



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 September 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

58

Contacts

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

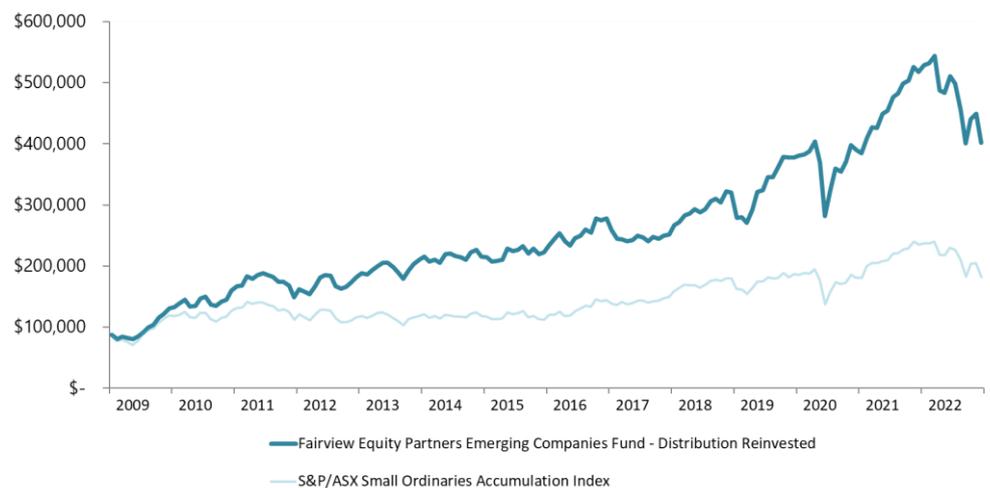
Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception ¹
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
Fund Return²	-10.51	0.19	-22.29	2.12	9.80	8.21	10.47
Benchmark³	-11.20	-0.47	-22.56	-0.80	4.07	4.58	4.39
Excess Return	0.69	0.66	0.27	2.92	5.73	3.63	6.08

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

³Benchmark: 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



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Monthly Commentary – September 2022

The Fairview Emerging Companies fund outperformed the benchmark by 0.69% in a weak and volatile month for equity markets. Over the quarter the fund gained 0.19% which was 0.66% ahead of the index.

Big market falls

The ASX Small Ordinaries Accumulation Index fell 11.20%, recording its second worst September on record, behind the GFC. It is the eleventh time the small cap index has posted a monthly 10%+ fall. Currently it feels like a semi-regular event given the 13% index drop in June, but thankfully, it doesn't happen often - a less than 3% occurrence in the index's 381-month history. If you exclude the GFC, it happens less than 2% of the time.

Currency wobbles but US \$ strength

Central bank hawkishness, persistent inflation and continued speculation of a rate-driven recession rolled through the month. Notably, the UK Government triggered a further 5% index fall in the last week of September when new fiscal measures to boost the economy was seen as only adding to their inflationary woes. The UK Government 10 year bond yield catapulted from 2.9% at the start of the month to an intra month high above 4.3%. (It was close to zero two years ago). The British pound to the US dollar fell to levels not seen since the mid-1980s when the US Federal Reserve started raising rates to combat President Reagan's tax cuts. The safe haven status of the US dollar (and not, cryptocurrencies as some speculated pre pandemic) has been a real feature this calendar year with the \$A down 12%. This is aiding Australian exporters and those companies translating \$US-denominated earnings. But it's not great for importers who experience a higher cost of goods (such as Retailers). The \$US gold price has dropped 15% over the last 6 months but is flat in \$A terms. The gold price is performing inversely to \$US movement. Many gold stocks were weak during September, a slight headwind for the fund. Overall, Energy & Materials were among the better small cap sector performers.

Higher yields = lower prices

The big jump in bond yields (also driven by the hotter than expected US inflation number) caused particular weakness in the yield sensitive sectors of the Real Estate Investment Trusts (REITs) and technology. Pointsbet (PBH) and Betmakers Technology (BET), both online gaming-related stocks were among the weaker performers. PBH which has contributed shareholder funds nearly 2x its market cap, denoting its capital intensity, was removed from the ASX200 index. Link Administration (LNK) & Infomedia (IFM) also saw material share price declines, with both struggling to consummate inbound takeovers for differing reasons. Tyro (TYR), a retail and hospitality point of sale payment processor, announced they'd rejected a takeover bid during the month. Despite the recent bounce, TYR's share price is half the IPO price from 3 years ago. Another notable decliner was IRESS, a company often perceived as presenting defensive style earnings due to its entrenched financial planning and stockbroking systems delivered a profit warning. We'll continue to sit on the sidelines and observe whether the incoming CEO can demonstrate the elusive sustained EPS growth. The fund had no exposure to these stocks.

Amongst the stronger index share price performers, were a mix of coal (New Hope Corporation, Coronado Global), healthcare (Neuren Pharmaceuticals) and mining-related companies (Argosy Minerals, Perenti, 29 Metals).

High cash levels

A recent Bank of America Global Fund Manager Survey revealed fund managers hold the highest cash level since 2001 and record low allocation to equities. Anecdotally, cash balances amongst small cap managers seem high and portfolios remain defensively positioned. Unquestionably, with quality company valuations

the best they've been for a long time and achieving perfect timing is nigh impossible, the fund took advantage of several mispriced opportunities during the month. Everyone remains watchful on the impact that rising interest rates is having on demand and therefore, earnings, as the prospect for a recession in parts of the world is increasingly predicted. Over the quarter the FY23 estimated Small Industrial EPS slid 4% and according to JP Morgan, the Small Industrial index currently trades at a 14x PE which is 12% below its 5-year average.

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 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 Insignia Group of companies (comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate) ('Insignia 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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