

Fairview Equity Partners Monthly Investment Report

31 October 2014



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 October 2014	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	-0.40%	-3.43%	1.03%	13.89%	13.81%	17.37%
S&P/ASX Small Ordinaries Accumulation Index	-0.54%	-3.79%	-3.26%	-1.01%	-0.15%	2.67%
Excess Return*	0.14%	0.36%	4.29%	14.90%	13.96%	14.70%
Net Fund Return (after fees & expenses)	-0.49%	-3.69%	-0.88%	9.78%	9.95%	13.38%

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

Returns over 1 year are annualised. Fund inception 8 October 2008.

Past performance is not a reliable indicator of future performance.

October delivered a relatively flat performance outcome with the fund slightly outperforming the benchmark.

Performance and Market Outlook

AGM season is currently in full swing for most listed companies and many use this opportunity to update the market on the start to the new financial year. Thematically, domestic cyclical stocks are finding trading conditions very challenging with the drop off in mining activity being acutely felt. There continues to be a raft of profit warnings coming from mining services companies and industrials exposed more generally to the domestic economy. The only area of strength remains housing where buoyant house prices are continuing to drive solid levels of activity in new home starts and renovations.

IPO activity continues to strengthen and we are far more positive than previously on many of the offerings being presented to us. Although pricing is still being determined for some of these companies, we are likely participants in the following; Medibank Private, Godfreys Group, Acconex and IPH Limited.

Presently we believe that general economic conditions remain challenging and that companies are having to execute well and possess strong business models to achieve earnings growth. Health Care and technology companies continue to be particular areas of focus.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of October 2014.

Positive contributors		Negative contributors	
Sirtex Medical	Overweight	Vocation	Overweight
Nearmap	Overweight	Alchemia	Not Held
Independence Group	Overweight	Transfield Services	Not Held
Carsales.com	Overweight	Greencross	Overweight
Liquefied Natural Gas	Not Held	MACA	Overweight

Contributors

Sirtex Medical has reported excellent quarterly dose sales whilst Nearmap has announced expansion into the US. Independence Group delivered good quarterly production figures. Carsales.com enjoyed a fairly positive AGM.

Detractors

Vocation experienced worse than anticipated funding issues with its Victorian business. Alchemia delivered poor results from clinical trials whilst Greencross had a slightly soft start to the financial year. During the month MACA was sold off by markets in line with the mining services sector.

Number of stock holdings at end of October 2014:

60

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