Fairview Equity Partners Quarterly Combined Investment Report

31 March 2015

Emerging Companies Fund

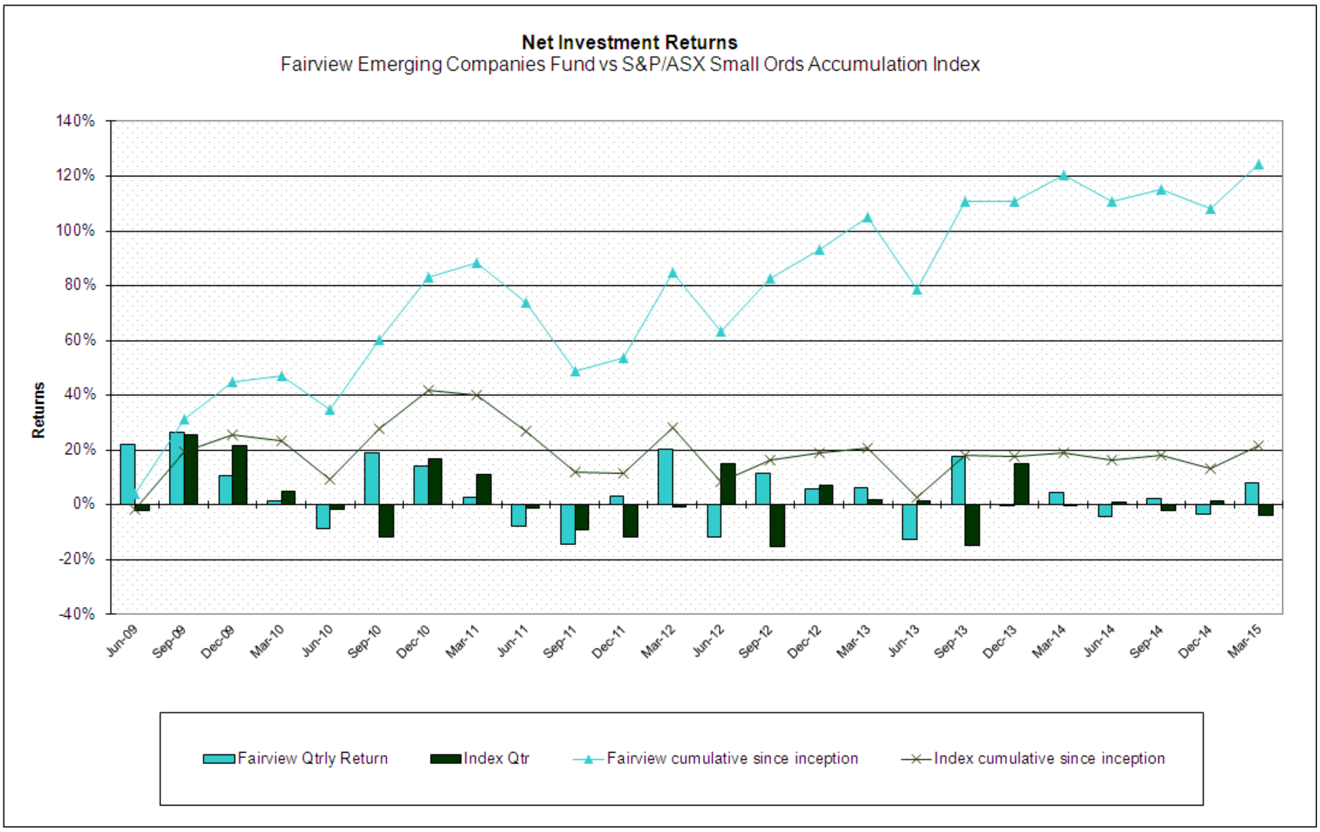
Fairview Equity Partners is a smaller company Australian equities manager. The Fairview Equity Partners Emerging Companies Fund seeks to provide capital growth and some income by outperforming the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

Performance Return

Period ending 31 March 2015	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception#
Fairview Emerging Companies Fund*	-1.81%	8.18%	2.99%	10.06%	12.36%	17.11%
S&P/ASX Small Ordinaries Accumulation Index	-1.94%	7.30%	2.30%	-1.72%	-0.30%	3.08%
Excess Return*	**0.13%**	**0.88%**	**0.69%**	**11.78%**	**12.66%**	**14.03%**
Net Fund Return (after fees & expenses)	-1.90%	7.85%	1.89%	6.66%	8.83%	13.30%

** Returns shown are gross at a manager level (pre fees).*
 # Returns over 1 year are annulised. Fund incepted 8 October 2008.
Past performance is not a reliable indicator of future performance.

The fund outperformed the benchmark during the March quarter.



Performance and Market Outlook

The March quarter was very strong for small cap equities markets with both resources, and industrials performing strongly. Key contributors for the fund were GBST Holdings Limited, IPH Limited and Beacon Lighting Group, who all reported strong results. Mayne Pharma Limited also out-performed strongly after it made a highly accretive acquisition. The biggest detractors were Regis Resources Limited, which encountered production issues, Ardent Leisure Group which posted a very weak result in its gyms business, and Sirtex Medical Limited which failed to achieve the potentially lucrative primary end point objective for its recent trials.

Despite a slight retraction in the month of March the Small Ordinaries Index is now at 15.3X 2015 earnings. This is at a fairly elevated level, from a historical perspective and represents a modest discount to the Top 100 index that is at 16.6X 2015 earnings. As evidenced by the extremely strong market performance in February, the results produced during reporting season were well received. Many smaller industrials have demonstrated an ability to grow off shore, or consolidate domestic industries which is allowing them to produce earnings growth above GDP.

The outlook for the market as always is challenging to call, from a resources perspective there is probably unlikely to be further weakness, given most commodities have fallen substantially already and many of the higher cost producers have stopped production. The domestic economy continues to benefit from low interest rates and petrol prices, which are both stimulating reasonable levels of consumer demand. Finally, equity markets remain a reasonable source of yield for investors particularly given the low yields currently available in the bond market. We would not be anticipating any major disturbances to equity markets until there a global movement upwards in cash rates.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of March 2015.

Positive contributors		Negative contributors	
Energy Developments Limited	Overweight	Panaust Limited	Not Held
GBST Holdings Limited	Overweight	Australian Pharmaceutical Industries Limited	Not Held
iSentia Group Limited	Overweight	Regis Resources Limited	Overweight
APN Outdoor Group Limited	Overweight	G8 Education Limited	Overweight
Myer Holdings Limited	Not Held	Sirtex Medical Limited	Overweight

Contributors

Energy Developments Limited provided the market with an upgrade to its earnings guidance. GBST is now delivering on its UK wealth management strategy. iSentia announced a positive interim result and continued to trade up on the back of this. APN Outdoor won the Sydney Airport contract during the period.

Detractors

Regis Resources reported some weak production numbers. G8 Education experienced some modest delays in settling the recent acquisition of several centres. Sirtex Medical failed to reach the primary end point objective for the recent Sirflox study.

Number of stock holdings at end of March 2015:	65

Major Stock Additions

Nanosonics Limited (NAN)

We participated in the recent capital raising that this company undertook as we believe the potential market for its key infections control Trophon product will be substantially larger as it will be launched into more hospital departments.

ASG Group Limited (ASZ)

ASG Group operates in the attractive managed services segment of IT services. The contracts typically provide for long term annuity style revenues with potential margin enhancement from new arrangements where the client outsources the entire service to ASG Group.

Corporate Travel Management Limited (CTD)

Corporate Travel Management posted a very strong result and we now believe that the company has some compelling growth options both organically in existing markets and with further acquisitions off shore.

Rhipe Limited (RHP)

Rhipe provides cloud based licensing programs primarily for Microsoft to over 1000 services providers. We believe it is attractively priced given its strong growth profile.

Major Stock Disposals

Nine Entertainment Co. Holdings (NEC)

We disposed of our position as we believe that both structural and cyclical headwinds are now too challenging for free to air companies as such Nine.

Amcom Telecommunications Limited (AMM)

Given the pending takeover from Vocus communications, we exited our position and will hold a larger position in Vocus.

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