

Fairview Equity Partners Monthly Combined Investment Report



30 April 2016

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 April 2016	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception
Fairview Emerging Companies Fund*	1.76%	3.76%	13.66%	10.58%	9.51%	16.63%
S&P/ASX Small Ordinaries Accumulation Index	3.04%	9.70%	5.12%	4.15%	-0.97%	3.53%
Excess Return*	-1.28%	-5.94%	8.54%	6.43%	10.48%	13.10%
Net Fund Return (after fees & expenses)	1.66%	3.46%	9.80%	7.92%	6.17%	12.84%

* 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 under-performed the benchmark during the month of April.

Performance and Market Outlook

The Small Ordinaries Index was up 3.0% over the month of April with the Fund modestly underperforming. The benchmark benefited from a renewed resources rally, with the Small Resources Index adding 10%. This surge was primarily driven by gold miners rather than base metals or energy names, with African based gold miners Resolute and Perseus up 58% and 34% respectively.

The Small Industrials Index also performed well with a 3.7% return for April. Large caps returns were driven higher by the three iron ore giants. As discussed in our March quarterly, we consider the vast majority of the remainder of the large cap universe will really struggle to find earnings growth in calendar 2016.

Our fund did not quite keep up with the Small Ordinaries benchmark in April mainly due to our underweight in resources as well as the low cost and organic growth nature of the resource stocks we hold in our portfolio. In short sharp resource rallies, such stocks generally move upwards far less aggressively than high cost, geopolitically challenged examples, such as Resolute. Conversely quality names hold their price far better in downwards environments when the leveraged plays suffer large falls.

We now look to the Federal election which will continue to dampen consumer confidence until certainty is restored after July 2. Our portfolio is positioned to take advantage of renewed business confidence with both very high quality growth companies mixed with a good selection of solid value orientated businesses.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of April 2016.

Positive contributors		Negative contributors	
Regis Resources Limited	Overweight	Mantra Group Ltd.	Overweight
Freelancer Ltd	Overweight	Mayne Pharma Group Limited	Overweight
Nanosonics Limited	Overweight	RCG Corporation Limited	Overweight
Nearmap Ltd.	Overweight	SurfStitch Group Ltd.	Overweight
Shine Corporate Ltd.	Overweight	IDP Education Ltd.	Overweight

Contributors

The month of April saw Shine Corporate continue its relief rally as the market saw that the business was not broken, while Nearmap saw strong domestic revenue growth. Regis Resources announced exciting drill results as well as a March quarterly production report that beat consensus on their cash costs. Elsewhere, Freelancer experienced an exceptional 60% growth in cash receipts over the March quarter. Finally, in a very underpenetrated infection control market, Nanosonic saw a 33% increase in their sales on the prior quarter; testament to the success of their long term and measured management team and increasing traction of their direct sales effort.

Detractors

Mantra Group was hit when a broker report suggested Air BnB will successfully undermine Mantra's business model; we retain our conviction and still hold the stock. The market was not kind to Mayne Pharma Group and IDP Education over April; the movement did not reflect fundamentals and we expect a correction in the near future. RCG Corporation was carried down along with the rest of the retail stocks in the light of a very warm start to winter. Finally, although only a small position in the fund, SurfStitch Group's price fell upon a trading update that suggested the company may incur losses during the second half of 2016.

Number of stock holdings as of 30 Apr 2016

59

Contacts

Website

www.fairviewequity.com.au

Email

info@nabam.com.au

Client Services

1300 738 355

Adviser Services

Please contact your NAB Asset Management Investment Specialist.

Important Legal Notice:

Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), is the Responsible Entity of, and the issuer of units in, the Fairview Emerging Companies Fund (the 'Fund'). An investor should consider the current Product Disclosure Statement ('PDS') and the Product Guide for the Fund in deciding whether to acquire, or continue to hold, units in the Fund and consider whether units in the Fund is an appropriate investment for the investor, and the risks of any investment. The PDS and Product Guide are available from www.nabam.com.au or by calling the Client Services Team on 1300 738 355. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not indicative of future performance. Any projection or other forward looking statement ('Projection') in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by ACP constitutes ACP's judgment at the time of writing and may change without notice. An investment in the Fund is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB Group of Companies ('National Australia Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the National Australia Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP, the Fund or Fairview Equity Partners Pty Ltd.