

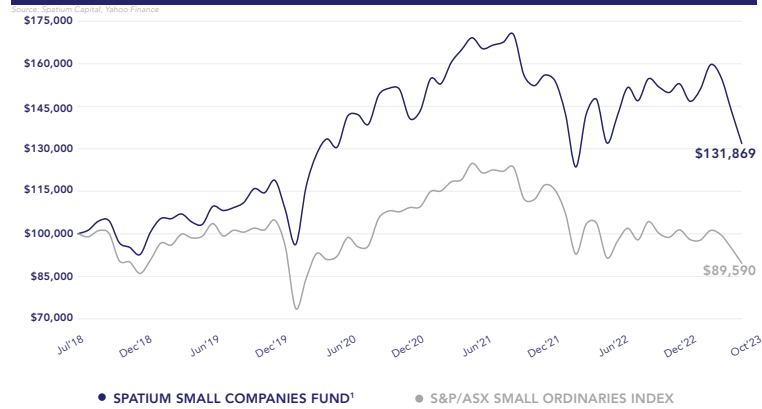
PERFORMANCE SUMMARY

	1 MONTH	3 MONTHS	1 YEAR	4 YEARS p.a.	5 YEARS p.a.	INCEPTION
SSCF ¹	-8.0%	-17.4%	-6.8%	4.4% ¹	6.4% ¹	31.9% ¹
Benchmark ²	-5.6%	-11.4%	-7.9%	-2.8%	-0.2%	-10.4%
Value Added	-2.4%	-6.0%	1.0%	7.2%	6.6%	42.3%

MONTHLY CONTRIBUTORS & DETRACTORS

De Grey Mining Ltd (DEG)	0.4%
Vicinity Centres (VCX)	0.1%
South 32 Ltd (RHC)	0.1%
IGO Ltd (IGO)	(0.8%)
Chalice Mining Ltd (CHN)	(0.9%)
Alumina Ltd (AWC)	(1.0%)

PERFORMANCE GRAPH



¹The SSCF is a composite calculation of the SMA's inception (1 July 2018), through to the Fund's inception and is net of fees, before tax, and assumes reinvestment of distributions. Past performance is not an indicator of future performance.

²Benchmark is the S&P/ASX Small Ordinaries Index.

'Volatility is a friend of the quantitative trader.'³

As the godfather for quantitative funds, Renaissance Technologies are one of the most publicly elusive yet consistent deliverers of performance in the known funds management universe. With an astounding 37% annualised return from 1988 to 2021, and only one negative year, Ren Tech (as they are so famously known) is a pioneer for quant funds. For the very little that Jim Simons (co-founder) has said, the above quote which we've used for this month's newsletter continues:

"In calm markets, there are fewer opportunities. It's the uncertainty and the fluctuations that create the chances to profit".

It appears to be a general understanding - albeit potentially less-so in the much quieter quant landscape of Australia - that periods of higher volatility can offer more opportunities for certain types of quantitative trading strategies. The caveat of course is that not every period of uncertainty will be an outperformer for quant strategies, however with adaptability and agility often key proponents of a quant strategy, those with a systematic focus can often benefit from volatility on a regular basis.

A systematic trading strategy is quite simply a defined set of rules and parameters that help you identify stocks (or other assets if you so choose) that have a stronger propensity to be opportune acquisitions for your portfolio. These rules can be based on various factors like price movements, historical data, market-cap inefficiencies, volatility coefficients and mean regression. Followed intimately, the outcome of a rules-based approach is that often knowing the underlying assets in detail is largely absent. As Greg Zuckerman⁴ noted in his exploration into the history and success of Ren Tech, former CEO of the firm Robert Mercer was once quoted as saying that "sometimes it tells us to buy Chrysler, sometimes it tells us to sell". Awkwardly for Robert (and forgivable given he would unlikely have been exposed to the day-to-day trading for the Firm) was that Chrysler had been acquired by Daimler AG years prior and no longer existed as a stock. Perhaps

why portfolio-level questions are often better directed to the actual fund managers themselves!

Digression aside, Simons was insistent on diverting the Firm away from "intuition, instinct and old-fashioned research for their predictions"⁴ and pursued a systematic investment approach that removed human emotions from the equation.

"Emotion is the enemy in trading. If you're going to be a good trader, you have to be cold, you have to be clinical and you can't let hope and fear rule your decision."

Human emotions, like fear or greed, often leads to impulsive decisions, however with a systematic strategy one can be (if the desire to be emotional is ignored) disciplined and tireless in the pursuit of executing the plan. That said, like any investment strategy, perfection is non-existent. There will be pockets where the dynamic financial landscape produces a particularly violent new set of dislocations that can momentarily impact performance. Understanding the intricate correlation between volatility and market performance becomes paramount, especially amidst momentary lags. Navigating this nuanced relationship demands a blend of strategic acumen, risk management focus, and a keen awareness of the diverse opportunities that volatility can present for those positioned to exploit them.

In conclusion, volatility and systematic investment strategies are a match made in heaven. Whilst no two cycles are the same, over the long term, systematic investment strategies tend to benefit from a majority of uncertain periods and with the prevailing consensus from most economic oracles forecasting continued bumpy roads ahead, we welcome what opportunities may arise.

The Spatium Small Companies Fund delivered -8.0% against -5.6% for the benchmark. Elsewhere the US and UK equivalent segments returned -5.8% and -6.1% respectively.

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FUND CHARACTERISTICS

UNIT PRICE (AS AT 31 OCTOBER 2023)	\$0.89
FY2023 DISTRIBUTION YIELD ⁵	2.6%
FY2022 DISTRIBUTION YIELD	Nil
FY2021 DISTRIBUTION YIELD ⁶	12.9%
FY2020 DISTRIBUTION YIELD ⁷	16.5%
SUGGESTED TIMEFRAME	5 to 7+ years
STRUCTURE	Open-Ended Fund
SUBSCRIPTIONS/REDEMPTIONS	Monthly
DISTRIBUTIONS	Annually
STRATEGY INCEPTION ¹	1 July 2018
MANAGEMENT FEE ⁸	1.25% per annum

OTHER KEY METRICS OF INVESTMENT STRATEGY

	SSCF ¹	MARKET
Average monthly return	0.6%	0.0%
Beta	0.90	1.00
Portfolio variance	6.0%	6.0%
Up-Market capture ratio	102.9%	100.0%
Down-Market capture ratio	75.4%	100.0%

RESEARCH & RATINGS

ORGANISATION	RATING
SQM Research (REPORT AVAILABLE ON REQUEST)	Acceptable
FE Fund Info	5 Crowns

PLATFORMS



AVAILABLE ON
HUB24.COM.AU

FIND OUT MORE

The Fund currently remains open to new investors.
To set up a time to discuss with one of our team, please email us at contact@spatiumcapital.com

RECOGNITION



³K Simons, J., Co-Founder of Renaissance Technologies. USA.

⁴Zuckerman, G., 2023. *The Man who Solved the Market: How Jim Simons Launched the Quant Revolution*. 1 ed. London: Penguin UK.

⁵On the 30 June 2023 pre-distribution unit price of \$1.05, the Fund distributed \$0.03 per issued unit; equivalent to a 2.6% distribution yield.

⁶On the 30 June 2021 pre-distribution unit price of \$1.28, the Fund distributed \$0.16 per issued unit; equivalent to a 12.9% distribution yield.

⁷On the 30 June 2020 pre-distribution unit price of \$1.27, the Fund distributed \$0.21 per issued unit; equivalent to a 16.5% distribution yield.

⁸Other fees and expenses apply. Please refer to the Information Memorandum of the Fund for further details.

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