

Flinders Emerging Companies Fund

Monthly Update: November 2016

FLINDERS
Investment Partners



Performance (after all fees and expenses)	1 Month (%)	3 Months (%)	1 Year (%)	Since Inception [^] (% pa)
Flinders Emerging Companies Fund	-2.5	-4.0	13.9	19.9
S&P/ASX Small Ords Accumulation Index	-1.2	-4.4	13.5	18.2
Net Value Added	-1.3	0.4	0.4	1.7

[^] Inception date is 30 September 2015. Past performance is no indicator of future performance. Information relates to the Flinders Emerging Companies Trust Class B.

Investment Objective

Exceed S&P/ASX Small Ordinaries Accumulation Index by 5%pa (pre-fees) over rolling 3 year periods

Investment Time Frame

5 years

Portfolio Managers

Andrew Mouchacca and
Richard Macdougall

Risk Profile

High

Distribution Frequency

Half Yearly

Minimum Investment

\$25,000

Inception Date

30 September 2015

APIR Code

ETL0449AU

M-Funds Availability

Code FEC01

Responsible Entity

Equity Trustees Ltd

Research Ratings

Lonsec: Investment Grade
Zenith: Approved
IRR: Recommended

Platform Availability

CFS, MLC, Netwealth, Powerwrap,
HUB24, Macquarie Wrap

Further Information

www.flindersinvest.com.au or
+61 3 9909 2690

- **Volatility remains a feature of equity markets during November**
- **'Trump effect' adding to market gyrations**
- **Pockets of weakness emanating through AGM season**

Market

The Small Ords Index had a weak month, finishing down 1.2%. Within this Industrials fared slightly better (-1.1%) than Resources (-1.6%).

The Trump election has had significant impact on global markets, driving bond markets to sell-off. This in turn resulted in high yielding stocks fall, high growth and tech stocks under pressure and industrials generally stronger. Within resources, base metals and oil were stronger and gold weak. The impact on Australian Small Caps was:

- Highly rated stocks continue to de-rate (similar to October); and
- The slide in the gold sector having a greater impact on the Small Ords.

Also impacting the market was the AGM season, where we noticed cautious statements seemed to outweigh positive ones. Consequently, market growth expectations moderated slightly over the month.

Portfolio

The Fund return this month was -2.5%, 1.3% below the Benchmark.

Key Contributors: Ellex Medical Lasers confirmed an acceleration in sales of its key iTrack glaucoma treatment device. **BT Investment Management** continued to recover following the strong full year profit result, with confirmation of solid funds flow and a stronger UK currency. **Western Areas** and **Sandfire Resources** both performed well with rising base metals prices and our holding in lithium producer **Orocobre** had a strong month with confirmation that the ramp-up of production from its Argentinian operations remains on track.

Key Detractors: Aconex continued to sell off with the de-rating of high growth companies. **Adairs** fell sharply during the month following a disappointing earnings update at their AGM, disclosing excess stock levels in some fashion lines has led to discounting. **iSentia Group** also announced a lower profit outlook for their first half due to integration issues with their digital marketing acquisition, King Content. In each case, we continue to have conviction in these names, so look towards opportunities to increase our holdings at these lower prices.

Performance Attribution [^]		Top 5 Active Positions [^]
Top 5 Contributors	Top 5 Detractors	
BT Investment Mgmt	Aconex	Ellex Medical Lasers
Codan	Adairs	Eureka Group Holdings
Ellex Medical Lasers	Blackham Resources	Mayne Pharma Group
Orocobre	iSentia Group	Sundance Energy Australia
Western Areas	Speedcast International	Webjet

[^] Alphabetical order * Denotes stock not held

Flinders Investment Partners Pty Ltd
Level 15, 385 Bourke Street, Melbourne, Vic 3000
www.flindersinvest.com.au

Disclaimer and Disclosure

Equity Trustees Limited (EQT) (ABN 46 004 031 298 AFSL 240975) is the Responsible Entity for the Flinders Emerging Companies Fund. The material contained in this communication (and all its attachments) is general information only and has been prepared by Flinders Investment Partners Pty Ltd ("Flinders"), a Corporate Authorised Representative of Prodigy Investment Partners Limited ("Prodigy"), AFSL 466173. It is not intended to take the place of professional advice and you should not act on any recommendation (if any) made in this communication without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this communication shall be construed as a solicitation to buy or sell a security or to engage in or refrain from engaging in any transaction. Flinders and Prodigy believe that the information and advice (if any) contained herein is correct at the time of compilation. However, Flinders Prodigy and EQT provide no representation or warranty that it is accurate, complete, reliable or up to date, nor does Flinders, Prodigy or EQT accept any obligation to correct or update the opinions (if any) in it. The opinions (if any) expressed are subject to change without notice. Flinders, Prodigy and EQT do not accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the material contained in this communication. This communication may refer to the past performance of a person, entity or financial product. Past performance is not a reliable indicator of future performance. Investors should obtain the relevant product disclosure statement and consider it before making any decision to invest.