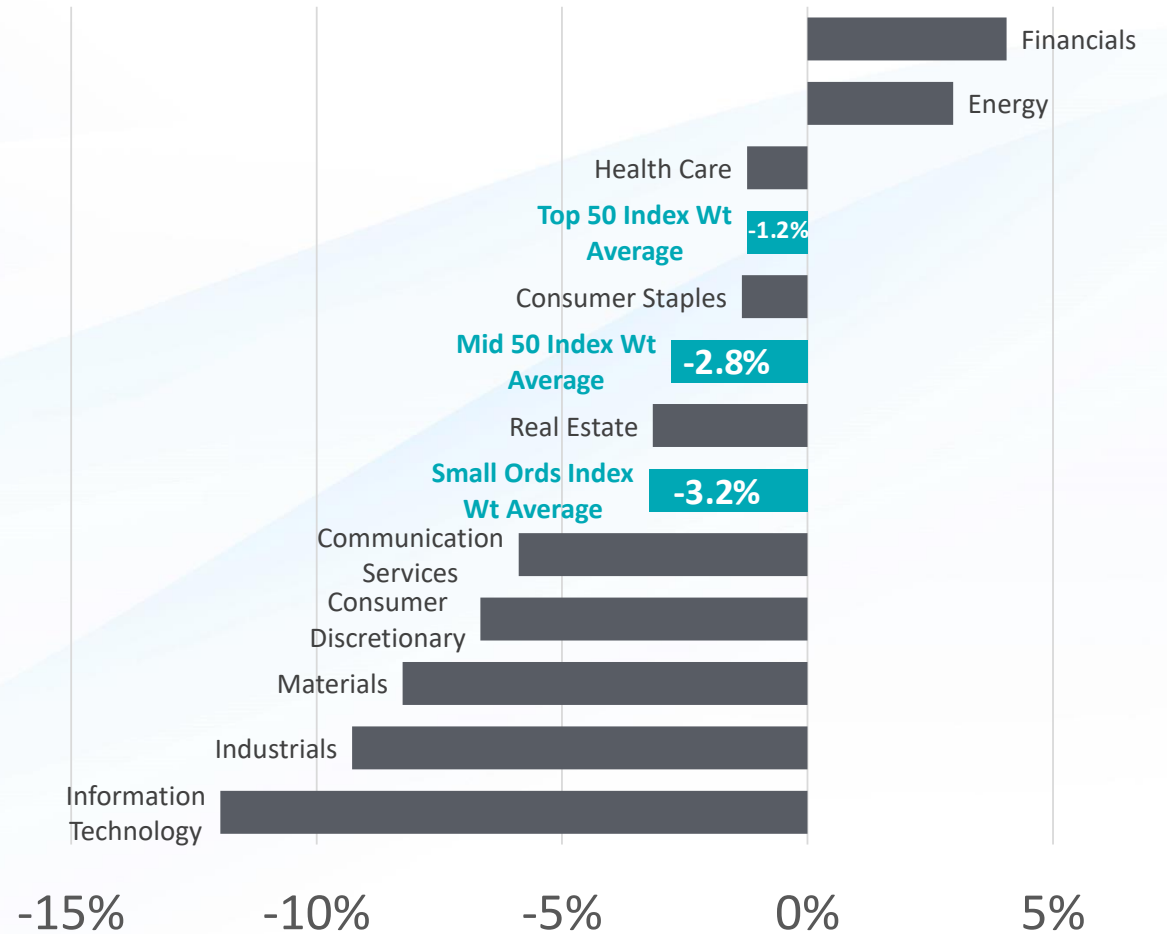
<7%
Multiple Products

Reporting Season

Total Returns - 12 months to 31 August 2024

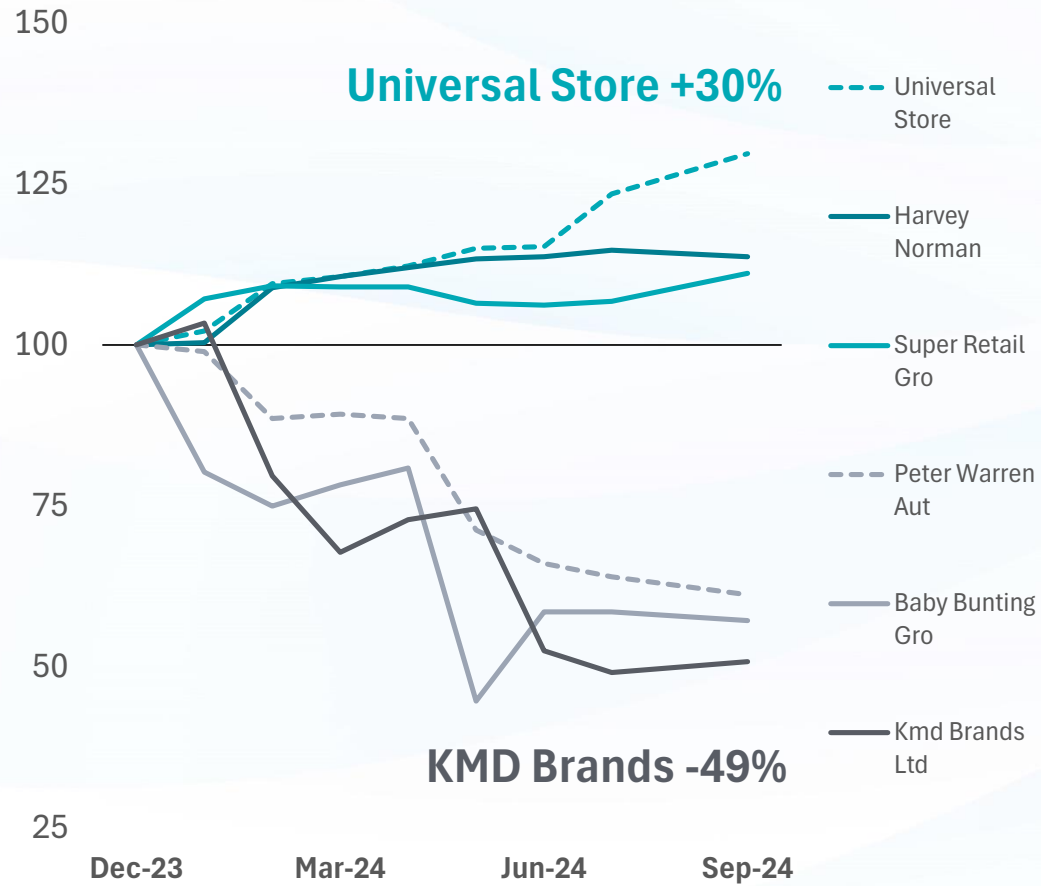


12M Forward EPS Revisions in August 2024

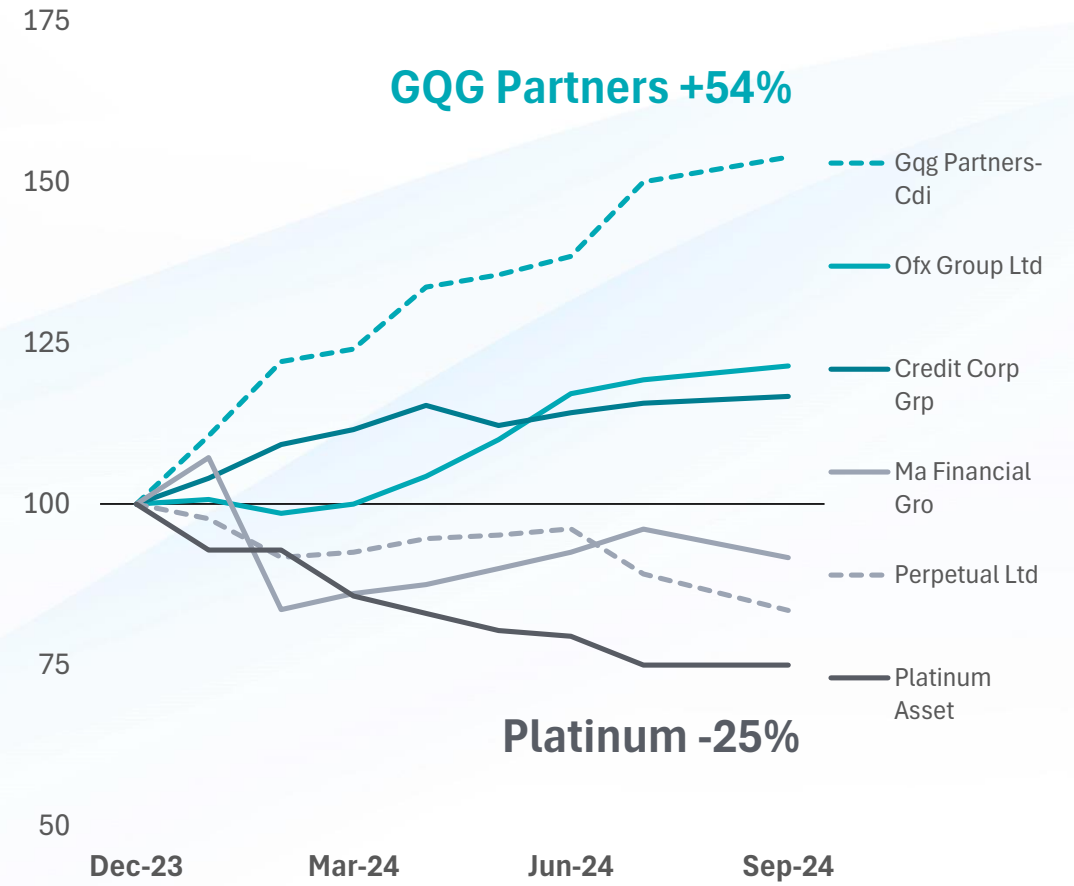


Reporting Season - Earnings Revisions

Small Retail 12M FWD EPS (100 = Dec 2023)



Small Financials 12M FWD EPS (100 = Dec 2023)



More Consistent Alpha at Lower Fees

31 Aug 2024 Net Fund / Bmark	1 Month	3 Month	6 Month	1 Year	2Yrs p.a	3Yrs p.a	Fund Since Incep p.a ²	Strategy SI p.a ³
Fund Net	-2.8%	1.6%	0.7%	7.9%	7.6%	2.2%	6.8%	10.7%
Benchmark ¹	-2.0%	0.0%	1.5%	8.5%	3.6%	-2.9%	3.6%	6.8%
Net Alpha	-0.8%	1.6%	-0.8%	-0.6%	4.0%	5.1%	3.2%	3.9%

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. 31 Aug 2024

89bps Flat Fee



PLATFORM AVAILABILITY

AMP North Asgard BT Panorama Centric CFS FirstChoice

CFS FirstWrap / Edge DASH HUB24 Macquarie Wrap

Netwealth Praemium

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 (net of 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).

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