

# Fairview Equity Partners Monthly Investment Report February 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 28 February 2011	1 Month	3 Months	1 Year	2 Years #	Since inception <sup>#</sup>
Fairview Emerging Companies Fund*	3.89%	11.33%	42.45%	56.17%	34.20%
S&P/ASX Small Ordinaries Accumulation Index	1.27%	6.07%	21.57%	40.82%	15.30%
<b>Excess Return*</b>	<b>2.62%</b>	<b>5.26%</b>	<b>20.88%</b>	<b>15.35%</b>	<b>18.90%</b>
Net Fund Return (after fees & expenses)	3.28%	10.06%	37.25%	51.98%	29.40%

\* Returns shown are gross at a manager level (pre fees)

# Annualised. Fund inception 8 October 2008.

The Small Ordinaries Accumulation Index rose 1.3% with a modest recovery in the resources component and a mixed performance from the industrial sector. The Fund strongly out-performed the benchmark again recording a gross return of 3.9%.

## Market Outlook

The reporting season provided its usual plethora of news flow during February. Overall, results were in line with expectations although remain mixed at a sector level. Resources modestly exceeded forecasts reflecting the strength in commodity prices whilst variability in demand across the various segments of the economy continued to provide much varied outcomes for industrial sectors. Concerns remained around ongoing unrest in the Middle East, with this reflected in higher oil and gold prices as well as periodic profit taking by equity investors. We have seen similar such geo political concerns over the past 12-18 months, the majority of which have in hindsight provided buying opportunities for an equity market which remains under long term valuations and which continues to be supported by broadly improving economic fundamentals.

Our constant program of company contact is integral to our objective of minimising negative surprises during reporting season and we were once again fairly pleased with the results of the majority of our investee companies. This helped provide our investors with another strong month of out-performance. Breville Group, McMillan Shakespeare and Forge Group were particular stand outs. We also made contact with many companies of potential interest and have an extensive visitation program mapped out for the next few months to ensure a strong supply of new investment candidates.

## Performance Attribution

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

Positive contributors		Negative contributors	
Atlas Iron	Overweight	Gloucester Coal	Overweight
Jabiru Metals	Overweight	Independence Group	Overweight
Breville Group	Overweight	Alacer Gold	Nil Holding
Forge Group	Overweight	Webjet	Overweight
McMillan Shakespeare	Overweight	Giralia	Nil Holding

<b>Number of stock holdings at 28 February 2011:</b>	<b>51</b>
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## Contacts

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