Fairview Equity Partners Emerging Companies Fund

30 September 2021

FAIRVIEW EQUITY PARTNERS

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

+0.30% / -0.30%

Number of Stocks

58

Contacts

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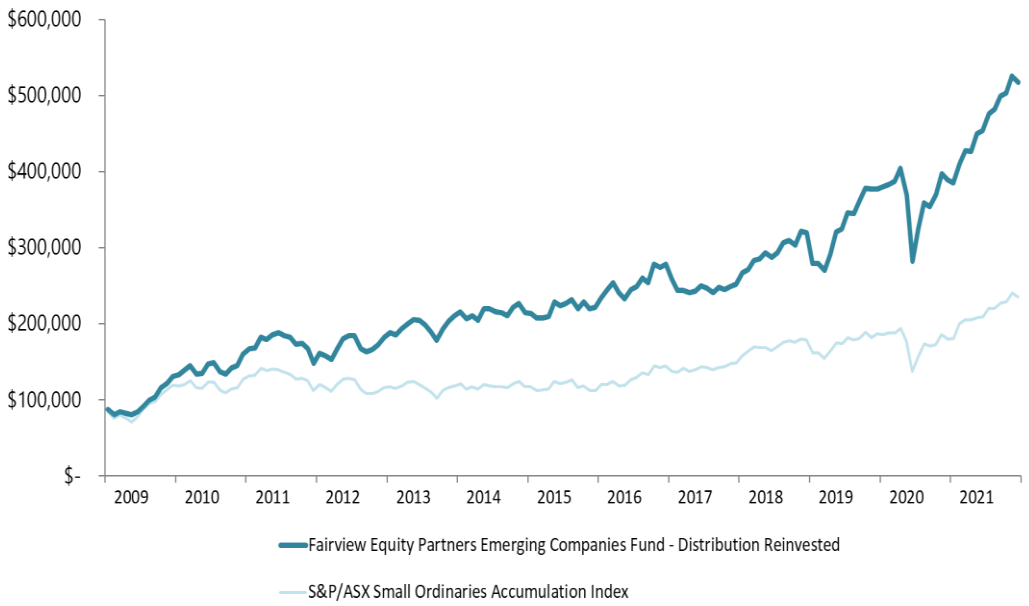
Net Performance

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception[1] % p.a.
Fund Return[2]	-1.58	3.67	32.86	17.37	13.20	13.28	13.50
Benchmark[3]	-2.14	3.44	30.41	9.43	10.18	7.69	6.82
Excess Return	0.56	0.23	2.45	7.94	3.02	5.59	6.68

[1]Fund inception date: 8 October 2008. [2]Net returns are calculated after deducting management fees and are pre-tax. [3]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
THE AUSTRALIAN FUND MANAGER AWARDS

Monthly Commentary – September 2021

Offshore markets were firmly focused on rising US bond yields. Investors were also intrigued by numerous Chinese Communist Party authoritarian decrees. The ASX Small Ordinaries Accumulation Index was off -2.1% in September. This was largely due to the ASX Small Resources Index tracking down -5.4%. This large drop was partially countered by energy, the best performing resources sector in September, up 15.1%. Materials (mainly bulks and metals mining) in contrast was the worst performing sector over the past month, returning -7.8%.

Stocks of interest

One of the top index performers during the month was Flight Centre (FLT.ASX +33%) as vaccination rates in Australia continued to rise and the Federal Government provided guidance on opening up international travel. Smart Group (SIQ.ASX +24%) also rose after receiving a full priced bid.

The worst performer in the month was Marley Spoon (MMM.ASX -34%). This meal delivery company fell after major shareholder Woolworths (WOW) sold its strategic holding in the company at a 6% discount. Iress (IRE.ASX -23%) dropped after potential acquirer EQT walked away after a period of due diligence. EQT, like many private equity firms, has a track record in this respect.

Delta

As promised last month, we wanted to distil some of our findings from various discussions with key Australian virology experts. I cut my teeth as a young analyst involved in the float of CSL in 1994. In those days investors considered vaccine manufacturing to be an asset class in decline – how wrong we were. Now with 30 years' experience in financial markets and always a very keen interest in the Australian healthcare sector, my key takeaway is Delta is a virus of 'shared air'. Approximately 70% of Delta infections are non-symptomatic, people often don't know they are infectious. Delta has outcompeted every other strain so far. Long term side effects are really concerning. Recently published studies show that in a decent percentage of cases, cognition (thinking) decrease is ongoing and heart damage can be severe and often permanent.

Governments need a 'vaccine plus' response

Vaccines by far provide the best cost/benefit ratio of any government public health measure. However due to its transmissibility, Delta requires a vaccine plus government policy mindset. Mask wearing may help people feel part of the solution and a vast majority will comply. Alas they are not very effective with Delta, even n95 masks struggle. Government health department messaging has been slow to adapt to virus mutations. Many governments around the world are still advising deep cleaning. COVID is no longer just a disease of surfaces. It cannot be controlled by hand washing or alcohol disinfectant. It is in the air we breathe. Hence contract tracing and testing will need to continue. Also, as a country, we must have surplus doses to counter mutations. Going forward our Federal Government should buy enough of every FDA approved vaccine to double dose the entire population and then order more. Boosters will probably happen as efficacy wanes for Pfizer after 6 months.

Therapies

Vaccines have been the star weapons in fighting the pandemic so far. Therapies have been the disappointment. Only Regeneron's Monoclonal antibody (Mab) has shown a mild therapeutic benefit. The therapeutic arsenal could change soon. Molnupiravir, developed by Merck and Ridgeback, comes in an easy-to-swallow pill. According to a company press release posted very recently, the drug may halve rates of hospitalization among people recently diagnosed with mild or moderate COVID-19. This could be a godsend for the soon to be strained public health systems. Experts also expect other Mab's to be the shining light over the next two years.

It's all about shared air

People need to feel safe before they resume their normal lives. Air needs to flow much more than it does now in enclosed spaces. Delta will have an impact on our built environment. Australian commercial buildings are designed to keep out heat and to a lesser effect limit bushfire damage in the regions. We need the opposite with Delta. Wholesale redesign of our building codes is required and already being investigated. There will most probably be large scale retrofits due to a landlord's duty of care. This cost will be passed onto tenants and is inflationary. We need air conditioning boosts (cubes/hour) and industrial CO_2 detectors and HEPA (High Efficiency Particulate Air) filters for offices and public indoor venues throughout the country. Corridors and elevators are especially vulnerable. Many homes will fit CO_2 monitors as well as HEPA filters. HEPA as a term could be as ubiquitous as VCR in the '80s and DVD in the '90s.

Investment Team

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