

Flinders Emerging Companies Fund

Monthly Update: November 2017



Performance (after all fees and expenses)	1 Month (%)	3 Months (%)	1 Year (%)	Since Inception [^] (% pa)
Flinders Emerging Companies Fund	1.7%	12.5%	10.0%	15.3%
S&P/ASX Small Ords Accumulation Index	3.9%	11.6%	20.5%	19.3%
Net Value Added	-2.2%	0.9%	-10.5%	-4.0%

[^] 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 3% pa (after-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

MLC, Netwealth, Powerwrap, HUB24, Macquarie Wrap

Further Information

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

Flinders Investment Partners
Level 15, 385 Bourke Street,
www.flindersinvest.com.au

- **Small caps continue to outperform**
- **Global growth drives resource stocks**
- **AGM season sounds some cautionary notes**

Market

Once again, small caps (+3.9%) significantly outperformed large caps (+1.4%) in November. Small resources led the index with a gain of 8.1% versus small industrials which saw a more modest 2.8% rise. Within the industrials, there were few clear themes with IT being the strongest sector but still only marginally above the broader index.

While the US equity markets went from strength to strength (Dow Jones up 3.8%) other global markets were mixed. European markets came off their highs later in the month and while the Japanese market was stronger, Chinese and Korean equities eased over November. With the exception of a 5.1% rise in WTI crude oil and a 10% late surge in the iron ore price late in the month, commodities were generally weaker.

Portfolio

The Fund had a positive month returning 1.8% but we lagged our benchmark by 2.2%.

Key Contributors: Satellite broadband provider **Speedcast (+24.5%)** was the best performer in the fund during the month. Investors have been cautious about the company's energy division (supplying data to remote operations and rigs) in recent times but the recent increase in the oil price and increased expenditure plans by energy producers has helped the stock move higher. WA gold developer **Echo Resources (+23.3%)** upgraded its Reserve base substantially to 856koz at its Yandal Gold Project, which now supports an +8 year mine life at a production rate of ~100koz per annum. **New Century Resources (+9.9%)** continued to perform well with the release of a Restart Study which confirmed the highly profitable nature of the Century Zinc Project. The Fund also participated in a discounted placement in NCZ which will be used to rapidly progress the Project.

Key Detractors: Beauty and health products company, **McPherson's (-23.1%)** warned investors that the current half earnings would be 10-15% below last year on softer consumer conditions. This was disappointing given new product releases and widening distribution. **Webjet (-17.7%)** also disappointed at their AGM with guidance of \$80m EBITDA for the FY18 year, which was below expectations. Several costs to support medium term growth are being worn in the FY18 year, but on a positive note, momentum in the top line remains strong. International transaction card and payments company, **EML Payments (-13.7%)** gave back some of its recent gains as a number of its directors sold stock following their AGM. There is no change to the company outlook or valuation.

Performance Attribution [^]		Top 5 Active Positions [^]
Top 5 Contributors	Top 5 Detractors	
Corporate Travel Management*	Catapult Group	G8 Education
Echo Resources	Codan	Service Stream
New Century Resources	EML Payments	SG Fleet Group
Silver Chef	McPhersons	Smartgroup Corporation
Speedcast International	Webjet	Webjet

[^] Alphabetical order * Denotes stock not held

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