

# Fairview Equity Partners Emerging Companies Fund

31 May 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

FEPO1

## 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

60

## Contacts

[www.mlcam.com.au](http://www.mlcam.com.au)  
[fairviewequity.com.au](http://fairviewequity.com.au)  
Email: [client.services@mlcam.com.au](mailto:client.services@mlcam.com.au)  
Client Services: 1300 738 355

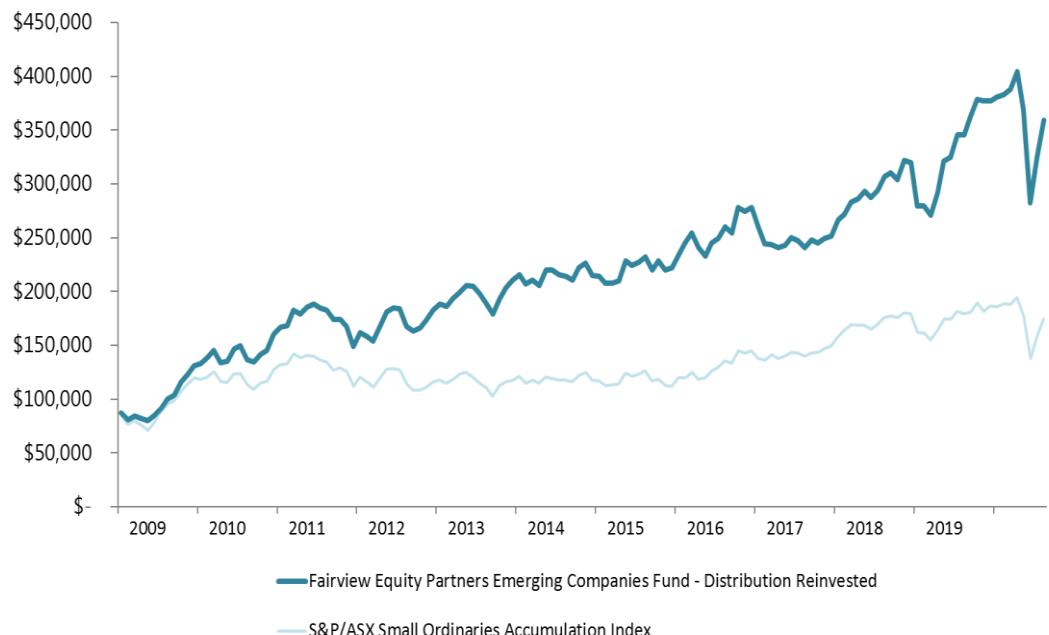
## Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception <sup>†</sup>
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
<b>Fund Return<sup>‡</sup></b>	10.62	-2.78	4.01	14.28	9.12	10.12	11.61
<b>Benchmark<sup>§</sup></b>	10.59	-1.91	-2.91	7.51	6.59	4.38	4.88
<b>Excess Return</b>	0.03	-0.87	6.92	6.77	2.53	5.74	6.73

<sup>†</sup>Fund inception date: 8 October 2008. <sup>‡</sup>Net returns are calculated after deducting management fees and are pre-tax.

<sup>§</sup>Benchmark: 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



2019 Finalist

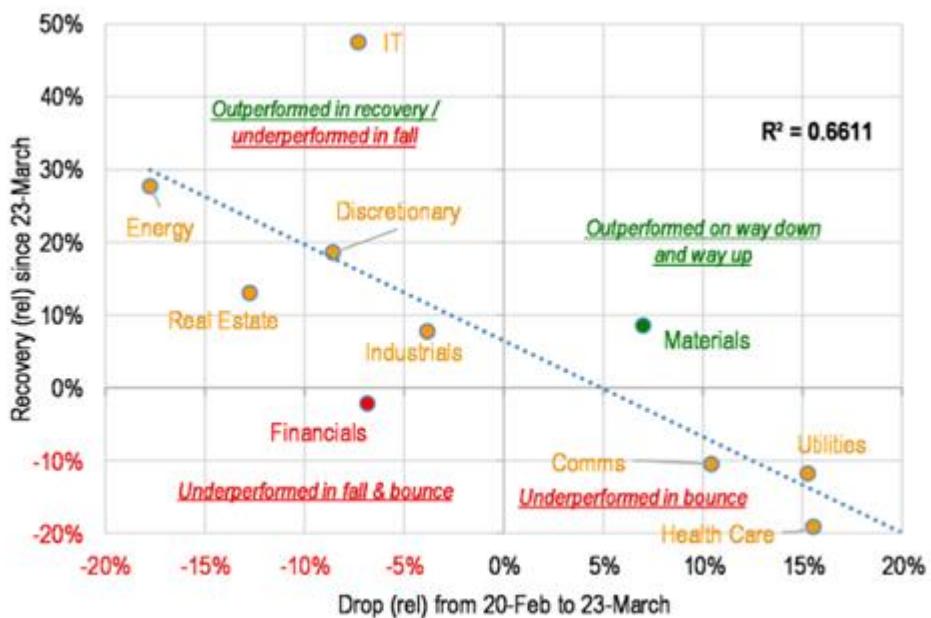


## Monthly Commentary – May 2020

The Fund returned 10.62% for the month, outperforming the ASX Small Ordinaries Accumulation Index by 0.03%. May just like April was another strong month for unit holders, helping to recover some of the losses from a wretched March.

### So, what happened?

The chart below, sourced from JP Morgan, most elegantly demonstrates what occurred to various ASX200 sectors in Australia over the past three months. Those sectors above the slope are the winners. Two sectors of the market have dominated; information technology (IT) and materials, whilst the financial sector suffered the most. The dominance of IT makes sense, as the world has witnessed one of the most rapid societal migrations in history (office to home) and people need to stay connected. The materials sector's outperformance is initially less self-evident. This sectoral rally was initially driven by gold as a safe-haven asset class. This month the mantle has been passed to iron ore and recently base metals. This sectoral performance by materials is more impressive considering crude oil's astonishing drop during the quarter, as energy is a large part of the ASX200 Materials Index.



Source: J.P.Morgan estimates, Bloomberg

### So, what is next?

It seems that each week has a new theme, last week it was a value rally, the week before it was a COVID-19 sensitive stock rally. Recently there has been a whiff of ETF-driven exuberance, led from the US, that is simply not correlated with the facts. One example is the US rental car company Hertz which is in Chapter 11 bankruptcy protection. Its share price shot up five-fold in three trading days even though it is in Chapter 11.

Earnings estimates really do not seem to matter to many market players at the moment (i.e. at time of writing). We are pretty sure that the market will revert to its normal laser-like focus on companies' earnings prospects. We also caution investors not to confuse pent-up demand during a lock down with a recovery to pre-coronavirus conditions. The world is now a scarier place than it was in early February. This points us to one conclusion; be true to a process that has worked well at Fairview Equity Partners for many years. Company contact is key.

## 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](http://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.