



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

28 February 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

54

Contacts

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

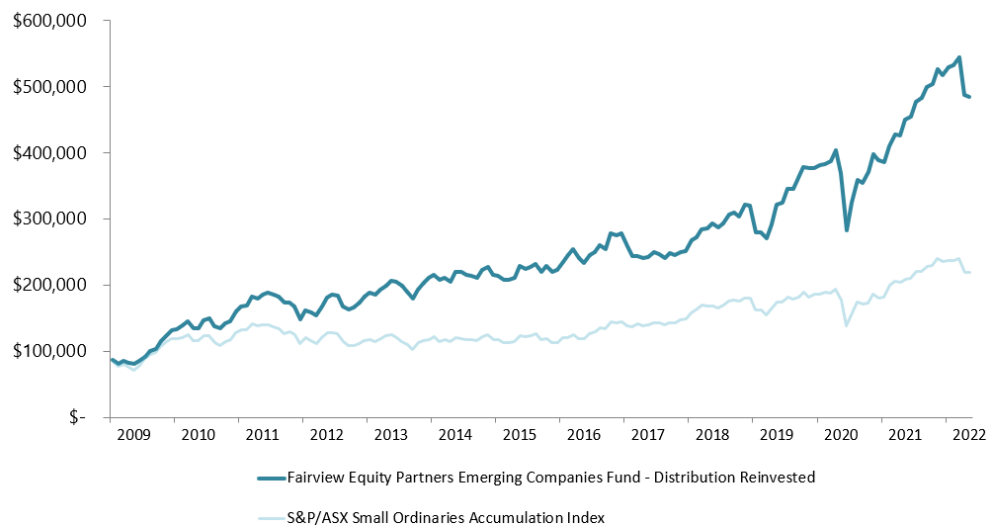
Net Performance

	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	-0.64	-9.05	7.66	14.64	14.81	10.34	12.49
Benchmark³	-0.01	-7.71	5.02	7.74	9.35	5.50	6.01
Excess Return	-0.63	-1.33	2.64	6.90	5.46	4.84	6.48

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



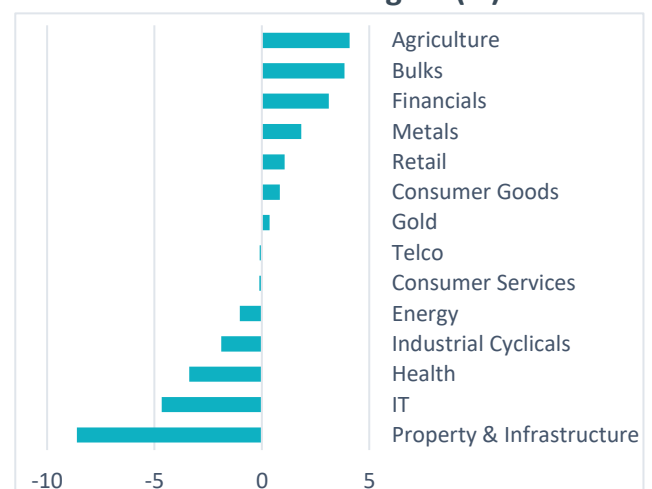
Top Five Holdings⁴

Credit Corp Group
Eclixp Group
Karoon Energy
Lifestyle Communities
Nufarm

⁴Listed in alphabetical order



Active Sector Weights (%)⁵



⁵Data Source: Fairview Equity Partners Pty Ltd

Monthly Commentary – February 2022

No Ordinary Month

February was an extraordinary month. We witnessed the Bank of England deliver its first back-to-back rate rise in nearly two decades, the US printed its biggest inflation number (+7.5%) in forty years, the oil price pushed through the US\$90/barrel level for the first time since 2014. And that was all before the devastating February 24th invasion of Ukraine by Russia. In conjunction, the earnings season was underway. Given the context, the ASX Small Ordinaries index performed resiliently, finishing flat (-0.01%). The Fairview Emerging Companies fund finished slightly behind the benchmark.

Big Price Moves

Given the backdrop of such a big de-valuation of equity markets in January, investor behaviour toward company earnings announcements during February was always going to be interesting. It didn't disappoint with extreme share price reactions witnessed, especially around the time of Ukraine's invasion. Among the more notable price movers on the day of the result were City Chic Collective (-30%), Appen (-28%), Tyro (-26%) and BWX (-26%). A common trait was that all carried relatively high valuations. Value stocks continued their recent outperformance versus growth and in the US, are now up 13% comparatively over the last quarter. Resources performed strongly during the month due to a surge in commodity prices. Energy was a standout performer, with the index up 10%. Over the last three months, the WTI oil price rose 45% and the Newcastle thermal coal price climbed 80% higher. Despite this, we're yet to see the usual media commentary about the strain that \$2+/litre petrol prices will have on household budgets. The portfolio carries its largest energy sector exposure for several years. In contrast, the small company information technology sector fell 13% during the month and is now down 23% this year.

Can Margins be sustained?

Key themes running through the company commentary were largely consistent with expectations - i) Omicron dampened demand in certain pockets (especially retail), but it broadly remained strong, ii) costs were affected by COVID (this time with no fiscal offset), iii) inflationary pressures are being felt with the majority of companies seeking to pass on via higher prices, iv) supply chain disruptions prompted elevated inventory buffers, thus v) cashflow generation and balance sheets were weakened. Predictably, management teams preferred year-to-date trading updates rather than full year earnings guidance. Overall, companies are working hard to sustain margins. It was surprising how some companies were punished for building inventory levels (notably, City Chic) with investor attention quickly swinging to the potential need for discounting and hence, the chance of margin compression.

Overall, the ratio of meaningful (+/-2%) EPS downgrades to upgrades within the ASX Small Industrials was consistent with the ten-year average. Pleasingly, Fairview fared better, and overall, the team was satisfied with the portfolio companies' performance. Albeit one company was exited when the investment thesis was no longer valid due to a change in management's focus towards heavier spending to drive revenue growth.

Further supply chain disruption = persistent inflation

The unfortunate conflict between Russia and Ukraine will exacerbate strained supply chains further and constrain the supply of certain commodities including oil and gas, metals (especially palladium and nickel), fertiliser and grains. All of this is unhelpful for a tempering of inflationary pressures any time soon, but it has dampened the likelihood of a 50bp rise in US interest rates in mid-March. For now, the US Federal Reserve is confronted with the delicate task of finding the most appropriate interest rate level that curbs inflation but doesn't squash economic demand. Domestically, the shocking east coast floods will have an impact. March will prove to be another fascinating month, as we continue to advance several new investment ideas for the portfolio.

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 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.

References to Money Management's Fund Manager of the Year awards and use of logo: © 2020 FE Money Management. all rights reserved. The information, data, analyses, and opinions contained herein (1) include the proprietary information of FE Money Management (2) may not be copied or redistributed (3) do not constitute investment advice offered by FE Money Management (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security (5) are not warranted to be correct, complete, or accurate. FE Money Management shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE Money Management does not guarantee that a fund will perform in line with its Fund Manager of the Year award as it reflects past performance only. Likewise, the Fund Manager of the Year award should not be any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.