

Fairview Equity Partners Monthly Investment Report

31 August 2014



Emerging Companies Fund

Fairview Equity Partners is a small companies 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 31 August 2014	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception#
Fairview Emerging Companies Fund*	2.09%	6.02%	14.23%	14.67%	17.31%	19.02%
S&P/ASX Small Ordinaries Accumulation Index	2.34%	6.17%	7.49%	-0.17%	1.85%	3.83%
Excess Return*	-0.25%	-0.15%	6.74%	14.84%	15.46%	15.19%
Net Fund Return (after fees & expenses)	1.98%	5.74%	11.42%	10.56%	13.14%	14.90%

* Returns shown are gross at a manager level (pre fees).

Returns over 1 year are annualised. Fund incepted 8 October 2008.

Past performance is not a reliable indicator of future performance.

August was a reasonable performance outcome with the fund performing almost in line with the benchmark.

Performance and Market Outlook

Reporting season dominated the month of August and, although the final return was mildly positive, there was a substantial amount of volatility during the month as some fairly mixed results were announced.

Overall, we were reasonably pleased with the updates provided from most of the companies held in the fund. The only major negative result was from Breville Group, where the second half US earnings fell away dramatically due to much weaker juicer sales. Accordingly we are reviewing this holding although our position is not large. Conversely, Dick Smith delivered a very positive surprise that the market wasn't expecting, due to a weak JB Hi-Fi result. Dick Smith largely achieved this by winning share from JB Hi-Fi the tablet sector

Our broad conclusion from the results season is that general economic conditions remain challenging and that companies are having to execute well and possess strong business models to achieve earnings growth. We are now also in the process of evaluating some of the new potential ideas that have come our way over the last few weeks. Healthcare and technology companies continue to be particular areas of focus.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during August.

Positive contributors		Negative contributors	
Mcmillan Shakespeare	Overweight	Ainsworth Game Technology	Overweight
Ardent Leisure Group	Overweight	Drillsearch Energy Limited	Overweight
Sirtex Medical Limited	Overweight	Mayne Pharma Group	Overweight
G8 Education Limited	Overweight	Breville Group Limited	Overweight
Dick Smith Holdings	Overweight	Domino's Limited	Not Held

Number of stock holdings at end of August 2014:	61
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