

Flinders Emerging Companies Fund

Monthly Update: July 2016



Performance to 31 July 2016	1 Month (%)	3 Months (%)	6 Months (%)	Since Inception [^] (%)
Flinders Emerging Companies Fund*	7.9	14.2	22.8	31.5
S&P/ASX Small Ords Accum Index	8.6	11.5	22.3	29.2
Value Add	-0.7	2.7	0.5	2.3
Net Performance[#]	7.8	13.9	22.1	29.9

* Performance is for the Flinders Emerging Companies Fund Class B units before fees. # Net performance shown is after deduction of fees. ^Performance inception date is 30 September 2015. Past performance is no indicator of future performance.

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

Powerwrap, HUB24,
Macquarie Wrap

Further Information

www.flindersinvest.com.au or
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- **Small companies continue to outperform Large Caps**
- **Headline earnings growth for Small Caps support upside**
- **Resource names continue recent dominance**

Market

A very strong month for the smaller companies market (Index +8.6%), outperforming Large Caps (+6.1%) again in July. Within the smaller companies market, Resources (+9.6%) outperformed Industrials (+8.3%), continuing the trend seen in recent months (albeit by a more modest margin). This was the strongest month yet this calendar year. Helping the market along were fewer downgrades during 'Confession Season' this year. The earnings growth profile in Small Caps continues to look far stronger than their Large Cap peers for 2016/17, with more than twice the growth currently expected.

Portfolio

The Fund returned +8.0% in July, marginally behind the benchmark return of +8.6%. **Key Contributors:** **Catapult** performed strongly following the accretive acquisition of two complementary businesses; the Fund participated in the associated capital-raising. Whilst **Blackham Resources** benefited from a supportive gold price, its rise was mainly recognition it remains on track to deliver maiden production in the current quarter. **Key Detractors:** **Orocobre** reported a slightly weaker quarterly, also flagging a two month delay in achieving 'nameplate' at their Olaroz project. In our view, the company remains on track to grow production into a supportive Lithium Oxide market. **Yowie** fell following the release of its latest quarterly result, which indicated increased costs and lower customer receipts, albeit seasonality explained much of this variation.

Performance Attribution for Month (alphabetical order)

Top 5 Contributors

Asaleo Care*

Blackham Resources

Catapult Group

Syrah Resources*

Western Areas

* denotes stock not held

Top 5 Detractors

Ainsworth Game Technology

Eureka Group

Isentia Group

Orocobre Limited

Yowie Group

Top 5 Holdings at end of Month (in alphabetical order)

Aconex Limited

Catapult Group International

Mayne Pharma Group

McMillan Shakespeare

Webjet Limited

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