FAIRVIEW EQUITY PARTNERS

June 2009 Quarterly Investment Report

Fairview Equity Partners – Emerging Companies Fund

Fairview Equity Partners is a new small cap 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 June 2009	1 mth	3 mths	6 mths	Since inception ~
Fairview Emerging Companies Fund *	3.81%	22.14%	23.47%	6.31%
S&P/ASX Small Ordinaries Accumulation Index	3.05%	25.69%	23.22%	-1.78%
Excess Return	**0.76%**	**-3.55%**	**0.25%**	**8.09%**

** Returns shown are gross (pre fees)*
~ Fund inception date 8 October 2008

The S&P/ASX Small Ordinaries Accumulation Index rose by 3.1% during the month of June, bringing the movement for the June quarter to an exceptionally strong 25.7% (calendar YTD +23.2%). The Fairview Equity Partners Emerging Companies Fund underperformed this strong benchmark over the June quarter, despite delivering a commendable return of 22.1%. Importantly, returns for the Fund are well in excess of its benchmark since inception.

Market Review

It would appear reasonable to suggest that mid March is likely to represent the low for the current market cycle, with the strong gains for the latter part of that month continuing through the June quarter. Whilst the extent of this more recent rally is seemingly significant it needs to be kept in context with the material declines witnessed over the preceding 12-18 months. Indeed, despite a 48% rise from its March low the S&P/ASX Small Ordinaries Accumulation Index remains at 2005 levels.

At a broad level there would appear to be two key factors which have driven these recent gains:
1. An increased preparedness to look through likely nearer term earnings weakness, and a desire to seek out leverage to eventual improvement. Accompanying a stabilisation in several economic indicators has been an increased realisation that the extent of monetary and fiscal stimulus is likely to render initial expectations of a deep and protracted recession too bearish.
2. An increased appetite for risk. Whilst in part related to the above point, there has been a significant re rating at the more leveraged end of the market, be they higher cash cost resource companies leveraged to commodity price improvements, or industrial companies with balance sheets previously deemed to be in desperate need of reparation and / or which are skating dangerously close to banking covenants. In our opinion the significant re rating afforded several companies in this latter category may prove to be somewhat premature.

Over the June quarter the S&P/ASX Small Industrials Index rose 20.6%, whilst the S&P/ASX Small Resources Index gained 32.0%. This is indeed further evidence that the market is seeking leverage to an eventual improvement in global economic conditions, with the commodities market a direct and early beneficiary of improved industrial production and economic growth. We view that we are appropriately and adequately represented within this market segment.

Portfolio Strategy and Market Outlook

Small cap equity markets appear to be normalising now after recent periods of extreme overall volatility and wild swings from thematic impacts on stock and sector performance. Although there are still many important sector calls to make we would appear to be now heading back into an environment where stock specific factors will start to be the more important determinant of share price performance.

Accordingly we believe that astute stocks pickers are extremely well placed to take advantage of these current conditions. There is a vast array of quality companies trading at very low earnings multiples that are likely to provide investors with exceptional returns should they start building positions now. In fact we believe that several of the stocks within the fund could easily double or better from current levels given their present ratings. Most of these companies have maintained strong fundamentals despite the more challenging economic conditions and have strong earnings growth forecast over the next few years.

One such example is housewares distributor McPherson's (MCP). MCP is trading on circa 5x 2010 earnings despite our forecasts for over 50% EPS growth over the two years to June 2011 as the company both increases its top line and vastly improves it margins through effective cost reductions and a reversal of the negative impact seen in fiscal 2008 from a then sharply depreciating Australian dollar.

APN News and Media (APN) is trading at circa 7x likely bottom of the cycle 2010 earnings. Whilst acknowledging the longer term structural issues associated with print media we believe that the share price of APN will not only benefit from increased earnings as the advertising cycle improves but a substantial re-rating should occur as well. The market is overly discounting this company for the prospects of a parent sell down that should it occur it is likely to find strong support from institutional and trade buyers.

Retail Food Group (RFG) trades at under 7x 2010 earnings with steady double digit EPS growth on offer as the company continues to expand its number of franchisees in a low capital intensive and highly accretive manner. The core earnings come primarily from baked products which have proven resilient within tougher economic conditions, with strong earnings growth resulting.

The fund continues to build positions in several companies leveraged to improving economic conditions particularly in domestic housing, financials such as Hendersons and BT Financial Group, as well as an increased exposure to domestic media (eg APN).

We continue to avoid what we regard as institutionally well known (and 'over owned') franchises that lack an investment insight and as a result tend to offer little by way of valuation upside. Companies such as Metcash, Invocare and Iress fall into this category. We believe that such stocks will continue to lag any recovery in markets as their valuations are already very full relative to likely earnings leverage to improving economic conditions.

Finally, towards the end of the quarter we pared back our metals position to lock in the strong performance from many of these stocks and to reflect the fact that the underlying commodity prices are now factoring in substantial improvements in their relevant markets. We have moved our resource over-weights more into energy stocks with further additions to thermal coal and oil and gas positions.

Performance Attribution

Below we note the key contributors to performance over the June quarter. It was pleasing to see many of our more cyclical and resource based names continuing to feature, highlighting the need to have an adequately balanced and diversified portfolio as we approach the likely trough in both the economic and equity market cycle.

Positive contributors	Qtrly return	Position over qtr
Independence Group	78.8%	Overweight
McPherson's	168.2%	Overweight
Aditya Birla Minerals	307.1%	Overweight
Felix Resources	57.8%	Overweight
Carnarvon Petroleum	126.4%	Overweight

Negative Contributors	Qtrly return	Position over qtr
Dominion Mining	-18.8%	Overweight
Pacific Brands	263.2%	Not Held
Australian Infrastructure Fund	-2.0%	Overweight
Duet Group	-1.3%	Overweight
Macquarie CountryWide Trust	134.7%	Not Held

Major Stock Additions

McPhersons (MCP): We initiated a position in MCP during the June quarter, viewing the stock to be materially undervalued relative to its improving earnings profile. As noted above, a combination of price increases, cost reductions, and a more favourable currency environment will deliver significant earnings growth over the outlook period, which we view is being both under estimated and under appreciated by the market given the modest rating ascribed to the stock.

APN News and Media (APN): We have more recently established a position in APN which is trading at a significantly discounted multiple despite earnings which are most likely approaching a cyclical low. Whilst subject to the same longer term structural challenges as its print media peers the stock retains significant leverage to a cyclical improvement in the advertising market. The recent capital raising has improved the APN balance sheet, whilst any overhang associated with the financial pressures facing its significant shareholder Independent News & Media is transitory.

Challenger Financial Services (CGF): Through CGF we have increased our exposure to improving financial market conditions, and particularly credit markets. Through its asset management / annuity business CGF has borne the brunt of deteriorating credit markets with unrealised losses negatively impacting both reported profits and its capital position. In addition to locking in the more attractive yields on offer through this period of dislocation, CGF is significantly leveraged to a stabilisation in credit spreads.

Karoon Gas Australia (KAR): We view that KAR represents an attractive risk-reward play in the oil and gas space. The Poseidon discovery in the Browse Basin has significantly de risked the company, with potential for this acreage to be comparable to the North West Shelf project. On a risk adjusted basis we view that significant upside exists out of this region, whilst there is also sizeable potential within its lesser understood South American projects. The relatively modest size of our position in KAR reflects the risks associated with an exploration play such as this.

Major Stock Disposals

Seek (SEK): We exited our position in SEK during the quarter as our nearer term price objectives were met earlier than anticipated. Our investment thesis centred around a then discounted rating ascribed to the strongly positioned core employment business relative to cyclically low earnings, the subsequent operational leverage to an eventual upturn in the employment cycle, and the under appreciated resilience and indeed growth of earnings within the education business. Following a rapid expansion of the stock rating on the back of reiterated earnings guidance and improved sentiment surrounding more encouraging economic indicators we sold down our position.

Wotif (WTF): Having previously reduced our active position in WTF during the prior period as the stock continued to outperform, we exited our residual holding during the June quarter. We remain attracted to the WTF business model and the company continues to report solid earnings growth as it increasingly dominates the on-line hotel booking space and expands the margins of its acquired businesses. However, we view that our investment insight is now more limited and the stock valuation now fully reflects its likely growth prospects.

Tassal (TGR): We sold out of our TGR position late in the quarter as it became apparent that, despite recent management protestations to the contrary, the company was not going to meet its nearer term earnings guidance. Our thesis was based around excessive market cynicism around the ability of the company to achieve stated 2009 earnings guidance, and the attractive rating on offer should it do so. Given the credibility issues associated with this late shift in stance by management, and the numerous alternate investment opportunities on offer, we chose to move on.

Iluka (ILU): We exited our position in ILU after the company lowered its 2009 sales expectations in April. Our investment thesis was predicated upon Iluka exerting Zircon market leadership as per repeated management commentary. Price improvements failed to eventuate and attendant volume weakness as Iluka was involved in a stand off with its customers was a major concern. We also struggled to reconcile the company's cash flow and net debt projections in a lower Zircon price environment.

Number of stock holdings at 30 June:	52

Important Legal Notice:

Antares Managed Investments Limited ABN 61 083 784 463, AFSL 312122 ("AMIL"), is the Responsible Entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund (the "Fund"). The Product Disclosure Statement for the Fund (PDS) is available by calling the Investor Services Team on 1300 738 355 or visit www.antarescapital.com.au. You should consider the PDS in deciding whether to acquire, or continue to hold, units in the Fund and consider whether the Fund is an appropriate investment for you, and the risks of any investment. This report does not take account of your objectives, financial situation and needs. You should therefore, before acting on information in this report, consider its appropriateness, having regard to your objectives, financial situation or needs. We recommend you consult a financial adviser. 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. Performance figures in this report are shown gross – taxes and fees, which may include entry/exit, management and performance fees, will be applicable to investors and should be taken into consideration. An investment in the Fund is not a deposit with or liability of NAB or any other member of the NAB group of companies (NAB Group) and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither AMIL nor any other member of the NAB 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 AMIL, Fairview Equity Partners Pty Ltd or the Fund.