

PERFORMANCE SUMMARY

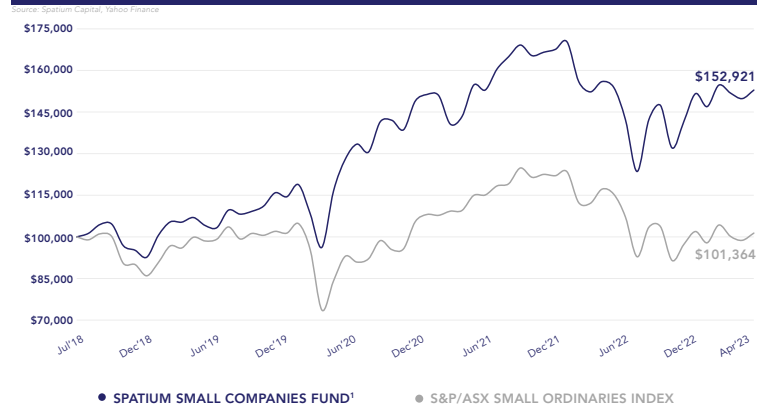
	1 MONTH	3 MONTHS	1 YEAR	3 YEARS p.a.	4 YEARS p.a.	INCEPTION p.a.
SSCF ¹	2.0%	-1.2%	-0.6%	9.5%	9.3% ¹	9.2% ¹
Benchmark ²	2.6%	-2.8%	-12.1%	6.4%	0.4%	0.3%
Value Added	-0.6%	1.6%	11.5%	3.1%	9.0%	8.9%

MONTHLY CONTRIBUTORS & DETRACTORS

Core Lithium Ltd (CXO)	0.5%
Worley Ltd (WOR)	0.3%
Vicinity Centres (VCX)	0.3%
BrainChip Holdings Ltd (BRN)	(0.2%)
New Hope Corporation Ltd (NHC)	(0.3%)
Omni Bridgeway Ltd (OBL)	(0.6%)

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.

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

PERFORMANCE GRAPH


'It is in the nature of an industry whose structure is competitive and whose conduct is driven by supply to have cycles that only end badly.'³

The phrase "tend to the part of the garden you can touch" means that you should focus on the things that you can control or influence in your life. It's about taking action and making improvements in the areas that are within your reach, rather than worrying about things that are beyond your control (for example, the direction of the stock market). This principle can be applied to many areas of life, such as personal relationships, career goals, and health & wellness. By focusing on the things that you can control, you can make positive changes and improve overall well-being.

The stock market is one "garden" however, that is unlikely to ever be "touched". As a complex system made up of many different participants, the stock market is not controlled by any one person or group (no matter how powerful or successful). It is more accurate to consider the stock market as the product of the collective influence of investors, traders, companies, governments and institutions.

When we can't "tend" to the stock market, and it is in desperate need of pruning, what can be done? For context, April was one of those months. Persistent inflation, uncertainty around domestic and international interest rates and geopolitical risks that whilst are no longer headline news, continue to circle. The level of volatility (the more common proxy we look to is the S&P/ASX 200 VIX; ASX:VIX) fell below its long-term average and managers like ourselves, scratched our heads. How could the financial markets come to this level of calm with such significant macro factors that should create uncertainty, still being played out? We know that the market is not always the economy however, occasionally the two create such a disparity that it leaves market participants lost for an explanation. Take the NASDAQ for example: calendar year-to-date (end of 30 April 2023), the US' popularised tech & growth-centric NASDAQ composite index (ticker ^IXIC) is up +17.71%. Comparatively the S&P500 is up +6.97%, the S&P/ASX200 is up +3.26% and the S&P/ASX Small Ordinaries (our benchmark) is up +3.89%. Some will argue that the bounce-back in the NASDAQ is the beginning of a response to the -33.10% it lost in 2022. Others will challenge that the era of central bank interest rate-rises is almost at an end and rate-cuts should

follow shortly. Or perhaps both, so that our addiction to cheap debt can resume and these tech/growth-based businesses can operate with better future cash flow models once again... All in all, when the economic data is showing job vacancy rates are slowing, inflation is remaining persistently high (far from the targeted 2% to 3% band most developed-economies target) and rates of administration are climbing ([in Australia, insolvencies in the Construction and Building sector has just hit a nine-year high](#)) some "pruning" is well overdue.

It is worth highlighting our bias towards wanting volatility and uncertainty in the markets. Our approach to investing suits a sensible (however, we would also accept a heightened) level of volatility to create price-dislocations that we can capitalise on for our clients. The ability to identify and acquire undervalued listed companies throughout April was constrained, but not to the point of a significant reduction in the number of positions the Fund held (holding 33 companies at the end of April) or in the volume of trades we made (a total of \$4.97mn trades were made).

Whilst we know this newsletter is written for the context of April's events and/or news, we'd be remiss for not acknowledging the RBA and US Fed's decision to increase each respective cash rate by a further 25 basis points. It seems almost inevitable now (unless the RBA has a change of heart) that residential mortgage stress and possible defaults will soon become the norm. We have previously acknowledged the sophisticated tools that the RBA and its many data-repositories (i.e. APRA, ASIC etc) have at their disposal, and our macro-aware stance remains - we observe but have no academically-rooted position. That said, we trust that the RBA is making a better-placed decision on their forecasting on this occasion vs their late 2020 view of no interest rate rises until 2024. We'd suspect many Australians would be pushed to their limits if a forecasting blunder of this magnitude occurred twice in as many years...

The Spatium Small Companies Fund returned +2.0% for the month of April against the benchmark return of 2.6%. In other markets, the US smalls equivalent returned -2.9% and the UK delivered 1.8%.

DISCLAIMER:This report has been prepared by M&Q Capital Pty Ltd t/as Spatium Capital as a Corporate Authorised Representative (001279779) of D H Flinders Pty Ltd ACN 141 601 596 AFSL 353001. Spatium Capital is the investment manager (Investment Manager) of the Spatium Small Companies Fund (Fund), an unregistered managed investment scheme. The Investment Manager's authority under its Corporate Authorised Representative Agreement with D H Flinders Pty Ltd is limited to general advice regarding the Fund only. Any other advice provided is not provided pursuant to this agreement. Vasco Custodians Pty Ltd (Trustee) is the trustee of the Fund. This document contains information about the potential issue of interests in the Fund to investors that are wholesale clients as defined in s761G of the Corporations Act 2001 (Cth). It is not intended to be used by any other persons in any other jurisdiction if and to the extent that to do so would be in breach of Australian laws, or the laws of any foreign jurisdiction. This report contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons) investment objectives, financial situation or particular needs, and should not be used as the basis for making an investment in the Fund. Neither the Investment Manager, D H Flinders Pty Ltd nor Trustee make any representation as to the accuracy, completeness, relevance or suitability of the information, conclusions, recommendations or opinions contained in this report (including, but not limited to any forecasts made). No liability is accepted by any of these entities or their respective directors, officers, employees, agents or advisors for any such information, conclusions, recommendations or opinions to the fullest extent possible under applicable laws. This publication may contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. The Investment Manager does not undertake any obligation to revise any forward-looking statements to reflect events and circumstances after the date of this publication. Neither the Investment Manager, D H Flinders Pty Ltd nor Trustee guarantee the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not necessarily indicative of future performance. This document is not an Information Memorandum for the purposes of the Act. Accordingly, it does not purport to contain all information that potential investors may need to make an informed assessment as to whether or not to invest in the Fund. Some numerical figures in this publication have been subject to rounding.

FUND CHARACTERISTICS

UNIT PRICE (AT 30 APRIL 2023)	\$1.06
FY2022 DISTRIBUTION YIELD	Nil
FY2021 DISTRIBUTION YIELD⁴	12.9%
FY2020 DISTRIBUTION YIELD⁵	16.5%
SUGGESTED TIMEFRAME	5 to 7+ years
STRUCTURE	Open-Ended Fund
SUBSCRIPTIONS/REDEMPTIONS	Monthly
DISTRIBUTIONS	Annually
STRATEGY INCEPTION¹	1 July 2018
MANAGEMENT FEE⁶	1.25% per annum

OTHER KEY METRICS OF INVESTMENT STRATEGY

	SSCF ¹	MARKET
Average monthly return	0.9%	0.2%
Beta	0.88	1.00
Portfolio variance	6.0%	6.2%
Up-Market capture ratio	101.2%	100.0%
Down-Market capture ratio	68.6%	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

³Stewart, B. D., 1980. How Will This Underwriting Cycle End?. White Sulphur Springs, Joint Conference NACSA-NACSE.

⁴On 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.

⁵On 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.

⁶Other fees and expenses apply. Please refer to the Information Memorandum for the SSCF for further details.

DISCLAIMER:This report has been prepared by M&Q Capital Pty Ltd t/as Spatium Capital as a Corporate Authorised Representative (001279779) of D H Flinders Pty Ltd ACN 141 601 596 AFSL 353001. Spatium Capital is the investment manager (Investment Manager) of the Spatium Small Companies Fund (Fund), an unregistered managed investment scheme. The Investment Manager's authority under its Corporate Authorised Representative Agreement with D H Flinders Pty Ltd is limited to general advice regarding the Fund only. Any other advice provided is not provided pursuant to this agreement. Vasco Custodians Pty Ltd (Trustee) is the trustee of the Fund. This document contains information about the potential issue of interests in the Fund to investors that are wholesale clients as defined in s761G of the Corporations Act 2001 (Cth). It is not intended to be used by any other persons in any other jurisdiction if and to the extent that to do so would be in breach of Australian laws, or the laws of any foreign jurisdiction. This report contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons) investment objectives, financial situation or particular needs, and should not be used as the basis for making an investment in the Fund. Neither the Investment Manager, D H Flinders Pty Ltd nor Trustee make any representation as to the accuracy, completeness, relevance or suitability of the information, conclusions, recommendations or opinions contained in this report (including, but not limited to any forecasts made). No liability is accepted by any of these entities or their respective directors, officers, employees, agents or advisors for any such information, conclusions, recommendations or opinions to the fullest extent possible under applicable laws. This publication may contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. The Investment Manager does not undertake any obligation to revise any forward-looking statements to reflect events and circumstances after the date of this publication. Neither the Investment Manager, D H Flinders Pty Ltd nor Trustee guarantee the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not necessarily indicative of future performance. This document is not an Information Memorandum for the purposes of the Act. Accordingly, it does not purport to contain all information that potential investors may need to make an informed assessment as to whether or not to invest in the Fund. Some numerical figures in this publication have been subject to rounding. For the SQM Research disclaimer, please visit the following [link](#).