

Fairview Equity Partners Emerging Companies Fund

30 September 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

57

Contacts

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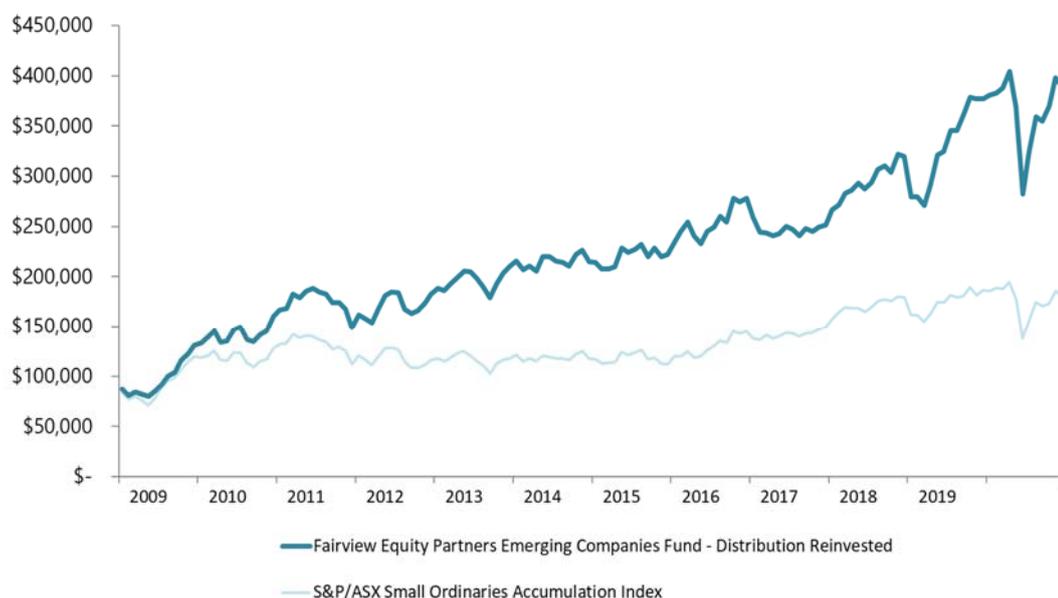
Net Performance

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception' % p.a.
Fund Return*	-2.11	9.80	3.15	15.62	11.86	9.28	12.02
Benchmark*	-2.82	5.67	-3.33	6.53	9.97	3.53	5.05
Excess Return	0.71	4.13	6.48	9.09	1.89	5.75	6.97

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

*Benchmark: 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 – September 2020

Outperformance continued

The Fairview Equity Partners Emerging Companies Fund outperformed its benchmark during September by 0.7% net of fees. Pleasingly, within the previous 11 down market months, the Fund has outperformed in ten of them. The ASX Small Ordinaries Total Return Index recorded a 2.8% fall in September, around 1% stronger than the ASX100. Over the quarter, the Fund grew by 9.8%, which is 4.1% ahead of the benchmark.

Risk on one month, Risk off the next

Following such a strong 'risk-on' attitude to asset markets in August, investors in September were spooked by a combination of i) the prospect for a contested US election, ii) delays to the US' next round of fiscal stimulus, iii) falling momentum in various overseas economic indicators, and iv) rising COVID reinfection in various Northern Hemisphere countries as they near the winter months. The NASDAQ was one of the month's biggest laggards, posting its first monthly decline since March. Also, noteworthy, the \$US gold price recorded its biggest monthly fall (-4%) since January 2017 (but remains ~24% higher than the start of CY20).

Australia re-opening

In contrast to the Northern Hemisphere, falling domestic COVID case numbers has the nation progressively re-opening borders and increasingly optimistic of Victoria's fortunes after a marginal easing of restrictions. This optimism translated to a rotation of capital towards leisure (Ardent Leisure, Event Hospitality), gaming (SkyCity Entertainment) and travel (SeaLink Group), which all featured amongst the top ten best index performers in September.

M&A on the table for some...

Corporate Travel Management's acquisition was a noteworthy end to the month, and the portfolio. Management's handling of the business during this unpredictable period has been exemplary. We ascribe to the *'never waste a crisis'* mantra and believe its \$A275m acquisition of Transport & Travel, a private staff-owned operator presents a good cultural and strategic fit that catapults their US business beyond the all-important \$A10bn gross revenue level. This should allow several economic benefits to be realized, under more normal travel conditions, but in the meantime, the synergy benefits seem conservative. In contrast, City Chic, another portfolio holding, was outbid for the bankrupted US-based plus size womenswear asset, Catherine's. We applaud management's financial discipline to not overpay.

Stimulus continues

Another sector to show recent buoyancy is housing. With residential building approvals back to pre-COVID levels, the relaxation of responsible lending rules announced in September and positive industry feedback, for now we have increased our portfolio exposure to the sector. We remain mindful of the need for immigration to return to maintain this current cycle. Fiscal stimulus will continue to feature strongly in the direction of the economies and equity markets over the near term, as will unemployment. Job creation was the central focus of the October Federal Budget with clear benefits for businesses exposed to the lucrative tax write-off program. With the savings rate having shot up to a 40 year-high (19.8% vs the GFC-high of 10.9%) and household debt interest serviceability to the lowest level since 2002 (lower interest rates), we watch with keen interest how the income tax cuts (as well as the step-down in JobKeeper/JobSeeker), will shape retail spending patterns as we near Christmas.

We are currently reviewing several portfolio candidates, and keep a close eye on the steady stream of IPO candidates, most of which are not passing our strict investment criteria.

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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