



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

AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS

**WINNER**  
Australian Small/Mid Cap Equities

# Fairview Equity Partners Emerging Companies Fund

30 April 2022



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

55

## Contacts

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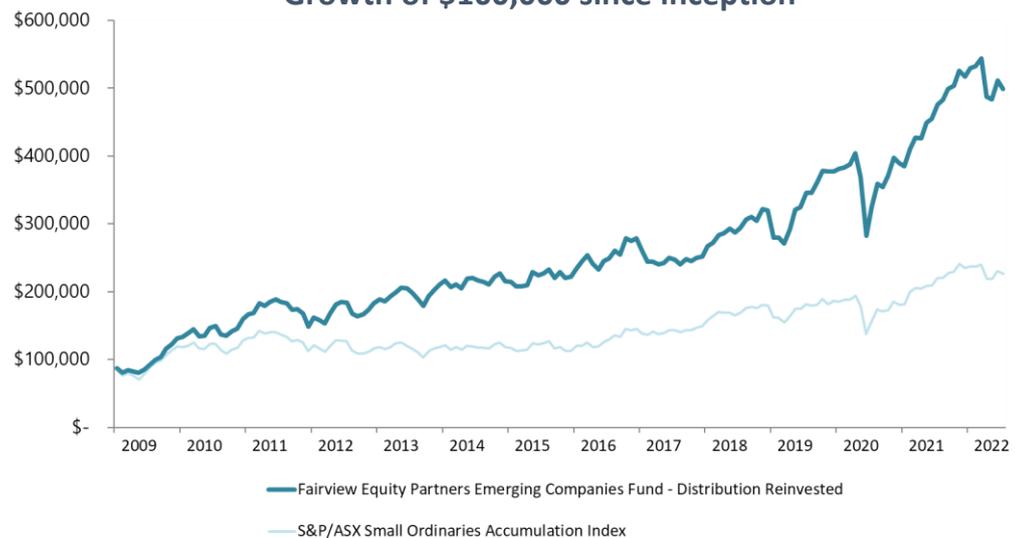
## Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception <sup>1</sup>
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
<b>Fund Return<sup>2</sup></b>	-2.46	2.36	4.68	12.98	15.09	10.46	12.58
<b>Benchmark<sup>3</sup></b>	-1.50	3.68	2.91	7.64	9.62	5.96	6.22
<b>Excess Return</b>	-0.96	-1.32	1.77	5.34	5.47	4.50	6.36

<sup>1</sup>Fund inception date: 8 October 2008. <sup>2</sup>Net returns are calculated after deducting management fees and are pre-tax.

<sup>3</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



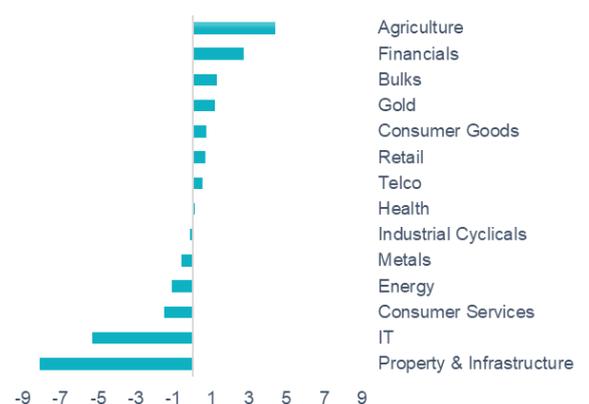
## Top Five Holdings<sup>4</sup>

Capricorn Metals
Credit Corp Group
Eclixp Group
Karoon Energy
Nufarm

<sup>4</sup>Listed in alphabetical order



## Active Sector Weights (%)<sup>5</sup>



<sup>5</sup>Data Source: Fairview Equity Partners Pty Ltd

## Monthly Commentary – April 2022

The ASX Small Ordinaries Accumulation index was down -1.5% in April, underperforming the S&P/ASX100 by 80bps. Small Industrials were down -2.1%, whilst small Resources were up +0.3%. Energy was the best performing sector in April, up +12%. In contrast the high growth Information Technology sector was the worst performer over the month, returning -10%.

The best individual stock performer in the index during April was Select Harvests (+25% vs index). Australia's listed almond producer rallied through the month after management highlighted continued international demand for higher quality nuts. It should be noted that stock had been very harshly dealt with in the preceding five months. We still own it. Graincorp (+24%) rallied after upgrading FY22 earnings guidance by approximately 30%, highlighting ongoing global demand for grain and oilseeds and favourable planting conditions for what seems to be the third year in a row in Australia.

The weakest index performer in April was EML (-45% underperformance). This payments firm fell after downgrading FY22 underlying NPATA guidance. More importantly, EML management also reduced cashflow conversion guidance from an average of 85% to a very low 55%. Such a savagely slashed forecast put enormous market scrutiny on the company's business model. We have never fully understood the company's cash conversion model and hence have never owned EML, although we have come close to buying it a couple of times. Megaport fell after announcing a weaker than expected trading update with monthly recurring revenue up +6% on PCP (Previous Corresponding Period). A 6% leisurely canter is simply not moving fast enough for Megaport's previous lofty valuation metrics. We consider that we do understand this company's business model and were simply over-optimistic (yep still got it wrong though) as it was in the Fund at minimal weight– Megaport is no longer held.

### Looking forward

April was littered with resource company quarterlies, almost all these companies reported consumables cost inflation and staff shortages. The net result of these two factors was a lot of missed tonnages versus expectations. One exception was Capricorn (CMM.ASX).

May 2022 will be very different. The key focus will be inflation and the US Federal Reserve's commitment to taming it. The big question is how many Fed interest rate rises does it take to cause a recession? This has not been answered yet. The last time it really needed to be asked was in the early 1970s. Whilst Fairview is a bottom-up stock picker, the macro environment is more important than ever, as this year the big portfolio call will be commodity exposure relative to growth company exposure. Our biggest sectoral overweight is Agriculture, we feel very comfortable with this position. Many factors point to continued high food input prices. Not least lower yields per acre due to lower fertilizer usage.

## Investment Team



Michael Glenane

**Portfolio Manager**

BE, MBA

30+ years investment management experience



Tim Hall

**Portfolio Manager**

BComm

24+ years investment management experience



Leo Barry

**Portfolio Manager**

BSA, MBA

14+ 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.

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