

Fairview Equity Partners Monthly Investment Report August 2013

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 August 2013	1 Month	3 Months	1 Year	3 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	5.32%	8.30%	22.46%	16.42%	20.02%
S&P/ASX Small Ordinaries Accumulation Index	2.88%	4.90%	4.10%	-0.24%	3.10%
Excess Return*	2.43%	3.40%	18.36%	16.67%	16.93%
Net Fund Return (after fees & expenses)	5.08%	7.49%	17.62%	11.89%	15.62%

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

Annualised. Fund inception 8 October 2008

Past performance is not a reliable indicator of the future performance.

During August the benchmark S&P/ASX Small Ordinaries Accumulation Index rose almost 3% with resources performing modestly better than industrials. Commodities such as gold and iron ore continued their improvement since the end of the financial year.

Performance and Market Outlook

The strong relative Fund performance was driven by the generally positive results from the recently concluded reporting season. There were not really any major surprises and we were happy with the updates provided from most of our holdings. Particular highlights came from Decmil, which has firmed up a solid year for 2014, and MACA Ltd, a company that is also defying the challenges in mining services to demonstrate an impressive earnings outlook.

As has been alluded to previously the bulk of the industrial component of the Fund is dominated by companies that have strong stock specific features and minimal exposure to broader economic conditions. However despite the difficult domestic macro environment to date we are cognisant of some more positive early data points that we are now responding to. On the domestic media front we have added Seven Media in part due to an improving ad rate. We have also added Reece Australia to give the fund some housing exposure and finally we added IOOF to reduce our financial services underweight. We are by no means excessively positive on domestic cyclicals but we no longer have the conviction to be materially underweight. Finally with regard to mining services we remain very cautious on that sector and we now only own 3 holdings in stocks that have some highly attractive stock specific features.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of August 2013.

Positive contributors		Negative contributors	
Mcmillan Shakespeare Ltd	Overweight	Charter Hall Group	Overweight
Paladin Energy Ltd	Not Held	ERM Power Limited	Overweight
REA Group Ltd	Overweight	Seven West Media Limited	Overweight
Ainsworth Game Technology	Overweight	St. Barbara Ltd.	Not Held
Carsales.Com Limited	Overweight	Flexigroup Limited	Overweight

Number of stock holdings at 31 August 2013:	57
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