

Big chance for investors as Smallco reopens its flagship funds

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One of the nation's best-performing fund managers over the past decade, the boutique investment house Smallco, is reopening its two flagship funds for the first time in more than two years to raise about \$100m.

The firm, which was founded by former Macquaries Equities analyst Rob Hopkins and former agricultural entrepreneur Bill Ryan in 2000, has told clients that both its Smallco Investment Fund and the Smallco Broadcap Fund will once again start accepting investments from both existing and new investors.

The move comes as investment legend Peter Cooper's Cooper Investments has also moved to reopen its flagship Brunswick fund to clients — also aimed at raising \$100m.

Mr Cooper said this week that a third of the new funds would be deployed into existing holdings, a third into new opportunities and a third into cash.

The new investments would be made for the long term, and the reopening of Brunswick was “not just another equity fund doing a capital raising”, he said.

“We have been limiting flows into the funds since March 2016 and still believe that monitoring and limiting the size of the funds provides the best possible environment for returns,” Smallco's portfolio manager Craig Miller said in a letter to clients.

“However, due to natural attrition from existing investors and recent market performance, our funds under management are at a level where we are comfortable reopening.

“Please note that we will continue to monitor the size of the funds and, if necessary, we will limit flows again in the future to ensure that the size of our funds under management have limited impact on performance.”

Smallco's Broadcap fund delivered a stunning 19.7 per cent return over past decade to the end of 2019, before being hit during the March quarter by the market downturn.

Both the Broadcap fund and the firm's Investment Fund fell more than 25 per cent during the quarter, against the Small Ordinaries index, which was down 26.7 per cent.

The latter fund's travel-exposed holdings were hardest hit but it moved to deploy roughly half its cash balance (25 per cent) during the March quarter as longer-term valuations became more attractive.

It mostly reinvested into existing holdings such as tech group Wisetech, where it increased its position through the market sell-off at roughly half the price it sold down during calendar 2019.

The Broadcap fund also entered the March quarter with a 20 per cent cash buffer, but as of early April its cash weighting was down to 13 per cent and approximately half of the fund's cash had been invested.

"The fund will continue to seek out further opportunities, however, with the subsequent rally in quality names," the fund told clients last week.

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Damon Kitney has spent two decades in financial journalism, including 16 years at The Australian Financial Review in a variety of writing and editing roles in Sydney, Melbourne, Canberra and Perth, including 5 ... [Read more](#)