

Fairview Equity Partners Monthly Investment Report July 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 July 2014	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	5.62%	3.15%	17.83%	12.47%	18.15%	18.90%
S&P/ASX Small Ordinaries Accumulation Index	4.91%	3.83%	8.07%	-1.83%	2.64%	3.48%
Excess Return*	0.71%	-0.68%	9.76%	14.30%	15.51%	15.42%
Net Fund Return (after fees & expenses)	5.55%	2.91%	14.80%	8.47%	13.94%	14.74%

* 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.

July provided a solid return for investors and it was also pleasing to see the fund out-perform the benchmark.

Performance and Market Outlook

Similar to previous months there were no stand out sectors or themes that delivered the performance outcome for this month but rather there was a fairly disparate range of contributors across a variety of sectors. Resources however were stronger than industrials and in particular nickel producers were well supported given the continued strength in the nickel price.

Equity markets are essentially in a holding pattern prior to the forthcoming results season. Pleasingly it would appear that the retail environment has stabilised somewhat over the last month and conditions are no longer deteriorating. August provides an outstanding opportunity to meet with most of the listed small cap companies and we are looking forward to receiving the latest trading updates and outlook comments.

It will also be interesting to get the latest reports from mining related companies as July was reasonably positive in terms of production levels across the major commodities. This saw the share prices of several mining services companies raise sharply although most of them are still on extremely low multiples.

Performance Attribution

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

Positive contributors		Negative contributors	
Flexigroup Limited	Overweight	Dulux Limited	Overweight
REA Group Limited	Overweight	Northern Star Resources	Not Held
Sundance Energy Limited	Overweight	Ardent Leisure Group	Overweight
Independence Group	Overweight	Syrah Resources Limited	Not Held
Drillsearch Energy Limited	Overweight	Energy Development Limited	Overweight

Number of stock holdings at 31 July 2014:

60

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