

Flinders Emerging Companies Fund

Monthly Update: July 2017

FLINDERS
Investment Partners



Performance (after all fees and expenses)	1 Month (%)	3 Months (%)	1 Year (%)	Since Inception [^] (% pa)
Flinders Emerging Companies Fund	0.0%	-2.5%	-11.2%	8.1%
S&P/ASX Small Ords Accumulation Index	0.3%	0.2%	-1.1%	14.3%
Net Value Added	-0.3%	-2.7%	-10.1%	-6.2%

[^] 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: Recommended
IRR: Recommended
Zenith: Approved

Platform Availability

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

Further Information

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- **US equity markets hit record highs**
- **Resources bounce back into favour**
- **Reporting season kicks off**

Market

The local equity market was flat in July with small caps doing slightly better than large, posting a modest 0.3% gain. Resources performed well, rising close to 3% for the month and small industrials down 0.2%. Stronger economic growth indicators in the US, China and Europe helped commodity prices move up in July – helping our resource sector.

The August profit reporting season promises to add some volatility to the market over the next few weeks. Always an interesting time as a window into sector dynamics, company performance and the general economy.

Portfolio

The Fund return this month was 0.0%, 0.3% below the Benchmark. There were few themes driving sector performance with the exception of the firm commodity prices. Our contributors were from a number of different industries:

Key Contributors: Shine Corporate (+20%) traded higher in the anticipation that its full year profit result will provide evidence that the personal injury business has started to improve after a poor start to the year. **Beach Energy** (+18%) benefitted from the 7.5% rise in the oil price over the month and a solid June quarter production report. **Lovisa Holdings** (+13%) rallied with the better retail sales figures released during the month and the firmer AUD potentially helping margins. Resource holdings **Saracen Minerals** and **Mineral Resources** both performed strongly aided by better gold and iron ore prices respectively.

Key Detractors: Sports diagnostic company, **Catapult Group** (-13%) had a weak finish to the month following the release of its June quarterly report. While sales were strong, cashflow was behind expectation. We expect a good bounce in cash receipts this quarter. **Speedcast International** (-10%) fell following an acquisition of a complimentary satellite communications business. While the acquisition was strongly accretive, it takes the company to the top of its gearing range.

Performance Attribution [^]		Top 5 Active Positions [^]
Top 5 Contributors	Top 5 Detractors	
Beach Energy	Blackham Resources	Altium
Lovisa Holdings	Catapult Group	Lovisa Holdings
Mineral Resources	Mayne Pharma	Service Stream
Saracen Minerals	Speedcast International	Speedcast International
Shine Corporate	Westgold Resources	Webjet

[^] Alphabetical order * Denotes stock not held

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