

Fairview Equity Partners Emerging Companies Fund

31 March 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

55

Contacts

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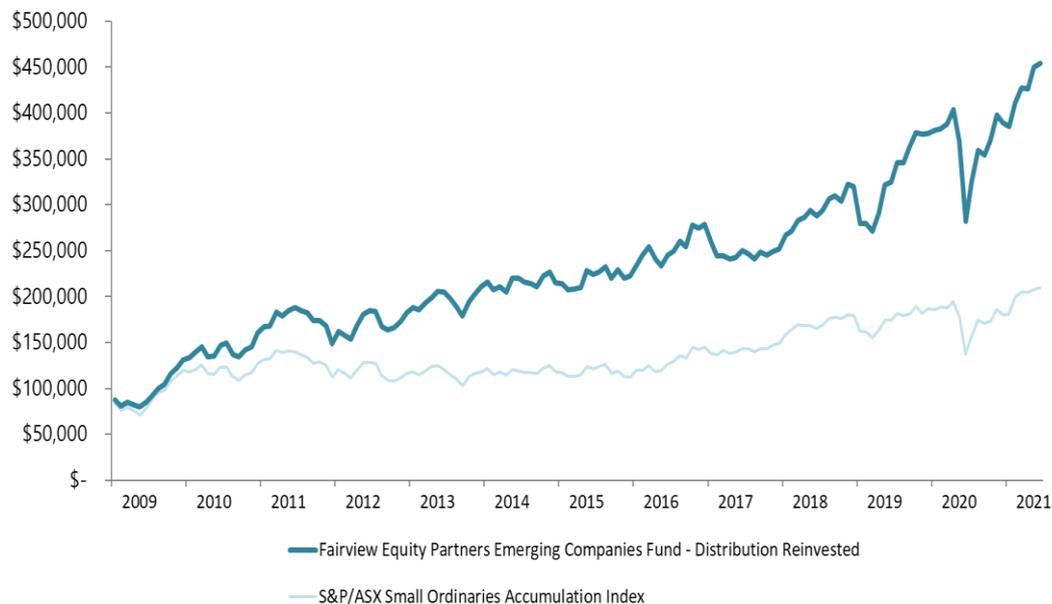
Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception'
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Fund Return^a	1.09	6.30	60.90	16.47	13.13	9.21	12.90
Benchmark^a	0.79	2.09	52.15	8.33	10.69	4.11	6.11
Excess Return	0.30	4.21	8.75	8.14	2.44	5.10	6.79

^aFund inception date: 8 October 2008. ^aNet returns are calculated after deducting management fees and are pre-tax.

^bBenchmark: 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 – March 2021

The Fairview Equity Partners Emerging Companies Fund returned 1.09% net of fees to Fairview unitholders in March, outperforming the index by 0.3%. To us, Geopolitics dominated the month. A fraught and rancorous China vs USA summit in Alaska sent US stocks higher whilst Chinese tech stocks were crushed. Domestically, industrial stocks easily outperformed resources as both iron ore and copper prices retreated in March. We were expecting more stock price action in other areas especially far more chatter on the ending of JobKeeper than occurred and more inbound M&A activity from offshore.

Big moves in the Small Ordinaries

Hansen Technologies was up (32%) hitting a 52-week high in March after the company announced it had signed a significant agreement with German based Telefonica. GrainCorp (rose 24% in late March after the market reacted to its cost down initiatives. GrainCorp is forecasting a \$25 million boost in annualised EBITDA by 2023-24. The Premier Investments (share price ran up by 23% after the release of its half-year results which demonstrated the group's online/DC fulfilment strategy has been a success after many years in the making. The retail conglomerate reported a 7.2% increase in global sales to \$784.6 million for the half year. The worst performer was Resolute Mining, which suffered the indignity of the Ghanaian National government terminating its mining lease at Bibiani. Zip Co was another very poor performer in the ASX Small Ordinaries Index falling 29% during the month.

What is interesting now

We positioned our portfolio in the last three months of calendar year 2020 to be rather different than that combination of stocks which had worked so well in calendar year 2019. Once they had been through the rigorous Fairview investment process, we chose to include new stocks or upweight existing positions, mindful of the following criteria:

- A potential rebound in earnings that could be modelled with higher-than-average accuracy vs the remainder of the Small Ordinaries Index.
- Defendable balance sheets and a path to strong cash flows.
- Lower PERs than in calendar 2019, when growth was king and rising inflation was simply not an issue.
- The ability to capitalise on domestic pent-up household savings just **bursting** to be spent.
- Most importantly the ability to extract value for shareholders out of supply chain disruptions. This is generally achieved through higher prices flowing into better margins. As a highly efficient post-industrial economy Australia is simply not used to coping with supply shortages. That mindset has to change.

In the past quarter our portfolio structure has been proven to be appropriate. So, will it continue? Of the five criteria above, three are transitory, but may take longer to play out than the equity market is factoring in. The other two criteria will be around for quite some time.

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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