

Flinders Emerging Companies Fund

Monthly Update: January 2017

FLINDERS
Investment Partners



Performance (after all fees and expenses)	1 Month (%)	3 Months (%)	1 Year (%)	Since Inception [^] (% pa)
Flinders Emerging Companies Fund	-2.3	-2.0	16.9	17.7
S&P/ASX Small Ords Accumulation Index	-2.4	-0.1	16.4	16.7
Net Value Added	0.1	-1.9	0.5	1.0

[^] 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

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- **Christmas rally runs out of sparkle**
- **Gold shines**
- **Reporting season about to commence**

Market

The Small Ords Index eased back in January, finishing down 2.4%. Resource stocks were up 3.8% with gold particularly strong. Industrials were down 3.8%.

Global equity markets took a breather following their strong December performance. Asian markets were generally better but US and European markets flat to slightly down. The Australian Dollar rallied to finish the month at US\$0.759, Gold recovered from a poor couple of months, rising 3.8% to US\$1212.40 and copper was also very strong.

Focus will now be on the interim profit reporting season. Last year was exceptionally volatile with weak markets coinciding with a number of cautious or disappointing profit results. Some of those characteristics were appearing late in January. Buckle up.

Portfolio

The Fund return this month was -2.3%, 0.1% above the Benchmark.

Key Contributors: **Blackham Resources** benefitted from a better gold price and the company also announced a resource upgrade and the ramp-up of gold production this year. **Webjet** rallied on the back of the company completing the divestment of its Zuji business and recognition of its international growth opportunities. **Sandfire Resources** was also a solid contributor, helped by the higher copper price and a positive quarterly production report late in the month. Also, **Melbourne IT** rose as investors began to appreciate its improving growth profile from key client activity and attractive pricing.

Key Detractors: Late in the month **Aconex** announced a downgrade to their previous revenue and earnings expectations. While disappointing and knocking investor confidence in the current management team, we still value the excellent market position and growth profile of the company well above the current share price. Nickel producer, **Western Areas** was weaker on the Indonesian Government relaxing an export ban on low-grade nickel ore. While only marginally impacting the underlying metal price, the news caused the stock to fall 20%.

Performance Attribution [^]		Top 5 Active Positions [^]
Top 5 Contributors	Top 5 Detractors	
Blackham Resources	Aconex	Blackham Resources
Melbourne IT	Australian Ag Company	Mayne Pharma Group
Sandfire Resources	OZ Minerals*	Orocobre
Saracen Mineral	Western Areas	Speedcast International
Webjet	Yowie Group	Webjet

[^] Alphabetical order * Denotes stock not held

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