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Big things come in Smallco packages

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Little known fund Smallco Investment is celebrating its fifth year in business on a high note reporting a strong 19 per cent return since inception and a ratings upgrade from Zenith.

The fund's investment manager Rob Hopkins says the fund has performed well in the past five years because it targeted the part of the market that is under-researched and hence, offered potentially higher returns.

Reaching the five-year mark is also crucial to attract more investors into the fund.

"I think that's a fairly significant time period as most fund researchers want to see whether a fund is going to survive that first five years.

"Once they've done that, that in itself is a big tick and having done well, that's another big tick."

Smallco is an absolute return fund with the added flexibility of using up to 30 per cent of its cash in short positions. It charges a performance fee, not against the easy to beat smallcap index but against higher threshold target absolute returns.

In spite of its strong performance, ranking third best small cap fund out of 34 over one year according to S&P, it remains 'largely undiscovered' with a small \$40 million of funds under management (FUM).

Hopkins says they are still open to investors with capacity set to \$200 million. "We will be a small small-cap fund".

He points out that a lot of small cap funds target around \$800 million but they prefer to close at a fraction of that to sustain their top performance.

Among the fund's top stock picks is Sydney Futures Exchange. "We invested in it at \$2.50...they're now \$13.68," he says.

Asked what he thought of recent remarks that the small cap category is no longer the market favourite, he replies, "Relatively, small caps have had a huge outperformance which can't keep on going but having said that, individual stocks within that sector will continue to perform well".

Smallco is available on both the Skandia and BT wrap platforms.

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