

Fairview Equity Partners Monthly Investment Report April 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 April 2013 | 1 Month | 3 Months | 1 Year | 3 Years p.a. | Since inception [#] |
|---|------------|-------------|-----------|--------------|------------------------------|
| Fairview Emerging Companies Fund* | -2.80% | 1.20% | 13.41% | 14.29% | 20.80% |
| S&P/ASX Small Ordinaries Accumulation Index | -4.65% | -7.02% | -9.36% | -2.33% | 3.13% |
| Excess Return* | 1.85% | 8.22% | 22.77% | 16.62% | 17.67% |
| Net Fund Return (after fees & expenses) | -3.30% | -0.47% | 7.60% | 9.82% | 16.21% |

* 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.

During April, the benchmark Small Ordinaries Accumulation Index fell 4.7%. The Fund outperformed by 1.9% on a gross basis and 1.4% on a net basis although the overall absolute returns were still negative.

Portfolio Strategy

The benchmark was once again led lower by the smaller resources segment that fell a whopping 20.5%. Small industrials actually rose modestly as investors continue to chase the relative safety of the more defensive sectors. As we have alluded to in previous reports, the above dynamic is resulting in a substantial valuation differential between mining related sectors and non-mining industrials. In fact, valuations for many industrial sectors are now trading well above average and are becoming increasingly hard to justify. Accordingly, it is becoming increasingly challenging for managers like ourselves to find mispriced opportunities. This is particularly the case given that we are still far from convinced that conditions across the more cyclical industrial are very supportive. This is evidenced by many media and construction companies citing continued weak operating conditions. We continue though to look far and wide to find new opportunities for the fund.

Market Outlook

It is certainly becoming clear the outlook for mining services companies has deteriorated markedly and we are now very cautious about our holdings in that sector. We do, however, maintain a few positions that have lower risk earnings streams more geared to steady state levels of production. We also continue to hold an adequate level of resource stocks that will benefit (potentially very dramatically) should a rebound in commodity prices occur.

Performance Attribution

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

| Positive contributors | | Negative contributors | |
|----------------------------|------------|-------------------------|------------|
| REA Group Ltd. | Overweight | Maca Ltd. | Overweight |
| Flight Centre Ltd. | Overweight | Ausdrill Ltd. | Overweight |
| G8 Education Ltd. | Overweight | Papillon Resources Ltd. | Overweight |
| Silver Lake Resources Ltd. | Not Held | Decmil Group Ltd. | Overweight |
| McMillan Shakespeare Ltd. | Overweight | Endeavour Mining Corp. | Overweight |

| | |
|---|-----------|
| Number of stock holdings at 30 April 2013: | 48 |
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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

nabInvest Investor Services
Phone: 1300 738 355
Email: info@nabinvest.com.au

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