

# Fairview Equity Partners Emerging Companies Fund

31 May 2021



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

www.mlcam.com.au  
fairviewequity.com.au  
Email: client.services@mlcam.com.au  
Client Services: 1300 738 355

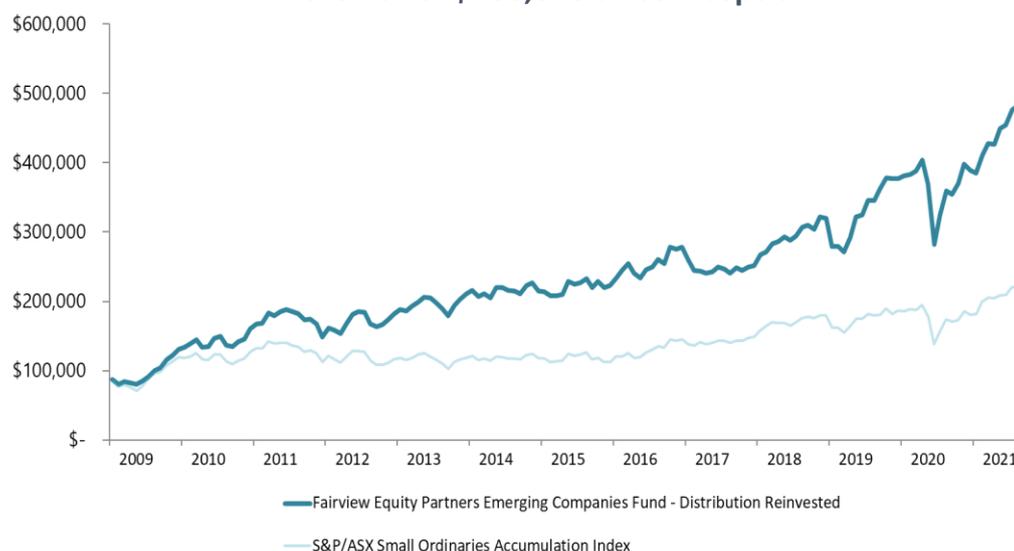
## Net Performance

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception' % p.a.
<b>Fund Return<sup>a</sup></b>	1.27	7.30	34.24	16.31	13.15	10.21	13.25
<b>Benchmark<sup>a</sup></b>	0.27	6.09	26.73	7.89	10.28	5.12	6.46
<b>Excess Return</b>	1.00	1.21	7.51	8.42	2.87	5.09	6.79

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

<sup>a</sup>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



MONEY MANAGEMENT  
**FUND MANAGER  
OF THE YEAR 2020**

AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS

**WINNER**

Australian Small/Mid Cap Equities

2019 Finalist



## Monthly Commentary – May 2021

### A slow start, a strong finish

During May, the Fairview Equity Partners Emerging Companies Fund's return was 1.3%, outperforming the benchmark by 1.0%. It was a month of two halves and was always going to be interesting given the share market's buoyancy in April, which saw the ASX Small Ordinaries Index up 5%. -The month started soggy with the Index down 3.7% by mid-May but did a Steve Bradbury and recovered to finish slightly ahead (+ 0.27%).

### Tech soggy...

The NASDAQ had its weakest performance in nine months at -1.4% (vs -5% in Sept 2020). Domestically, the ASX200 Technology Index reversed its April strength to deliver the weakest performance (-10%) since the onset of COVID in March 2020. The share prices of Nuix, Nearmap and Infomedia were all down more than 10%. Since the market lows of 23 March 2020, the technology sector retains the mantle as the best performer (ASX200 +128%) due to the acceleration to cloud computing, whilst the government stimulated consumer discretionary sector retains 2<sup>nd</sup> place (118%). For completeness, the ASX200 Technology Index is flat since November when encouraging vaccine news emerged.

The \$A recorded its highest month end finish for nearly 3 ½ years but has stubbornly stuck within the US\$0.77-0.78 band so far in 2021. This is a welcome counter to input cost pressures for importers (including retailers). Commodity prices performed strongly with thermal coal and iron ore recording double digit gains during the month. The \$A gold price had its best month in over a year yet remains 15% off its August 2020 high.

### Gold shines

This price strength meant gold stocks featured dominantly in the stronger small cap share price performers, taking nine of the top 15 spots in the ASX Small Ordinaries Index. Commentators have suggested Bitcoin might be the new inflation hedge instead of gold due to several similarities – uncorrelated assets, used as currency, sits outside mainstream financial systems and (arguably) limited supply - but this was challenged during the month with Bitcoin's 33% price fall, reminding investors of its volatility and possibly swinging capital flows back to gold.

### Company updates mostly positive

On the flipside, small cap darling, EML Payments delivered a major surprise to the market by reporting the Irish regulator is investigating its license – an important ingredient for the company to grow its regional fintech/neobank presence. The share price fell 50% on the day of the announcement. This stock was not held by the Fund. The key portfolio disappointment during the month was Costa Group who provided an AGM update that foreshadowed a 1H21 result only marginally ahead of the prior corresponding period. In contrast, CSR, Eclix, Elders, United Malt Group and Virgin Money were among portfolio companies to announce respectable results during the period, prompting solid analyst earnings upgrades.

### Bumper domestic consumer spending continues

There are few positives from the Melbourne lockdown, but clearly the vaccination take-up rate has accelerated which will support the prospect of a less interrupted economic recovery as well as the chance for international borders to re-open. In the meantime, the household saving rate continues to fall from its lofty high of 22% in mid-2020, the Federal Government's May budget was more stimulatory than expected, and the A\$65bn not being spent on international travel continues to wash through the domestic economy. All this is aiding retailers as they cycle the excessive growth rates experienced last year. In fact, of the 30+ small cap companies to see meaningful (+2%) analyst earnings upgrades during May, over a third were consumer-facing.

## 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 are 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 own particular 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 part of the IOOF group of companies (comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate) ('IOOF Group'). The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

**References to Money Management's Fund Manager of the Year awards and use of logo:** © 2020 FE Money Management. all rights reserved. The information, data, analyses, and opinions contained herein (1) include the proprietary information of FE Money Management (2) may not be copied or redistributed (3) do not constitute investment advice offered by FE Money Management (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security (5) are not warranted to be correct, complete, or accurate. FE Money Management shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE Money Management does not guarantee that a fund will perform in line with its Fund Manager of the Year award as it reflects past performance only. Likewise, the Fund Manager of the Year award should not be any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.