

Fairview Equity Partners Monthly Investment Report July 2011

Emerging Companies Fund

Fairview Equity Partners is a smaller company Australian equities manager. The Fairview Equity Partners Emerging Companies Fund seeks to provide capital growth and some income by outperforming the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

Performance Return

Period ending 31 July 2011	1 Month	3 Months	1 Year	2 Years	Since inception [#]
Fairview Emerging Companies Fund*	0.21	-5.45	26.99	27.23	26.17
S&P/ASX Small Ordinaries Accumulation Index	1.40	-5.58	12.19	9.72	9.46
Excess Return*	-1.19	0.13	14.80	17.50	16.72
Net Fund Return (after fees & expenses)	0.24	-5.78	22.60	22.68	21.83

Returns shown are gross at a manager level (pre fees)
Annualised. Fund inception 8 October 2008

The Small Ordinaries Accumulation Index rose 1.4% which was a welcome respite after the sell off during the June quarter. The Fund modestly under-performed the benchmark as it returned a lower figure of +0.2%. The major stock issue (as shown below) was with Gujarat Coal due to a substantial potential impact from the proposed carbon tax.

Market Outlook

From a fundamental perspective, markets have trended quickly to multiples last seen during the GFC. This is despite the risk environment being materially better. Key differentiators include companies with replenished balance sheets, much higher levels of merger and acquisition activity and a significantly stronger investment pipeline. Whilst we know sentiment can, in the short term, see a market overshoot on the downside relative to fundamental value, ultimately earnings growth and valuation parameters will be reflected in share prices.

At Fairview we remain focussed upon uncovering investment opportunities. As a core investor we continue to ensure that we have a broadly balanced portfolio of opportunities across a range of sectors and with a variety of risk return profiles. To this end our performance will continue to be driven by stock selection rather than less predictable macro, sector or style dynamics.

We retain a solid overweight position in the mining services sector, remaining very confident in the strong pipeline of project expansion and investment in the resource sector over the coming one to three years. Selected commodity prices and demand/supply dynamics remain favourable, whilst strong recent profitability and accommodative capital markets have enabled the necessary funding packages to be put in place to ensure strong activity levels. The timing around certain project approvals or commencements remains in an otherwise exceptionally positive environment for the services sector. These strong fundamentals are likely to be reinforced during the pending reporting season and are further validated by our recent trip to the diggers and dealers mining forum which confirmed exceptionally high levels of mining activity.

Our company contact program has remained extensive and diligent in the months leading up to the upcoming reporting season and we remain confident that we are not facing material earnings risk for the majority of stocks within our portfolio. Markets eventually reflect fundamentals and recover from panic selling events and the Fairview fund is certainly well positioned to participate in such a recovery.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of July 2011.

Positive contributors		Negative contributors	
Regis Resources Limited	Overweight	Gujarat Nre Coking Coal Ltd	Overweight
Discovery Metal Limited	Overweight	Decmil Group Limited	Overweight
Norton Gold Fields Ltd	Overweight	Sundance Resources Ltd/Australia	Underweight
Mastermyne Group Ltd	Overweight	Ausenco Limited	Overweight
Saracen Mineral Holdings Limited	Overweight	Aston Resources Ltd	Underweight

Number of stock holdings at 31 July 2011:	49
--	-----------

Contacts

Fairview Equity Partners Pty Ltd
 Level 4, 141 Flinders Lane
 Melbourne VIC 3000
 Phone: 03 9929 9441
 Fax: 03 9650 6199
www.fairviewequity.com.au
 AFSL 329052



Important Legal Notice:

nabInvest Managed Investments Limited ABN 61 083 784 463, AFSL 312122 ("NMIL"), is the Responsible Entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund (the "Fund"). An investor should consider the Product Disclosure Statement for the Trust ("PDS") in deciding whether to acquire, or continue to hold, units in the Trust and consider whether units in the Trust is an appropriate investment for the investor, and the risks of any investment. The PDS is available by calling the Investor Services Team on 1300 738 355 or visit www.nabinvest.com.au. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not indicative of future performance. Any projection or other forward looking statement ("Projection") in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by NMIL constitutes NMIL's judgment at the time of writing and may change without notice. An investment in the Trust is not a deposit with or liability of National Australia Bank Limited ("NAB") or any other member of the NAB group of companies ("National Australia Group") and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither NMIL nor any other member of the National Australia Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of NMIL, the Fund or Fairview Equity Partners Pty Ltd.