

Fairview Equity Partners

Monthly Investment Report

April 2012

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 30 April 2012	1 Month	3 Months	1 Year	3 Years #	Since inception #
Fairview Emerging Companies Fund*	0.07%	11.72%	2.69%	30.58%	22.96%
S&P/ASX Small Ordinaries Accumulation Index	-0.92%	5.73%	-6.98%	12.70%	6.94%
Excess Return*	0.99%	5.99%	9.67%	17.88%	16.02%
Net Fund Return (after fees & expenses)	-0.33%	9.95%	-0.28%	26.26%	18.75%

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

During April, the benchmark Small Ordinaries Accumulation Index fell by just under 1% with the Fund outperforming by 1% (gross of fees) and 0.6% (net of fees) to give investors a flat result.

Market Outlook

Seasonally, we are entering a weaker period for equity markets and it can be a time where bearish considerations dominate positive perspectives. The perennial issues of European weakness, Chinese uncertainty and US green shoots continue to prevail. Ultimately, equity markets will respond (aggressively at times) to erratic news flow and investors will do well to hold their nerve and remember that underlying fundamentals are not that volatile and short term noise often means little and is often based on unreliable data. We continue to contend that developing economies (China especially) will have sustained strong demand for practically all commodities for many years to come.

The key issue dominating investor attention is the outlook for resources and related sectors. Our view as mentioned above remains positive although we note that the mining services sector has performed strongly in recent months and that some profit taking in this sector may result. Further to that, weaker commodity prices may lead to a reduction in new project announcements especially after the very strong period of news flow we have recently experienced. Accordingly, we have been happy to modestly reduce some of our positions in the mining services sector although we still believe that resource activity will remain buoyant for many years into the future.

As alluded in previous reports, we are finding the current environment highly prospective for new stock ideas and we are actively considering many of these as new investments.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of April 2012.

Positive contributors		Negative contributors	
Norton Gold Fields Ltd.	Overweight	PMI Gold Corp.	Overweight
Red Fork Energy Ltd.	Overweight	Forge Group Ltd.	Overweight
Bradken Ltd.	Not Held	Medusa Mining Ltd.	Not Held
Aurora Oil & Gas Ltd.	Overweight	Virgin Australia	Overweight
Discovery Metals Ltd.	Overweight	Sedgman Ltd.	Overweight

Number of stock holdings at 30 April 2012:	47
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