

Fairview Equity Partners Emerging Companies Fund

30 June 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 Accumulation 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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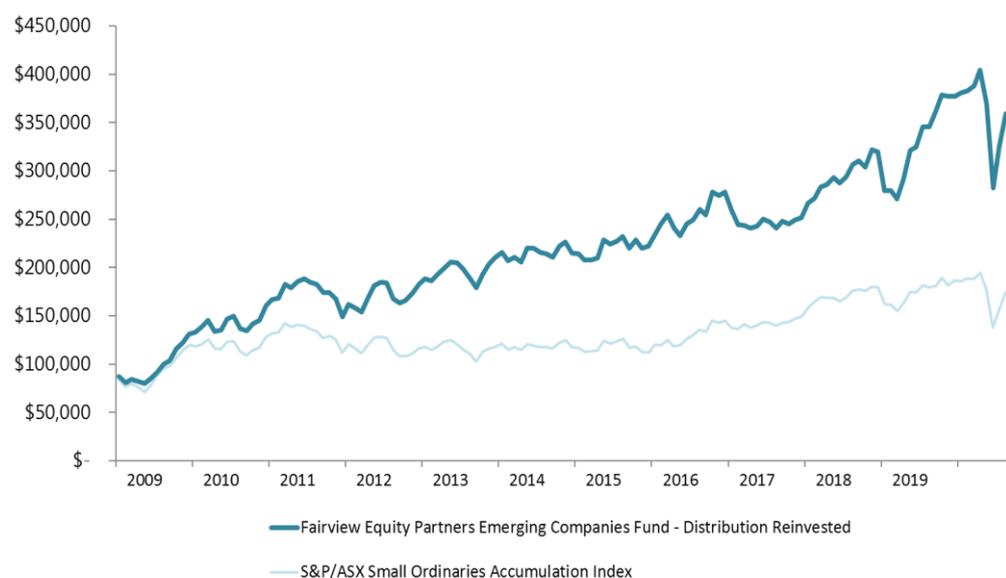
Net Performance

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception' % p.a.
Fund Return²	-1.31	25.56	-2.14	12.63	10.01	10.17	11.40
Benchmark³	-1.95	23.90	-5.67	6.10	7.90	4.57	4.67
Excess Return	0.64	1.65	3.53	6.52	2.11	5.60	6.73

¹Fund inception date: 8 October 2008. ²Net returns are calculated after deducting management fees and are pre-tax.

³Benchmark: S&P/ASX Small Ordinaries Accumulation 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 – June 2020

Fairview Equity Partners Emerging Companies Fund (the “Fund”) outperformed the ASX S&P Small Ordinaries Index by 0.64% in June, the month being less volatile than the three months prior. One key offshore index, NASDAQ (up 5.3% for the month) powered onto new all-time highs. Some commentators think this rise was aided by first time Robinhood retail investors and ETF flows. We think it was more likely driven by investors searching for secular growth in a no growth world and a willingness to pay up for it.

Retail splurge

On a sectoral basis, retail was the biggest ASX small cap winner in the month of June as company after company gave trading updates that proved Australians under lock down just kept spending. To us, the most interesting sector in June was real estate, this is rarely the case as REITs are known for their predictability in normal circumstances. The ASX 200 GICS REIT sector was down 2.7% for the month. Rational debate is reappearing in relation to both office and retail REITS. In the case of office REITS, it seems the market is attempting to weigh how much future office demand could be crushed from the great internal migration; working from home vs the extra COVID safe space required per worker that needs to be physically present at the office. We are underweight the sector as we feel cap rate expansion from devaluations has not surfaced yet and REITs generally underperform in such circumstances. One final sector worth highlighting is IT; this sector’s out performance continued in June as it has in each month this calendar year.

So, what is next?

The US June quarter reporting season is fast approaching, starting on Tuesday 14 July, it will be a brave US company that gives guidance. The Australian reporting season kicks off soon after and ASIC has warned companies to provide greater disclosure as to how reliant they are on government subsidies. Greater disclosure is also expected around the topic of rental holidays. This topic will be further complicated by the ridiculous lease accounting changes that caused so much havoc to analysis pre-COVID. The US presidential election is only four months away with, betting markets suggesting Trump will lose. We think it will depend on whether voters think the country is recovering in the last weeks of October.

Muddle through

We live in a different world now; it is a far higher risk world than in January 2020. We will muddle through as a global society with intermittent large outbreaks in many weary nations whose citizens are mentally drained by the constant focus on COVID. There will be more civil unrest as witnessed last week in Serbia. Sustained earnings growth will be hard to find and investors will pay up for it. There will be listed small cap winners out of this fiasco.

Investment Team



Michael Glenane

Portfolio Manager

BE, MBA

28+ years investment management experience



Tim Hall

Portfolio Manager

BComm

22+ 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.