

# Fairview Equity Partners Emerging Companies Fund

31 January 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

56

## Contacts

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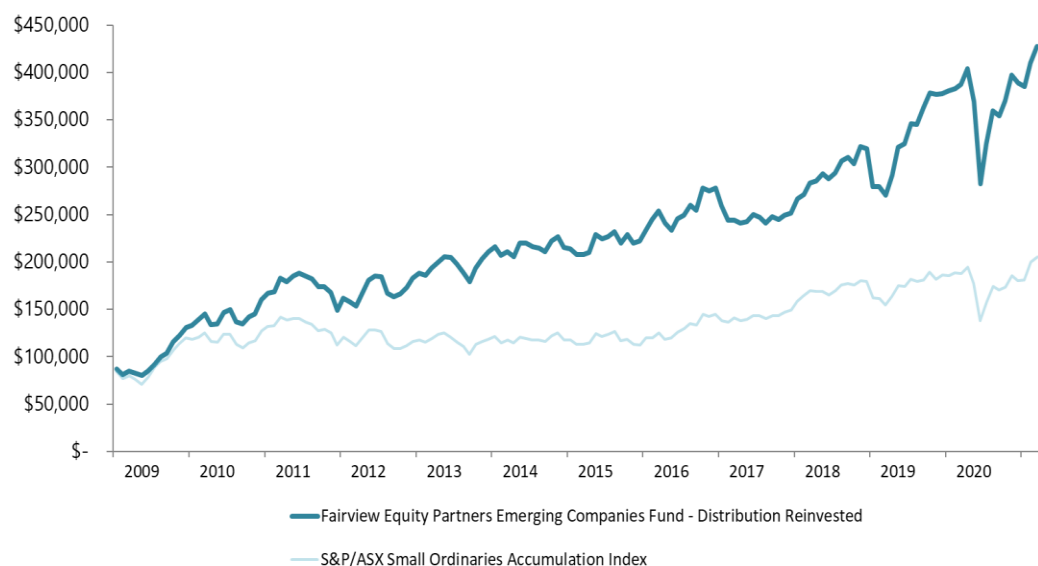
## Net Performance

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception' % p.a.
<b>Fund Return<sup>a</sup></b>	-0.27	10.69	5.49	14.25	12.09	9.05	12.50
<b>Benchmark<sup>b</sup></b>	-0.25	13.03	5.38	6.68	11.57	3.97	6.00
<b>Excess Return</b>	-0.02	-2.34	0.11	7.57	0.52	5.08	6.50

<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>b</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



## Monthly Commentary – January 2021

### Short sellers taught a lesson

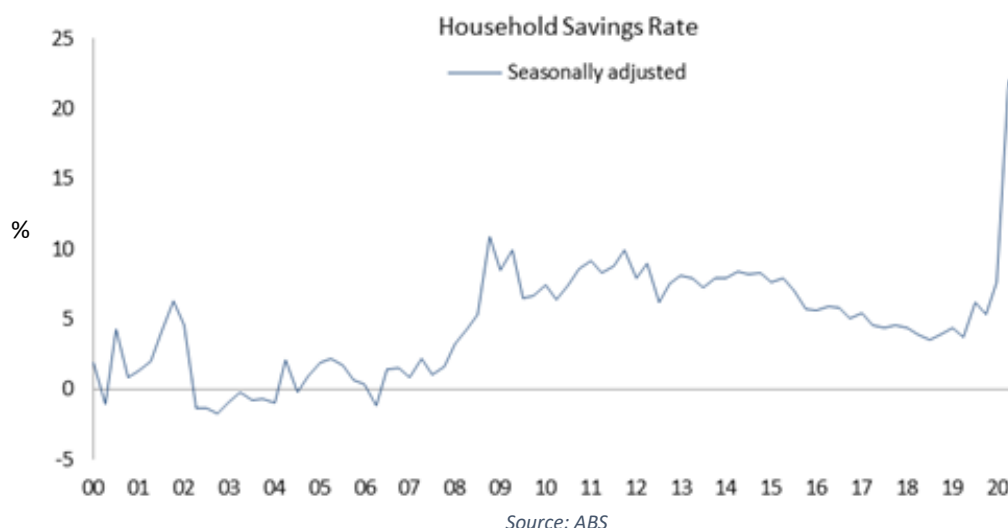
From the almost flat numbers in the table above it seems that January was rather unexciting – it was anything but. Offshore the US S&P was down 1.1% whilst the Nasdaq was up marginally. By far one of the most interesting events in global markets in recent times occurred during January - Gamestop. US retail Reddit investors loaded up on short sellers and absolutely hammered them. We really don't like short sellers as, until January 2021, they seemed so damned invulnerable, sniping at stocks often from deep camouflage provide by their sponsoring broking houses. As a long only fund manager, we have previously suffered from short seller reports on portfolio holdings; Credit Corp Group (CCP) and Corporate Travel Management (CTD) come to mind. Both stocks suffered greater than 30% downward moves on the day the report was published. Thankfully, both recovered as ultimately these short seller reports test the quality of a company's business model and both CCP and CTD are strong.

### Volatility will increase

Short sellers are a necessary part of the equity market ecosystem and reduce illiquidity, which is always Fairview's biggest bane. So, in that respect they are welcome to be present in their new chastened form. One consequence of this Reddit revolution is that hedge funds will be more discreet and pay higher premiums for their short positions. Ultimately, this phenomenon adds to market volatility in the US market, the pre-eminent equities market that provides direction to all other markets. After calendar 2020 we were hoping for less volatility, that seems to be wishful thinking.

### What's next

The February reporting season has now started. Below is a chart that illustrates a key issue we will be focusing on over the next month. Currently there is an extraordinarily high household savings rate (%) in Australia.



This is due to two factors: government stimulus and a lack of spending options, especially travel. People being people, some households will be desperate to spend, so this chart will revert. The question is where do these excess savings go? We think the retail sector will be a beneficiary. Although retailers are reporting stunning same store sales growth, we are not prepared to sell them yet.

## 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](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.

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