



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 June 2024



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

54

## Contacts

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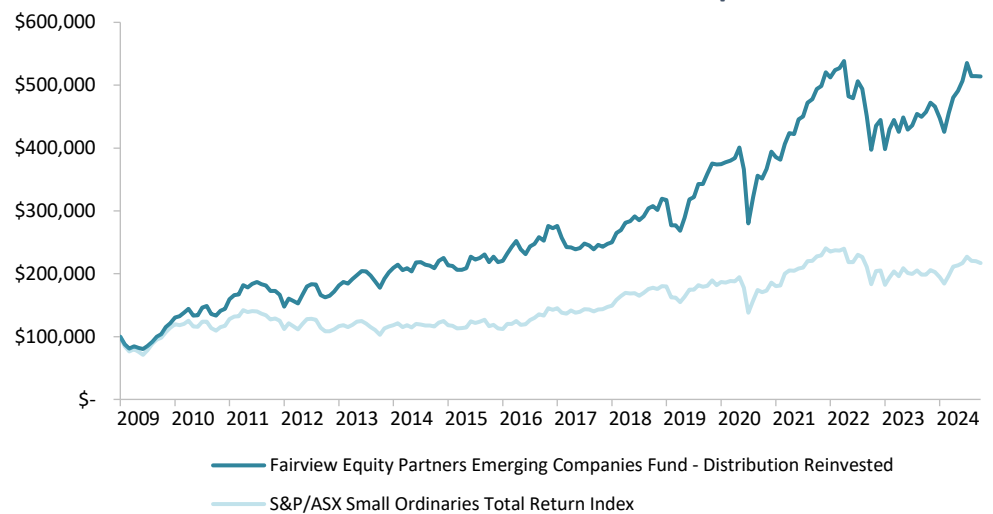
## Net Performance

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception'
	%	%	%	% p.a.	% p.a.	% p.a.	% p.a.
<b>Fund Return*</b>	-0.02	-3.93	12.45	1.32	7.44	9.42	10.96
<b>Benchmark*</b>	-1.39	-4.46	9.34	-1.55	3.70	6.45	5.04
<b>Excess Return</b>	1.37	0.53	3.11	2.87	3.74	2.97	5.92

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

\*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



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## Monthly Commentary – June 2024

Fairview unitholders experienced a largely flat month in June 2024. Our fund outperformed the ASX S&P Small Ordinaries Total Return Index which was down -1.4%. Small Industrials were up +1.1% but Small Resources were down -8.1%. This stark divide was propelled by uranium stocks coming off recent highs and growing concerns about whether the Chinese Communist Party can stimulate its way out of its unsold residential property mess.

Offshore, the key S&P500 Index was up +3.2% over June as relatively benign CPI, weak unemployment data and Fed commentary buoyed the US index. Information Technology (+9.3%) posted the largest percentage gain of the US GICS sectors. Utilities (-5.8%) on the other hand declined the most over the month. Gold was flat and WTI oil rose +5.9%.

### IPO window

Investors were intrigued and excited during June as Guzman y Gomez (GYG.ASX) listed during the month. It popped very nicely on the first day of trade (+36%). Not surprisingly the float was constructed / designed to do this. This was due to very little stock being allocated outside existing holders. The important point is that the IPO market had been dormant for a long while. It really needed a big and liquid stock to trade well initially. GYG's price action is a good signal as IPOs refresh the various indices and generally the first set of new listings are the ones where investors can generate the best returns. It is the lack of quality of some of the companies at the back end of the IPO pipeline that should greatly worry equity investors.

### The new financial year

Fairview unitholders start the FY25 financial year with a portfolio forecasting 32% EPS growth for its industrial components vs the ASX S&P Small Industrials Index consensus of 18%. As a contrast, the ASX S&P Top 100 Industrials ex Financials is showing 12% growth. There seems to be persistent inflation in Australia, more so than comparable offshore benchmark economies. The resultant higher for longer interest rates means we are also focused on another metric, the old company killer, excess gearing. Portfolio gearing (defined as net debt/EBITDA) is 0.9x vs the relevant ASX S&P Small Industrials Index at 2.2x.

## Investment Team



Michael Glenane

**Portfolio Manager**

BE, MBA

32+ years investment management experience



Tim Hall

**Portfolio Manager**

BComm

26+ 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](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. 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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