

**SHINING A LIGHT ON THE.....
ASI Global Smaller Companies Fund**

AT A GLANCE

Investment Objective	
<p>The objective of the Fund is to provide capital appreciation; it is intended that income will not be a prime consideration. The investment policy of the Fund is to invest mainly in global smaller company equities (excluding Investment Trusts) and equity type investments. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.</p>	

Inception Date	19 January 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000NMQA

Management	
Manager Name	Start Date
Alan Rowsell	19 January 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	2.53%
Large	2.38%
Medium	71.29%
Small	23.80%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	52	
Assets in Top 10 Holdings	32.46%	
Name	Sector	% of Assets
Teleperformance SE	Industrials	4.96%
Paylocity Holding Corp	Technology	3.61%
Insulet Corp	Healthcare	3.28%
Kornit Digital Ltd	Industrials	3.11%
Axon Enterprise Inc	Industrials	3.01%
Mani Inc	Healthcare	3.00%
ALS Ltd	Industrials	2.99%
Nihon M&A Center Inc	Financial Services	2.92%
Dart Group PLC	Industrials	2.88%
Chegg Inc	Consumer Defensive	2.69%

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Volatility Measurements	
3-Yr Std Dev (volatility)	3-Yr Mean Return
16.22%	6.78%

FUND PERFORMANCE

Performance 1 January 2014 to 29 February 2020:

	2014	2015	2016	2017	2018	2019	2020
ASI Global Smaller Companies Fund	-1.65%	11.74%	26.39%	25.38%	-4.91%	18.27%	-7.92%
IShares MSCI World	10.75%	1.17%	8.13%	17.26%	-8.94%	24.33%	-9.63%

Performance over 1 year, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
ASI Global Smaller Companies Fund	-1.58%	21.76%	72.28%	174.46%
IShares MSCI World	1.99%	15.42%	25.77%	107.67%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This update has been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.

This is a fund we have followed since it was launched in 2012. The fund was jointly managed but is now solely managed by Alan, who has full input across the smaller company's desk. This is part of a franchise of funds.

In terms of fund size this peaked around £1.5 billion but has since dropped down to around £1.1 billion. The largest client holds about 6% of the fund. In terms of holdings the smallest company they hold is valued at £500 million and 97% of the fund is in companies above this size. They can hold up to 10% in any company and in very exceptional circumstances this could be stretched to 15%.

The fund is not investing in speculative companies but those with good balance sheets and therefore good quality business franchises. The companies tend to be on the higher end of the small-cap and lower end of the mid-cap range but they are happy to hold a company as it goes up the market cap if they believe it continues to offer investors opportunities.

In 2019 the fund was ahead of the benchmark but had some stock specific issues which caused problems. One of those companies we Service Master who are a market leader in pest control and in particular in the US where people have service plans. There were issues and concerns over potential litigation and the stock dropped 40%. They still believe in the company and think the issue is short term, but it did hurt the performance of the fund.

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They had also started to switch out of the some of the stocks which had done well for them. Another stock which had done well but had drifted back and hurt performance was Fever Tree which they sold out of due to the proposed investment strategy in the US.

Year to date the fund is slightly ahead of the benchmark and despite the market turmoil there have not been any significant changes. Dart Group which owns Jet 2 Holidays and is a big winner from the collapse of Thomas Cook is down significantly. They think during this period, although everything has been sold-off, if this is a protracted sell down the fund should do fairly well because of the focus on quality.

They are about to launch a global mid-cap fund to complement this. This will really focus on the higher end of the mid-cap space and act as a way for those who haven't invested in smaller companies due to the volatility, but would still like some exposure. This part of the market is likely to be less volatile and the returns slightly lower.

In summary, ASI have built an excellent small cap franchise and the focus on quality has helped the fund outperform. It is not immune to underperformance but clearly the manager is able to identify problems and assess whether there is a reason to continue to hold. This is likely to offer something different in the global space, either as a blend or a standalone investment. It is worth adding this is not a pure small cap in its truest sense but really quality smaller companies.

The source of information in this note has been provided by ASI and is correct as at March 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.