

Fairview Equity Partners Monthly Investment Report November 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 30 November 2013	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	-3.87%	2.80%	15.70%	11.45%	25.18%	19.61%
S&P/ASX Small Ordinaries Accumulation Index	-5.23%	-0.99%	-0.10%	-4.62%	8.48%	2.75%
Excess Return*	1.35%	3.80%	15.80%	16.07%	16.70%	16.86%
Net Fund Return (after fees & expenses)	-4.04%	1.87%	11.47%	7.19%	20.78%	15.22%

* 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.

The benchmark Small Ordinaries Accumulation Index came off over 5% during November after a period of strong performance in the previous few months.

Performance and Market Outlook

Despite the negative market returns in October the macro news flow was actually fairly positive. The US market increased on the back of encouraging GDP growth as well as better than expected housing starts figures. Domestically the data was also encouraging with leading housing related figures quite positive and retail sales also were better than expected. The AGM season continued during November with the mood being generally positive in terms of corporate earnings progress since the start of the year. The major exception to this continues to be the mining services sector where further significant earnings downgrades were made by many companies in this space.

Accordingly from an earnings perspective we believe the outlook is positive for most of the stocks in the smaller industrial sectors and we are continuing to ensure the portfolio has adequate exposure across the industrial universe. The mounting challenge for investors is the reduction in valuation support as the market has continued to climb. To combat this we are intensifying our efforts to find stocks that are undiscovered and thus likely to be on more attractive multiples

The other topical development in this current quarter has been the spate of IPO's coming to the market particularly in the small cap space. Our stance has been to not participate in the majority of these due to a variety of concerns around valuations and business quality. Brokers are exceptional at marketing IPO's and many of them are turning out to be over-priced cobbled together businesses that typically lack a track record.

Performance Attribution

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

Positive contributors		Negative contributors	
Forge Group Ltd	Not Held	Independence Group NL	Overweight
G8 Education Limited	Overweight	Red Fork Energy Limited	Overweight
Ainsworth Game Technology Limited	Overweight	Decmil Group Limited	Overweight
Mcmillan Shakespeare Limited	Overweight	Panaust Limited	Overweight
Mayne Pharma Group Limited	Overweight	Duluxgroup Limited	Not Held

Number of stock holdings at 30 November 2013:	57
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Contacts

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