

Fairview Equity Partners Quarterly Investment Report June 2013

Emerging Companies Fund

Fairview Equity Partners is a smaller company Australian equities manager. The Fairview Equity Partners Emerging Companies Fund aims to provide long term capital growth and some income by investing primarily in a diverse portfolio of smaller companies listed, or expected to be listed, on the Australian Securities Exchange. The Fund aims to earn a return (after fees and expenses) which exceeds the S&P/ASX Small Ordinaries Accumulation Index (Benchmark).

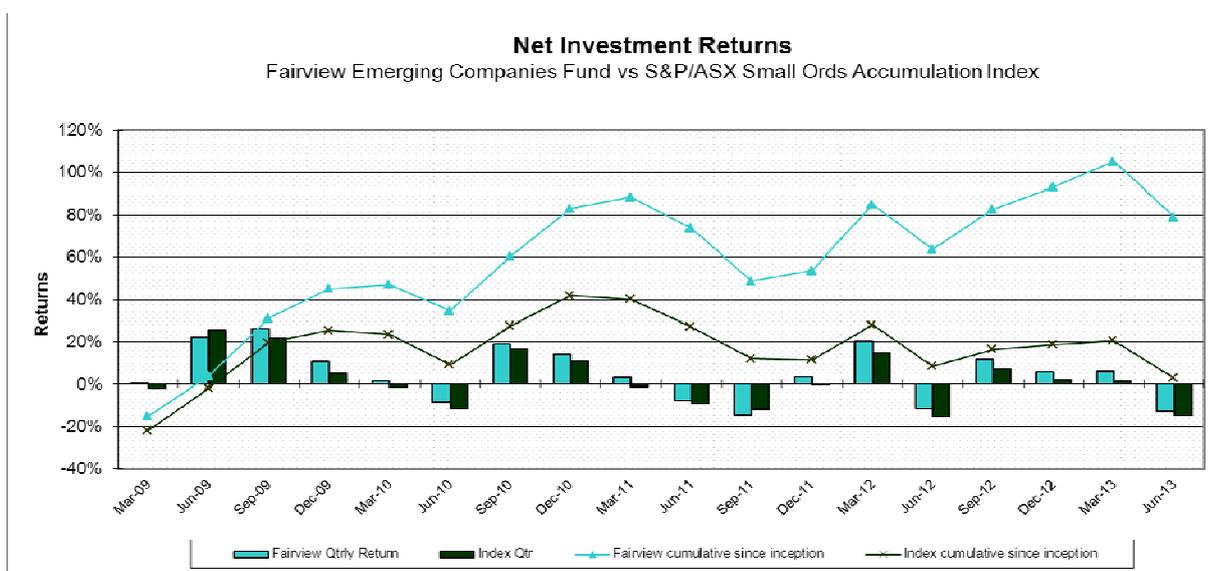
Performance Return

Period ending 30 Jun 2013	1 Month	3 Months	1 Year	3 Years [#]	Since inception [#]
Fairview Emerging Companies Fund*	-5.03%	-11.99%	14.84%	14.35%	17.50%
S&P/ASX Small Ordinaries Accumulation Index	-7.16%	-14.85%	-5.32%	-2.00%	0.58%
Excess Return*	2.13%	2.86%	20.16%	16.35%	16.92%
Net Fund Return (after fees & expenses)	-5.48%	-12.77%	9.40%	9.95%	13.10%

* Returns shown are gross at a manager level (pre fees) for the Fund

Annualised. Fund inception 8 October 2008

The June quarter was very weak for the smaller companies universe with small resources again being sold off heavily (down approximately 40%) and small industrials also softer (down 7%). The benchmark Small Ordinaries Accumulation Index decreased 14.9% during the quarter with the Fund out-performing by 2.9% on a gross basis and 2.1% on a net basis.



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

Distributions and Tax Financial Year Ending (FYE) 30 June 2013

The Fund did not make a distribution in the FYE 30 June 2013 and therefore investors will not receive distribution or tax statements for the fund. Please note if you made transactions on your account you may still incur tax such as Capital Gains Tax. We suggest you speak to your tax or financial advisor.

In the year ending 30 June 2013 the net income was negative due to the expenses of the Fund exceeding the income available. The primary expense of the Fund was the performance fee, as the Fund consistently out-performed its Benchmark. For each dollar of excess return (out-performance) the investor retains 79.5 cents, but Fairview earns a performance fee of 20.5 cents. While the Fund did not pay a distribution, unitholders benefited from the strong out-performance through the increase in the unit price. For the 12-months from 1 July 2012 to 30 June 2013, the exit unit price rose from 1.5206 to 1.6636.

Market Outlook

Following the sharp retraction in the June quarter, the smaller companies equity market is now more attractively valued with the small industrials now trading on around 13X the current year's earnings which is fairly consistent with longer term valuations.

However, we are now seeing broad based weakness across the Australian economy as the previously positive backdrop from mining activity continues to fade. Most mining services companies continue to report a decline in client activity and we started to see an acceleration of negative earnings updates from many of the more cyclical domestic sectors. Further to this, retail activity appeared to have fallen away significantly post Easter in line with a fall in consumer confidence. The prospects for the August reporting are not inspiring and we do not anticipate company outlook comments being very positive either.

Mining services stocks are now on very low valuations and for those companies that can maintain a reasonable earnings base during a more subdued operating environment then they should eventually be re-rated. At a broader level activity is definitely slowing however there are still solid levels of production in certain commodities and reasonable ongoing development in the oil and gas sector.

Actual mining companies are poised to strongly outperform should we get a rebound in commodity prices. We have consistently contended that attempting to make the macro calls that drive commodity prices is fraught with danger and thus our approach has been to maintain an adequate level of quality producers that can deliver sustainable earnings through the cycle.

Portfolio Strategy

Given the above comments, we are particularly focused on companies that are attractively priced and can grow their earnings independently of economic conditions. Such investments already represent the majority of the fund and we are actively working through a list of further opportunities that display these qualities. We remain fairly comfortable with the fundamentals of most our positions with our usual focus on ensuring negative earnings risk is minimised.

Despite the difficult conditions and adverse performance of mining related companies in recent periods, we still continue to hold positions in most resource sectors. Apart from our desire to have a balanced portfolio, we further contend that there is investment appeal for such stocks as discussed in the below section.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors and their average positions during the quarter of June 2013.

Positive contributors		Negative contributors	
McMillan Shakespeare Ltd.	Overweight	Codan Ltd.	Overweight
Flight Centre Ltd.	Overweight	MACA Ltd.	Overweight
G8 Education Ltd.	Overweight	Endeavour Mining Corporation	Overweight
Ramsay Health Care Ltd.	Overweight	Papillon Resources Ltd.	Overweight
Ainsworth Game Technology Ltd.	Overweight	Independence Group NL.	Overweight

Major Stock Additions

Shine Corporate Ltd (SHJ)

We participated in this IPO. Shine is a personal injuries litigant firm that was attractively priced given its strong growth prospects

ERM Power Ltd (EPW)

ERM is primarily an electricity reseller that has grown impressively in the larger corporate market. It is now attempting to replicate that growth in the SME market and we are positive on its prospects in that segment.

Sirtex Medical Ltd (SRX)

Advanced liver cancer treatment firm now more attractively priced following a temporary drop in new dose sales. We are also optimistic on their longer term prospects for the potential use of its product (SIR-Spheres) in earlier stage liver cancer treatment.

Tassal Group Ltd (TGR)

Tassal farms and produces Atlantic Salmon for primarily the domestic market. The company is now performing to more optimal metrics and given its attractive valuation we decided to commence a position.

Major Stock Disposals

Fantastic Holdings Ltd (FAN)

We exited our position following a major profit warning that revealed several company specific issues that are unlikely to be resolved easily.

Ausdrill Ltd (ASL)

Demand for the company's products and services has dropped more than we anticipated and there is now mounting strains on the balance sheet structure of this company that make a continued investment too risky.

Top Ten Holdings

We highlight below our top ten holdings within the portfolio as at period end, in alphabetical order, from top left to bottom right:

Ainsworth Game Technology Ltd.	G8 Education Ltd.
carsales.com Ltd.	McMillan Shakespeare Ltd.
Charter Hall Group	Ramsay Health Care Ltd.
FlexiGroup Ltd.	REA Group Ltd.
Flight Centre Ltd.	Super Retail Group Ltd.

Number of stock holdings at 30 June 2013:	52
--	-----------

Contacts

Fairview Equity Partners Pty Ltd

Level 17, 90 Collins Street

Melbourne VIC 3000

Phone: 03 9929 9441

Fax: 03 9650 6199

www.fairviewequity.com.au

AFSL 329052

Important Legal Notice:

nabInvest Managed Investments Limited ABN 61 083 784 463, AFSL 312122 ("NMIL"), is the Responsible Entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund (the "Fund"). An investor should consider the Product Disclosure Statement and Product Guide for the Fund (collectively referred to as the "PDS") 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 is available by calling the Investor Services Team on 1300 738 355 or visit www.nabinvest.com.au. 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 NMIL constitutes NMIL'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 NMIL 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 NMIL, the Fund or Fairview Equity Partners Pty Ltd.