

Fairview Equity Partners Monthly Investment Report May 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 31 May 2014	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since inception [#]
Fairview Emerging Companies Fund*	-0.67%	-1.68%	16.69%	9.38%	20.79%	18.72
S&P/ASX Small Ordinaries Accumulation Index	0.08%	-2.31%	6.20%	-4.25%	4.28%	2.91%
Excess Return*	-0.75%	0.63%	10.49%	13.63%	16.51%	15.81%
Net Fund Return (after fees & expenses)	-0.76%	-2.38%	13.26%	5.51%	16.45%	14.47

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

Annualised. Fund incepted 8 October 2008

Past performance is not a reliable indicator of the future performance.

The fund modestly under-performed the benchmark which was essentially flat over the month of May

Performance and Market Outlook

Although the performance of the domestic market was almost flat during the month the news was predominantly negative. Firstly the iron ore price was smashed again and fell by around 13% and secondly the federal government delivered a budget that contained few positives for most Australian corporates.

Many companies that have a June year end also took the opportunity to update the market on how the year is likely to finish and most of these updates tended to be fairly negative. Updates from mining services were generally very poor with some major profit warnings delivered during the month. The retail environment also looks to be challenging post the budget and the adverse impact from warmer weather on apparel retailers.

IPO activity continues unabated and this is another signal that market valuations are fairly full. As we have indicated in previous reports our focus remains primarily on existing listed companies and we are happy to pass on most of the new offerings that have been coming our way. Markets are however being supported by a surge in M&A activity with private equity vehicles in particular scouring the listed universe in a more aggressive fashion.

Performance Attribution

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

Positive contributors		Negative contributors	
Vocation Ltd.	Overweight	Flexigroup	Overweight
Mayne Pharma Group	Overweight	Flight Centre	Overweight
Panaust Limited	Overweight	Oz Minerals	Not Held
Greencross	Overweight	Breville Group Limited	Overweight
Atlas Iron Ltd.	Not Held	Envestra Limited	Not Held

Number of stock holdings at 31 May 2014:

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