



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 2023



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

56

Contacts

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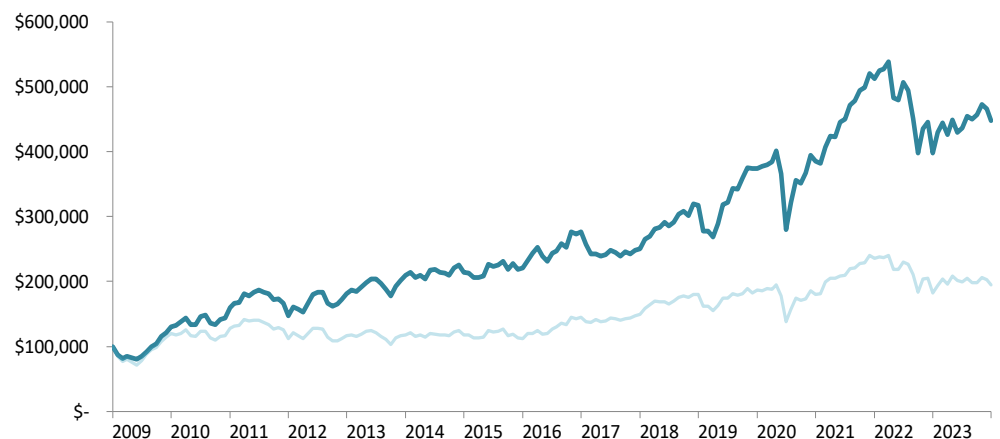
Net Performance

	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	-4.01	-1.98	12.41	5.08	7.13	7.90	10.57
Benchmark^a	-4.04	-1.94	6.85	2.57	1.63	5.13	4.57
Excess Return	0.03	-0.04	5.56	2.51	5.50	2.77	6.00

^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



— Fairview Equity Partners Emerging Companies Fund - Distribution Reinvested
— S&P/ASX Small Ordinaries Accumulation Index



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Monthly Commentary – September 2023

Our fund had a tougher month in September, with net returns of -4.01%. As background, US stocks also trended downward, with each of the three key equity indices finishing the month down. The S&P closed the month -4.9% lower, the Dow Jones fell -3.5% and the tech-heavy NASDAQ lost -5.8%. Gold fell -4.7% in September to US\$1,848.63/oz. In contrast, crude oil finished the month substantially higher than it began. The key US WTI crude closed the month +8.6%. The rise in oil prices over the month came as Saudi Arabia and Russia extended their current cuts through to the year-end. The S&P/ASX Small Ordinaries fell -4.04% during the month. All sectors except for Energy ended the month lower, with Real Estate and Consumer discretionary stocks the biggest laggards. The Energy sector tracked oil higher to end the month up 15%.

The bond market currently dominates

Normally equity market participants quickly glance at daily bond prices upon arriving at work in the morning, say 'that's nice', and go on to their far more exciting jobs. However, in volatile times, bond markets dictate the direction of equity markets. To suggest US bond markets have had a tough three years is an understatement. The ultimate, super liquid, safe haven asset; US 10-year treasury bonds, have lost 25% of their value in this period.

Forces driving bond yields

The bond market now has a laser focus on the consequences of Covid-induced increased government spending. How quickly inflation can be tamed is key. Higher energy prices point to continued upside risk for inflation. The crude supply demand equation may have also changed in the Middle East over the weekend. There are fears over the size of US debt; the US Treasury is issuing massive quantities of debt to fund government programs whilst at the same time the Federal Reserve is reducing its own holdings. President Biden's seizure of Russian assets last year has resulted in foreign accounts having less appetite for holding US treasuries. Hence, the pool of bond buyers has shrunk. The case for lower yields rests on two main forces: i) a disinflationary recession in the US would force yields lower and ii) perhaps US treasuries now offer a relatively attractive valuation vs other asset classes. A third swing factor is the actions of the very large pool of savers who have been used to earning almost no interest on their deposits. This demographic is much older and might be one of the reasons economic activity is holding up as well as it is.

September historically weak

The truth is we don't really know which of these forces will be dominant, but it does look like the post-WWII advantage that the USA enjoys of running the global reserve currency has weakened. Buyers are demanding a higher return for the perceived risk. It all seems doom and gloom. However, in such times, it is worth examining history. The table below shows the returns in September for the S&P/ASX Small Ordinaries Accumulation Index. This is the index of relevance to our fund and includes dividends. This is compared to the last quarter of each calendar year.

	Month of September (%)	3 months to December (%)
2012	4.40	2.00
2013	1.70	-0.20
2014	-5.50	-3.90
2015	-0.50	11.30
2016	1.50	-2.50
2017	1.30	13.70
2018	-0.40	-13.70
2019	2.60	0.80
2020	-2.80	13.80
2021	-2.10	2.00
2022	-11.20	7.50
2023	-4.00	?
Cumulative return %	-14.90	31.30

Source: ASX

Obviously, history is no predictor of the future, but we find a sense of comfort in this table. In circumstances such as now, we stick to our core bottom-up stock picking process that has worked so well since inception 15 years ago.

Investment Team



Michael Glenane

Portfolio Manager

BE, MBA

31+ years investment management experience



Tim Hall

Portfolio Manager

BComm

25+ years investment management experience



Leo Barry

Portfolio Manager

BSA, MBA

16+ years investment management experience

This report is issued by MLC Investments Limited ABN 30 002 641 661, AFSL 230705 ('MLCI'), the responsible entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund, ARSN 133 197 501 (the 'Fund'). MLCI 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. MLCI is part of the Insignia Group of companies (comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate) ('Insignia Financial 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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