

Fairview Equity Partners Emerging Companies Fund

31 December 2020



Monthly Report

About the Fund

The Fund invests in an actively managed portfolio of mainly small cap equities listed, or expected to be listed, on the Australian share market.

Investment Objective

The Fund aims to earn a return (after fees) which exceeds the benchmark over rolling five-year periods.

Benchmark

S&P/ASX Small Ordinaries Total Return Index ("Benchmark")

Inception Date

8 October 2008

mFund Code

FEP01

APIR Code

ANT0002AU

Minimum Initial Investment

\$20,000

Management Fee

1.20% p.a. of the Fund's Net Asset Value.

Performance Fee

20.5% of the Funds quarterly return (after deducting the management fee) in excess of the benchmark's quarterly return after recouping any prior periods' underperformance in dollar terms multiplied by the Fund's average Net Asset Value over the quarter.

Distribution Frequency

Annually calculated on 30 June. However, there may be periods in which no distributions are made or the Fund may make additional distributions.

Buy/Sell Spread

+0.25% / -0.25%

Number of Stocks

55

Contacts

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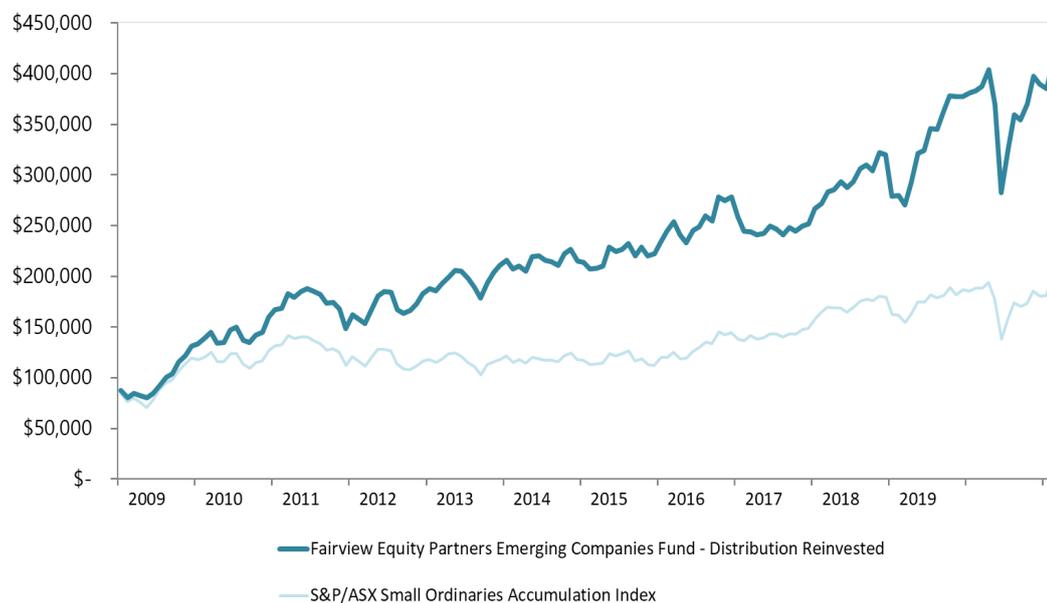
Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception'
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Fund Return^a	4.17	9.80	10.30	14.69	10.95	8.86	12.62
Benchmark^b	2.76	13.83	9.21	6.57	10.46	3.77	6.06
Excess Return	1.41	-4.03	1.09	8.12	0.49	5.09	6.56

^aFund inception date: 8 October 2008. ^aNet returns are calculated after deducting management fees and are pre-tax.

^bBenchmark: S&P/ASX Small Ordinaries Total Return Index. Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with the changes in the market.

Growth of \$100,000 since inception



Monthly Commentary – December 2020

The Fairview Equity Partners Emerging Companies Fund outperformed the benchmark by 1.4% as the Fairview team experienced a welcome return to outperformance in December. Offshore markets generally traded higher as the first vaccinations were administered in the UK and US and a degree of certainty returned to the volatile US political landscape. The technology heavy Nasdaq was the key offshore index standout, up 5.7%. Back home, a 20% plus price surge in iron ore and renewed investor interest in lithium were December's ASX sectoral highlights. As a result, the ASX Small Resources Index delivered 8.7% within the month.

There was a small relative bounce from value back to COVID beneficiary stocks. These stocks had been harshly dealt with in November (including Fairview core positions BAP, CDA and MP1). Unlike November, the largest percentage individual price moves were very stock specific. Mesoblast was the worst performer (-46%) in the ASX Small Ordinaries due to a halted COVID therapy drug trial whilst Citi Chic and IGO (both holdings) were the stars, up 46% and 37% respectively. Each of these two companies announced transformative acquisitions in December.

A health crisis that stayed that way

The early decisive actions by the US Federal Reserve saved the world from a financial crisis in 2020. A breathtaking 26% year-on-year growth in US M2 money supply was enacted. The Fed's firm commitment to corporate bond buying, which is effectively a put option on bond markets, showed how well learnt were the lessons from the GFC.

The global economic and political situation is still volatile. We are stock pickers and prefer to leave complicated economic forecasts to those who are far better resourced and experienced to get it wrong. To us, key risks are vaccine effectiveness in new COVID strains, the health of the new US president and his government's ability to enact legislative change, especially in relation to US corporate taxation. Unresolved issues are the stance of the US Federal Reserve considering its stunning monetary expansion in 2020 and what impact this has on the US dollar.

One fundamental question

There is a good chance that many key economies will recover in sync this calendar year, primarily due to the enormous stimulus deployed in 2020. This is positive for materials companies. Fairview's index, the ASX Small Ordinaries, has an abundance of choice versus large caps and has the added advantages of leverage and focus. Any hints of increased US corporate tax rates could de-rate the technology sector, which will flow into the relevant stocks back in Australia. As we enter 2021 a fundamental question must be asked by stock pickers: Are individual companies' prospects better or worse than at the same time last year? Has this situation been altered favorably by decisions that corporate management made during calendar 2020? It does not seem that long ago that many corporates culled their employee numbers. Many ran lean mid-year 2020. Individual companies are reporting that they have enjoyed productivity gains due to their employees working more efficiently from home and being 'on tap' 24/7.

Investment Team



Michael Glenane

Portfolio Manager

BE, MBA

29+ years investment management experience



Tim Hall

Portfolio Manager

BComm

23+ years investment management experience



Leo Barry

Portfolio Manager

BSA, MBA

13+ years investment management experience

This report is issued by Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), the responsible entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund, ARSN 133 197 501 (the 'Fund'). ACP has appointed Fairview Equity Partners Pty Ltd ('Fairview'), ABN 45 131 426 938, AFSL 329052, a specialist Australian small company equities manager, as investment manager of the Fund. An investor should consider the current Product Disclosure Statement ('PDS') for the Fund in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor, and the risks of any investment. The PDS is available from mlcam.com.au or by calling the Client Services Team on 1300 738 355. The information in this report may constitute general advice. This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We believe that the information contained in this report is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made at the time of compilation. However, no warranty is made as to their accuracy or reliability. The information in this communication is subject to change without notice. All statements as to future matters are not guaranteed to be accurate and any statement as to past performance is not a reliable indication of future performance. ACP is a member in the group of companies comprised National Australia Bank Limited ABN 12 004 044 937, AFSL 230686, its related companies, associated entities and any officer, employee, agent, adviser or contractor ('NAB Group'). An investment in the Fund is not a deposit with or liability of, and is not guaranteed by the NAB Group.

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