

# Australian Small Company Investment Fund

## FACT SHEET – 31 AUGUST 2004

### Benefits of the Fund

The main benefit the manager aims to achieve is high compound returns by investing in the stock market.

Smallco invests mostly in smaller listed Australian companies, but also may invest in New Zealand listed companies, large Australian companies and some cash. The fund may also have 10% of investments in unlisted companies in Australia and New Zealand. The fund sometimes effectively short sells and uses gearing.

### Investment Style

Smallco actively looks for high quality, smaller companies whose share price is significantly less than what it considers to be the true underlying value of the shares. The manager actively manages the assets of the fund, selecting individual stocks with an emphasis on achieving growth in the value of the fund and also aiming to achieve some income.

Some characteristics of a quality, small company that the manager looks to identify include: high return on funds employed and cash generation ability, a strong board and good management team, strong competitive position and attractive earnings outlook.

In selecting shares to invest in, the manager typically focuses on a 3 year horizon.

Investments can (and do) fall in value as well as rise. Generally speaking, the value which the market attributes to an investment will be a function of (amongst other things) the growth in the underlying earnings of that company. However, the manager believes that, in the short term, market values are often more representative of investor sentiment towards a company, rather than the true underlying value of the company's business.

Smallco's philosophy is that it is better to have a small number of good investments rather than a large number of mediocre investments. Accordingly, the fund will generally be relatively concentrated and the manager generally expects to have no more than around 30 stocks at any one time.

Investors should look to invest for a period of at least 3 years.

### Fund Manager

The manager of the fund is Australian Small Company Investment Manager Limited (Smallco), which was formed in April 2000. The manager was formed for the purpose of managing this fund.

The principals of the manager are Rob Hopkins and Bill Ryan, who combined have had over 20 years experience in the Australian investment markets.

### ASCIF Performance

Return to 31 August 2004	
1 month	4.8 %
3 months	10.1 %
1 year	43.7 %
3 year *	8.4 %
Since inception (31 Oct 2000) *	15.3 %

Returns calculated after fees and expense based on exit price and reinvestment of distributions..  
\*Returns annualised

### Product Disclosure Statement (PDS)

A product disclosure statement ("PDS") explaining the fund is available free by telephoning us or from our offices. You should consider the PDS in deciding whether to invest or remain invested in the fund.



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### General Information

<b>Investment vehicle</b>	<b>Unit trust</b>
Recommended Time Frame	Long term
<b>Date Established</b>	<b>31 October 2000</b>
Fund size	\$24 m
<b>Minimum Initial Investment</b>	<b>\$40,000</b>
Minimum Additional Investment	\$5,000
<b>Minimum Withdrawal</b>	<b>\$10,000</b>
Entry Fee	4% + Transaction costs (0.45% currently)
<b>Exit Fee</b>	<b>Transaction costs (0.45% currently)</b>
Application & Withdrawal Timing	Units are priced on the last business day of the month – applications and redemptions are normally processed as soon as practicable after month end
<b>Annual Fee</b>	<b>1.5% of net assets</b>
Performance Fee	20% of the performance above the fund's previous end-of-six-month period high. Payable 6 monthly
<b>Distribution</b>	<b>Annually after 30 June</b>
Distribution Reinvestment	Available

### Contacting Smallco

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 Fund's APIR Code ASC0001AU

