Over the past financial year the share market has not performed this badly since 1989.

Look closer however and you'll see that the returns are there.

Alright the top 100 stocks are considerably down, but the small end of the market is showing consistent growth, at the moment led by the safe haven of gold. Currently a few more cleverer investors believe that while many sectors are offering uncertain returns, the small cap mining stocks are gaining a reputation as a area that will return small gains with a reasonable risk factor built in. Since the beginning of the year the small caps sector has quietly been doing its own thing, which has been, out performing its more fancied sectors such as financials and healthcare.
The excitement of the small caps market has been largely overlooked because of uncertainty on the world stage and the belief that because the mining boom is over there is no upside in the resources sector.
The problem in the past has been not too many investors knew or invested in small caps, as Professor Julius Summer Miller would have asked "Why is it So?", well in this case the answer is quite simple, most investors are led by the self-managed superannuation gurus, and they have put their money into the larger company space, the so called blue chips that are currently struggling despite the dividends they pay out, but the fund managers are starting to take notice, stocks are getting large enough to be able to make a difference to a portfolio, so because the mining sector is slowly emerging from the downturn following the mining boom, most stocks are relatively cheap compared to their price prior to the GFC.

Over the past financial year the accumulation index is having its worst year against the major index since 2010, despite the dividends the outperformance just isn't there because the top 20 stocks have fallen so far. The last time the top 20 stocks performed so badly compared to the rest of the market was 1989. So the 2015/2016 financial year will go down as one that the blue chips failed to deliver, still because of the dividends they pay investors will still need to hold some of the top stocks, but any investors looking for capital gains will have been looking more closely at the mining small caps.

Small cap resource investments have performed above expectations , since February 2016 The Digger, has featured stories on twenty seven small cap mining companies, the traditional sector of the market reported on by The Digger, of those twenty seven examples, companies such as:
Gold Road Resources, which we first mentioned in the May issue and who have greatly benefited from the surge in the gold price, have had a capital gain of 47%, from a base price of $0.460 to currently trading at $0.677.

> *"At the time the company boasted the PFS had confirmed the Gruyere project to be one of Australia's best undeveloped gold deposits. Its boasting would appear to be well-placed with the PFS demonstrating the project to be technically sound and financially viable, being capable of generating (off a $1500/oz gold price) over $1 billion in free cash flow over an initial 12-year project life. ".*

Not benefiting quite as much from any gold increases where:

Aurora Minerals, reviewed in February, up 184% list price $0.026 current $0.074,

> *"Aurora Minerals Limited is a Perth based ASX-listed junior exploration company with a strategy of growth through direct investments in other ASX-listed junior exploration companies. As part of the strategy Aurora also facilitates funding via loans to associates"*

Alloy Resources, February issue buy price $0.006 currently $0.015,

> *"It's no secret that there hasn't been much joy for the junior end of Resources Town over the past few years. However, there has been a sniff of optimism in the air of late, especially for junior gold exploration companies such as Alloy Resources with the behaviour of the Australian dollar gold price, providing a more receptive economic climate for the development of smaller worthwhile projects"*

Peel Mining, March issue buy price $0.145 currently $0.180

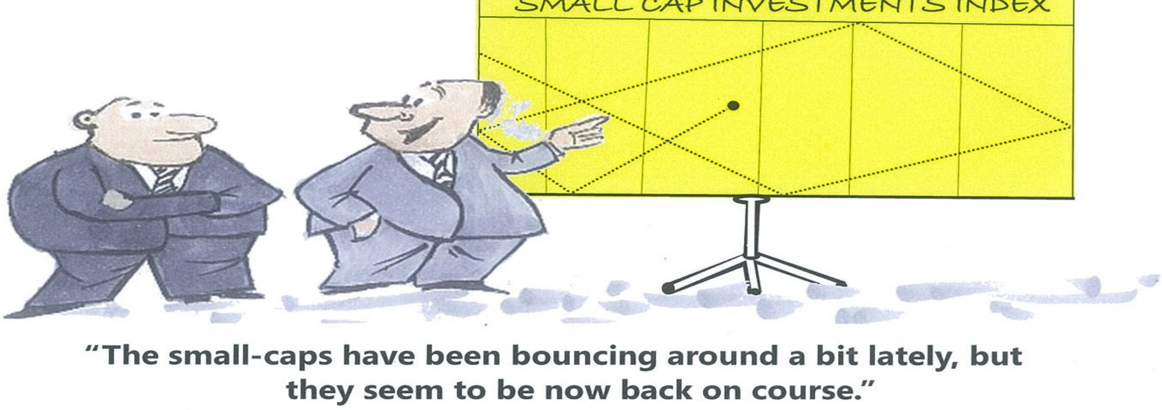
> *Readers of the daily doom and gloom peddled around by mainstream publications would be surprised at the number of exploration companies that are still out there doing what they do so well, which is to develop the potential of the very same projects people were so excited about before the GFC.*

or

Blackham Resources, $0.41 currently $0.802, May issue,

> *"Blackham was eager to tell all and sundry about the results, as they confirmed robust near-term cash flows from the project, which the company is confident will enable it to benefit from the current strong Australian dollar gold price. Blackham takes no short steps when comparing Matilda to its Western Australian development peers, claiming the project to be the most capital efficient, nearest term producer with the shortest payback. The company is continuing with drill programs at Matilda, as well as at the Golden Age and Bulletin deposits, which it is carrying out with the aim of improving the length, quality and sustainability of the mine life".*

All good examples of small but significant gains, add to these examples eleven more of the featured companies in varying degree of profit, yes it's early days but if you had simply followed the companies that the Digger featured since February your portfolio would be on the plus side of 40% already.



"The small-caps have been bouncing around a bit lately, but they seem to be now back on course."

The bottom of the market is looking stronger than the top right now.