

# Fairview Equity Partners Emerging Companies Fund

31 October 2019



## 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

+0.30% / -0.30%

### Number of Stocks

53

### Contacts

mlcam.com.au

fairviewequity.com.au

Email: client.services@mlcam.com.au

Client Services: 1300 738 355

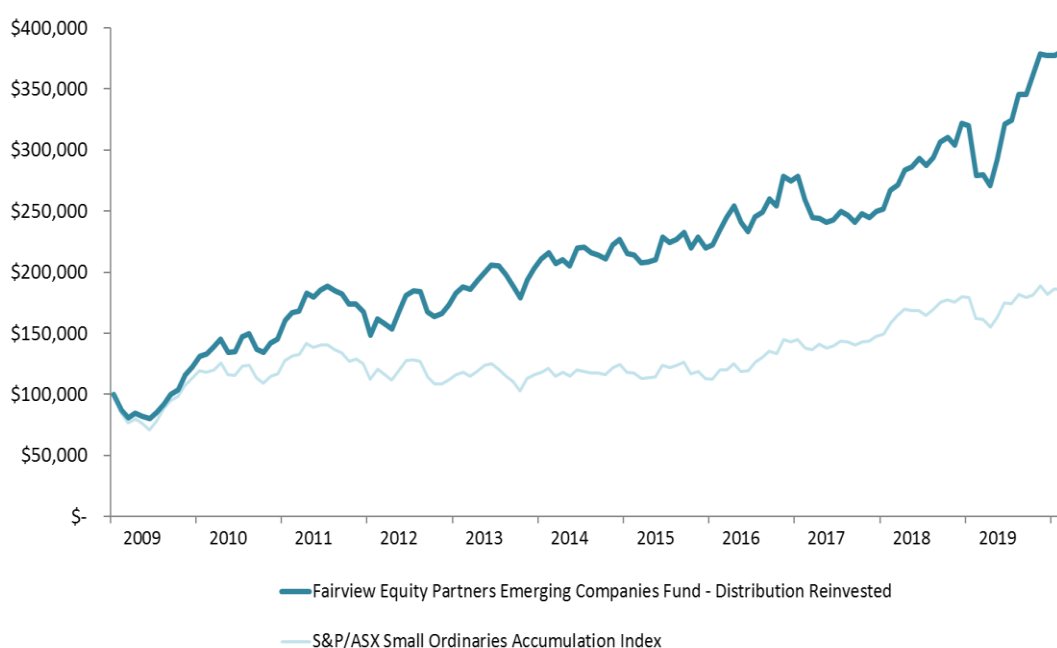
## Net Performance

Period	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception <sup>1</sup> % p.a.
<b>Fund Return<sup>2</sup></b>	0.86	0.59	36.23	13.69	12.20	11.07	12.85
<b>Benchmark<sup>3</sup></b>	-0.50	-1.83	14.41	10.38	9.62	4.62	5.76
<b>Excess Return</b>	1.36	2.42	21.82	3.31	2.58	6.45	7.09

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

<sup>3</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



## Performance and Market Outlook

We finished October 2019 strongly and are happy to report a positive month for unitholders vs a negative month for the ASX Small Ordinaries index. The team delivered 1.36% outperformance which takes our 12 month returns to unitholders to 36.23%, placing the fund toward the very top of its peer group.

### WeWork – Not

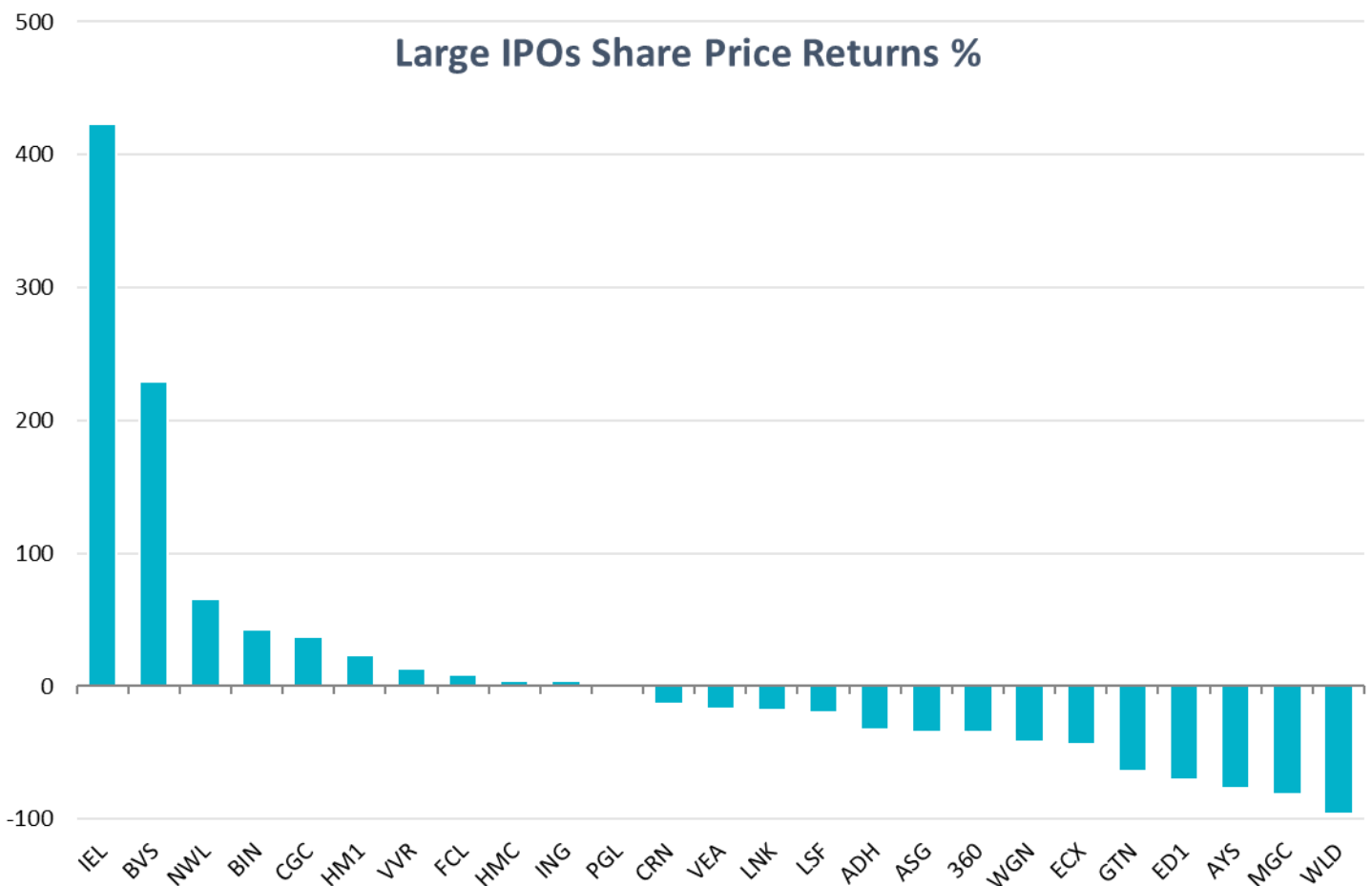
Global markets were strong with the S&P 500 finishing at all-time highs. The biggest offshore event was the WeWork fiasco. A stark message was sent, public markets demand greater corporate governance and a clear path to breakeven. The Australian equity market underperformed its key offshore peers with the rotation from growth to value continuing the trend set in September.

### Domestic economy perhaps better than believed

A very recent presentation from Westpac showed that the government sector is one of the strongest contributors to GDP whilst private investment is weak. The message from the consumer sector is mixed; travel seems weak whilst other retail sectors such as electronics are powering along. We rebalanced our portfolio straight after the Federal election and reduced our housing and retail sector underweights. The ongoing drought has forced more listed agricultural companies to downgrade their expectations. Costa (-18%) and Bega (-21%), both warned of dampening forecasts during the month. We are still on the sidelines for both stocks as estimates to us seem based on an optimistic recovery in the weather. Interestingly we are seeing the first signs of a housing recovery. Loan approvals are up as are listing volumes. The equity market is demonstrating now that it will look past poor housing related earnings, if there are signs of outer period growth.

### Busted

Failed IPOs have been a hot topic. This is an excellent chart below and is not pretty. It shows all larger than \$250m floats since 2015. We are happy to report we owned each of the top three and none of the poor performers. We remain selective.



Data Source: Factset

## Investment Team



Michael Glenane

**Portfolio Manager**

BE, MBA

28+ years investment management experience



Tim Hall

**Portfolio Manager**

BComm

19+ years investment management experience



Leo Barry

**Portfolio Manager**

BSA, MBA

11+ 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.