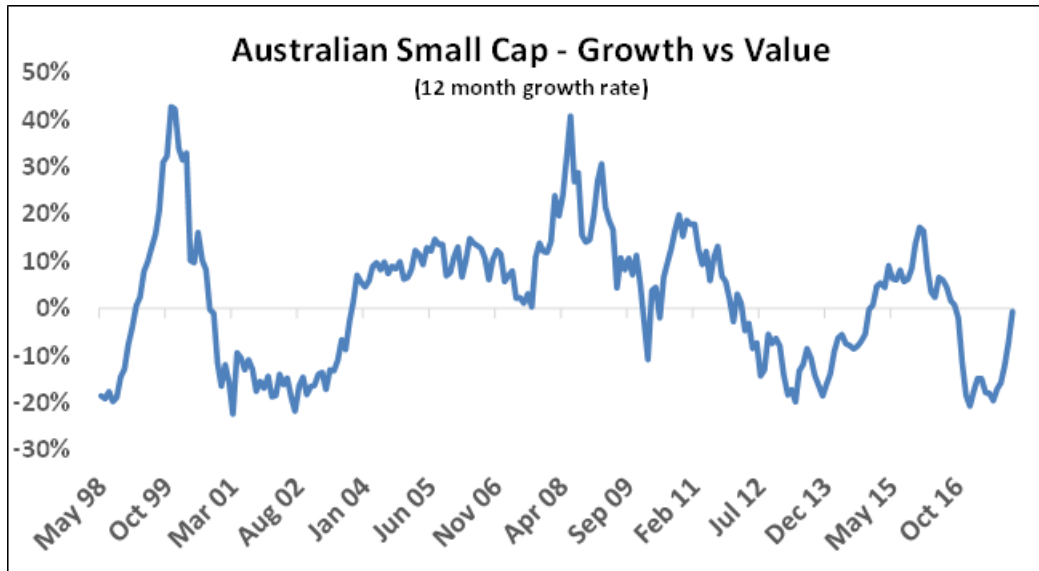


## Growth vs Value in Australian Small Caps – January 2018 Update

Australian Small Cap Growth stocks have staged a solid comeback in recent months vs their Value peers (as measured by MSCI indices) – see the recent uptick in the Chart 1 below:

Chart 1



Going back to our white paper on [Growth vs Value in Australian Small Caps](#) from April 2017, we noted that the underperformance of Growth stocks were at 20 year extreme levels, and that we expected a reversal with Growth stocks to outperform strongly given compelling valuation and price signals. Pleasingly for our investors, this has occurred.

As a reminder, Growth stocks in this part of the market have outperformed Value stocks ~60% of the time. So while the chart suggests we are no longer at extreme levels, the current neutral level still bodes well for Growth stocks going forward.

### Flinders Investment Partners 17 January 2018

#### Disclaimer and Disclosure

Equity Trustees Limited ("EQT") (ABN 46 004 031 298 AFSL 240975) is the Responsible Entity for the Flinders Emerging Companies Fund. The material contained in this communication (and all its attachments) is general information only and has been prepared by Flinders Investment Partners Pty Ltd ("Flinders"), a Corporate Authorised Representative of Prodigy Investment Partners Limited ("Prodigy"), AFSL 466173.

It is not intended to take the place of professional advice and you should not act on any recommendation (if any) made in this communication without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this communication shall be construed as a solicitation to buy or sell a security or to engage in or refrain from engaging in any transaction.

Flinders and Prodigy believe that the information and advice (if any) contained herein is correct at the time of compilation. However, Flinders Prodigy and EQT provide no representation or warranty that it is accurate, complete, reliable or up to date, nor does Flinders, Prodigy or EQT accept any obligation to correct or update the opinions (if any) in it. The opinions (if any) expressed are subject to change without notice. Flinders, Prodigy and EQT do not accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the material contained in this communication.

This communication may refer to the past performance of a person, entity or financial product. Past performance is not a reliable indicator of future performance. Investors should obtain the relevant product disclosure statement and consider it before making any decision to invest.