

Fairview Equity Partners Monthly Investment Report February 2014



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 28 February 2014	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	7.57%	6.59%	10.62%	9.85%	26.43%	20.05%
S&P/ASX Small Ordinaries Accumulation Index	4.97%	4.68%	-3.62%	-5.04%	11.16%	3.49%
Excess Return*	2.60%	1.91%	14.24%	14.89%	15.27%	16.55%
Net Fund Return (after fees & expenses)	6.99%	5.96%	6.76%	5.84%	22.32%	15.71%

* 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 fund performed very strongly in both an absolute and relative sense with a fairly broad based contribution from both its industrial and resources stocks.

Performance and Market Outlook

It can be implied from the above performance that the recently completed reporting season was very positive for both the smaller cap market in general and the fund specifically. With the exception of iron ore stocks most resource sectors performed well and the oil and gas sector was further buoyed by the announced takeover proposal of Aurora.

There were no major new concerns in companies held in the fund to emerge during February with the weak results of Super Cheap and UXC having been previously flagged to the market. Stocks we own that provided outstanding results included Infomedia, REA Group, Select Harvests and the recently floated Vocation Limited. Apart from those highlights there was solid cost control exhibited across many of our holdings and thus some impressive margin expansion.

Pleasingly also were the generally positive outlooks for the rest of the year and into 2015. Even our two remaining mining services companies have a strong pipeline of opportunities which continues to demonstrate that well managed companies with the right exposure can continue to thrive in the now tougher mining conditions.

The overall market call however remains difficult to assess with the more positive operating condition referred to above are being potentially challenged by the emerging conflict in Ukraine and market valuations once again being less compelling following the rise in February. As per normal we will maintain our focus on finding new investment opportunities of which there are several currently under consideration.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of February 2014.

Positive contributors		Negative contributors	
G8 Education Limited	Overweight	Fairfax Media	Not Held
Aurora Oil & Gas	Overweight	Mcmillan Shakespeare	Overweight
REA Group	Overweight	Domino's Pizza	Not Held
Mayne Pharma	Overweight	Flexigroup	Overweight
Carsales.Com Limited	Overweight	Nearmap	Overweight

Number of stock holdings at 28 February 2014:	58
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