

# Fairview Equity Partners Monthly Combined Investment Report



31 July 2015

## 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	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception#
31 July 2015						
Fairview Emerging Companies Fund*	4.58%	1.83%	4.87%	14.52%	13.64%	16.72%
S&P/ASX Small Ordinaries Accumulation Index	1.56%	-4.13%	-2.77%	3.05%	0.63%	2.53%
<b>Excess Return*</b>	<b>3.02%</b>	<b>5.96%</b>	<b>7.64%</b>	<b>11.47%</b>	<b>13.01%</b>	<b>14.19%</b>
<b>Net Fund Return ( after fees &amp; expenses)</b>	<b>4.02%</b>	<b>0.83%</b>	<b>2.98%</b>	<b>11.22%</b>	<b>10.01%</b>	<b>12.93%</b>

\* Returns shown are gross of fees 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.

The fund out-performed the benchmark during the month of July.

## Performance and Market Outlook

The month of July was a stellar performance outcome for the fund with the out-performance generating one of the strongest relative to benchmark monthly results since the fund's inception. It was especially pleasing to back up the solid out-performance generated in June. The fund has been refreshed with several new names and these along with some of the older positions are now providing for a fairly broad based contribution to fund returns.

We are now on the cusp of another reporting season and this will provide many opportunities to assess the prospects of a vast proportion of the small companies universe.

We head into FY15 results season with the S&P/ASX Small Ordinaries at almost the same price level as it was back in January 2015. The global macro has weighed on Australia, with smalls/large caps performing broadly in line with each other the past three months. The switch from macro to micro focus could see the smalls positively vulnerable to a rerate on delivery of forecasts and no deterioration in the outlook. Smalls are now the cheapest they have been versus large since June 2014. Earnings forecasts have stabilised over the past three months, suggesting delivery of earnings maybe in fact be a catalyst in itself.

## Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of July 2015.

Positive contributors		Negative contributors	
Liquefied Natural Gas	Not Held	iSentia Group	Overweight
Select Harvests	Overweight	Nearmap	Overweight
Mayne Pharma Group	Overweight	Infomedia	Overweight
Aconex	Overweight	Reece Australia	Overweight
Mcmillan Shakespeare	Overweight	Sirius Resources	Overweight

## Contributors

Key successes for the fund were Select Harvests which benefited from further strength in the almond price, Mayne Pharma received a government grant to assist in research. Aconex announced substantial new contracts and Mcmillan Shakespeare purchased UFS which provides finance and insurance for vehicles.

## Detractors

iSentia Group had no specific news but share price was a little weaker after a strong run. Trading updates announced by Nearmap were slightly below market expectations. Infomedia pre-announced its result with exchange rates having a moderately negative impact. Whilst Reece Australia delivered no specific news of note, it modestly under-performed and Sirius Resources suffered from a general weakness of nickel stocks during the month.

**Number of stock holdings at end of July 2015:**

**63**

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