Fairview Equity Partners
Quarterly Investment Report
September 2011

FAIRVIEW EQUITY PARTNERS

Emerging Companies Fund

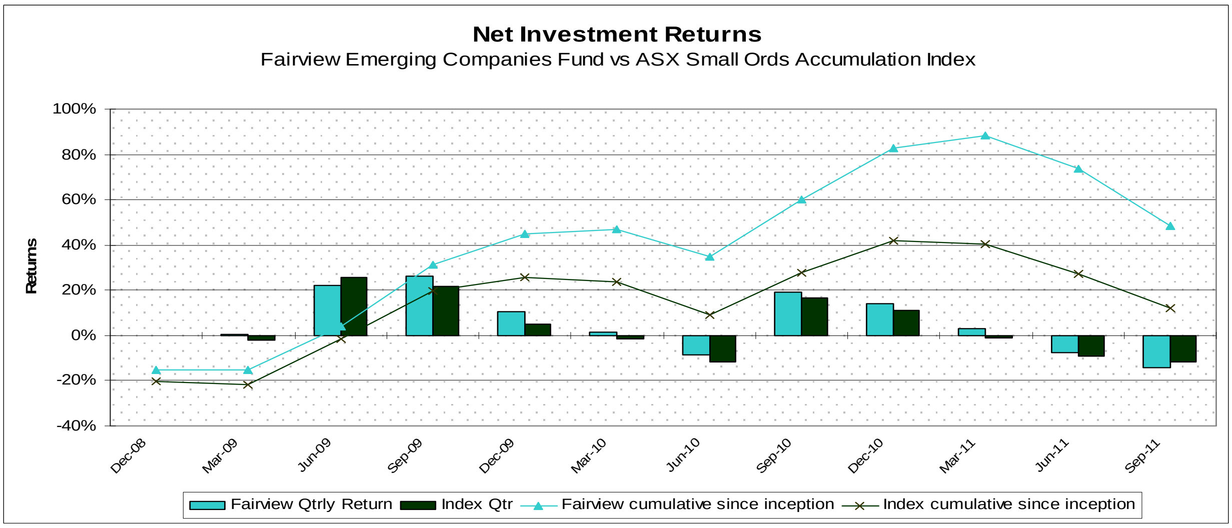
Fairview Equity Partners is a smaller company Australian equities manager. The Fairview Equity Partners Emerging Companies Fund seeks to provide capital growth and some income by outperforming the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

Performance Return

Period ending 30 Sep 2011	1 Month	3 Months	1 Year	2 Years	Since inception#
Fairview Emerging Companies Fund*	-11.34	-14.42	-4.52	10.23	18.10
S&P/ASX Small Ordinaries Accumulation Index	-10.61	-11.79	-12.11	-3.19	3.92
Excess Return*	**-0.73**	**-2.63**	**7.59**	**13.42**	**14.18**
Net Fund Return (after fees & expenses)	-11.35	-14.41	-7.25	6.47	14.26

** Returns shown are gross at a manager level (pre fees)*
 # Annualised. Fund incepted 8 October 2008

The Small Ordinaries Accumulation Index endured an extremely volatile and negative quarter falling by 11.3%. The Fund under-performed the benchmark primarily due to the weak performance of the mining services sector in which the fund is substantially overweight.



Return and Index for Quarter ending Dec 2008 not shown as only a part period, but included in cumulative return series.

Market Outlook

The biggest question facing domestic small cap investors is the medium term outlook for Asian/Chinese economic growth and consequently, the demand for commodities. It is probably fair to suggest that as a result of contraction, Chinese monetary policy and weaker export markets, Asian economic activity has been more tempered in recent periods. The key is trying to determine whether there is the potential for a more substantial weakening over future periods. At this point, we believe the longer term Asian industrialisation trend is likely to continue but we do note that the shorter term outlook is now more uncertain.

What the market needs for a sustained rally is a relatively orderly solution for the European mess, gradual improvement in the US economy and more clarity on the China equation. Until then, there is likely to be continued high volatility as sentiment swings around on erratic data points. However it is important to recognise that equity markets are extremely cheap and are likely to rally on the mere prospect of improved global macros. Indeed the prospects for the almost traditional calendar year end rally are fairly strong.

We would suggest that policy makers in Europe will take substantial action to at least try and prevent a major meltdown and we would further remind investors that the Chinese central government was very successful in lifting activity during the GFC. However at present they are doing the opposite. The most likely scenario for Europe is for some major sovereign and bank restructures and hopefully some greater comfort on the stability of their financial system. Economic growth however in that region is likely to be subdued for an extended period of time.

Portfolio Strategy

It has been our long held view that it is the economies of China and other parts of Asia that are most critical to the performance of the Australian resources sector. Our expectations for Europe and the US are low, although we are anticipating a reasonably orderly albeit drawn out resolution of their current challenges.

Accordingly, we were not unduly concerned with the continued negative headlines coming out of Europe but we did note with some trepidation the rapid fall in certain commodity prices plus early talk of Asian customer pushback on raw materials purchases. Given this deteriorating backdrop we decided to make some modest adjustments to the structure of the fund by reducing some resource positions.

However we are certainly maintaining most of our mining related positions as we still think the medium term outlook is solid and valuations are attractive. We also think that these will be the stocks that will lead a rise in markets when conditions become more favourable. For the time being though, we will maintain a more neutral setting until we have a greater read on commodity demand. To assist with this, we have a trip to China scheduled for late October.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the quarter of September 2011.

Positive contributors		Negative contributors	
Saracen Mineral Holdings	Overweight	Aditya Birla Minerals	Overweight
Hunnu Coal Ltd	Overweight	Gujarat NRE Coking Coal	Overweight
Regis Resources Ltd	Overweight	Aurora Oil & Gas	Overweight
Norton Gold Fields Ltd	Overweight	Sundance Energy Australia	Overweight
SAI Global Ltd	Overweight	Atlas Iron Ltd	Overweight

Major Stock Additions

Car Sales (CRZ)

Following a significant valuation de-rating in the company and some management meetings post their result, we decided to enter a position in this company. We believe that not only is the valuation attractive, but that the competitive threat from a new entrant is not a source of huge concern.

Reckon (RKN)

We commenced a position in Reckon post their interim result given the favourable outlook for this company. In particular we are attracted to their new product opportunities in the US that could materially grow the company's earnings.

Major Stock Disposals

Imdex (IMD)

We exited our position as the stock had performed exceptionally well and had become fully valued. We also believe the outlook for this company has weakened moderately given a more challenging environment for smaller resources to raise equity for exploration programs.

Cochlear (COH)

The company experienced a major product recall during the quarter that was totally unexpected. We believe both the earnings and valuation implications are far too uncertain as a result and we could no longer justify our position.

Automotive Holdings Group (AHE)

We sold out of our position as we are concerned that the company will struggle to make sufficient dealer group acquisitions and we view the company's move into auto parts as unnecessarily risky.

Top Ten Holdings

We highlight below our top ten holdings within the portfolio, in alphabetical order (by month end weight):

Australian Infrastructure Fund Ltd	Mineral Resources Ltd
Carsales.com Ltd	REA Group Ltd
Challenger Limited	Regis Resources Ltd
Flight Centre Ltd	SAI Global Ltd
McMillan Shakespeare Ltd	Saracen Mineral Holdings Ltd

Number of stock holdings at 30 September 2011:	**49**

Contacts

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