

Fairview Equity Partners Quarterly Investment Report

30 September 2014



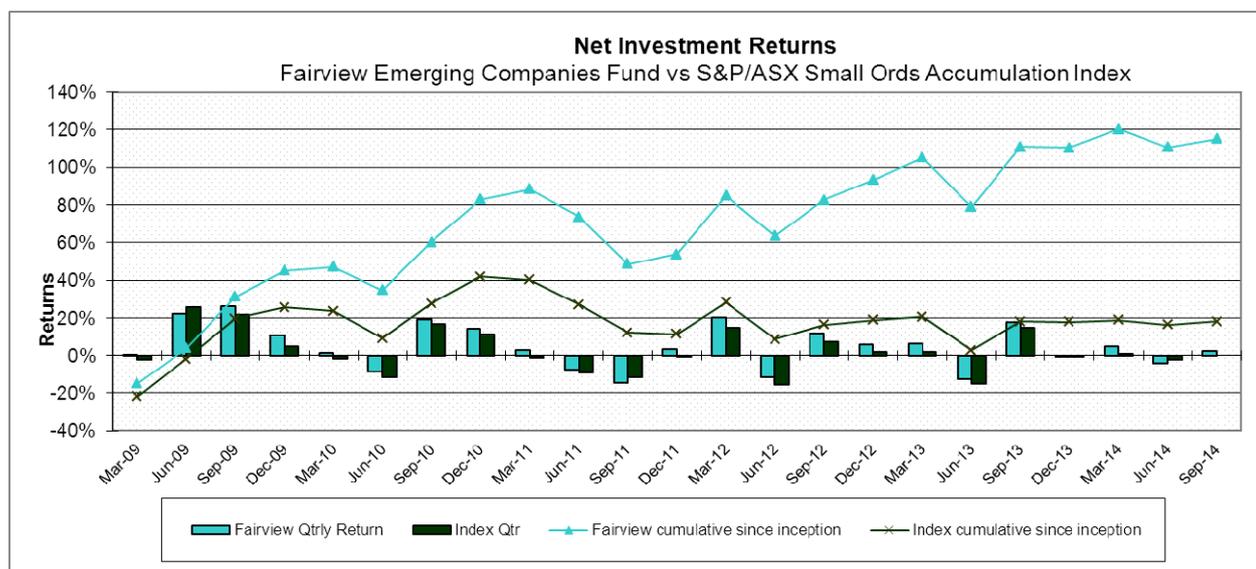
Emerging Companies Fund

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 30 September 2014 | 1 Month | 3 Months | 1 Year | 3 Years p.a. | 5 Years p.a. | Since inception# |
|--|--------------|--------------|--------------|-----------------|-----------------|---------------------|
| Fairview Emerging Companies Fund* | -5.03% | 2.41% | 4.08% | 17.33% | 14.44% | 17.72% |
| S&P/ASX Small Ordinaries Accumulation Index | -5.47% | 1.49% | -0.07% | 1.71% | -0.28% | 2.80% |
| Excess Return* | 0.44% | 0.92% | 4.15% | 15.62% | 14.72% | 14.92% |
| Net Fund Return (after fees & expenses) | -5.09% | 2.15% | 2.05% | 13.10% | 10.40% | 13.68% |

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



Performance and Market Outlook

The September quarter provided a satisfactory return in both relative and absolute terms. As alluded to in the recent monthly report, the company reporting season dominated the quarter and overall we were reasonably happy with the progress and outlooks for the majority of the companies we hold. Quality technology stocks continued to be strongly re-rated, where as resources related companies are still struggling.

Overall we don't believe that either domestic or offshore macro factors are particularly supportive for smaller Australian companies. Chinese growth remains sluggish and this is being reflected in the continued fall of the iron

ore price. Back home, consumers are nervous about business and employment prospects, and spending remains fairly subdued overall.

Interestingly, the quality of Initial Public Offers has picked up appreciably in recent weeks and there are now several new floats we are actively considering. These include APN Outdoor, Medibank Private, Aconex, Godfreys, Sprusons and Symonds Homes. We expect to be participating in the majority of these, provided they are priced attractively.

Apart from these IPO prospects we continue to scour the small cap universe for well priced companies that have internal growth drivers that don't rely on improving economic conditions.

Performance Attribution

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

| Positive contributors | | Negative contributors | |
|-------------------------|------------|---------------------------|------------|
| Sirtex Medical Limited | Overweight | Ainsworth Game Technology | Overweight |
| G8 Education Limited | Overweight | TPG Telecom Limited | Not Held |
| Select Harvests Limited | Overweight | Vocation Ltd | Overweight |
| Informedia Ltd | Overweight | Sirius Resources | Overweight |
| Vita Group Limited | Overweight | M2 Group Ltd | Not Held |

Contributors

Sirtex Medical has seen solid sales and trial results are encouraging. G8 Education continues to make acquisition of child centre operators, whilst posting a strong full year result. Select Harvest has benefitted from strong almond prices and has also announced some expansion plans.

Informedia had solid full year result with good growth in new subscriptions. Vita Group was the standout with an excellent full year result and its with new store format trading strongly.

Detractors

Ainsworth's full year result suffered due to weaker domestic performance. TPG Telecom and M2 Group were not held. Funding over certain Victorian centres has weighted down Vocation Ltd. Sirius Resources recent drilling results were fairly disappointing.

Major Stock Additions

Cover More Group (CVO)

This company provides travel insurance for overseas travellers and we believe earnings should grow strongly as additional services and territories are added to the business.

Resmed Inc (RMD)

We added Resmed to the Fund on the back of the company launching a major new flow generator product. It has been around 5 years since the last one and we believe sales will exceed market expectations over the next few periods.

Magellan Financial Group (MFG)

We have been looking for an opportunity to take a position in MFG once a suitable entry price was attained. This has now presented itself and we are particularly attracted to the large FUM growth potential and the leverage of a

primarily fixed cost base.

Major Stock Disposals

Decmil Group (DCG)

We exited our position given mounting concerns over their exposure to the troubled QLD coal seam gas industry and margin pressure across their construction book.

Super Retail Group (SUL)

This company appears to have many challenges at present with its leisure business in particular being quite a drag on earnings. We need to gain confidence that execution issues can be resolved before revisiting this stock.

BC Iron (BCI)

We sold out of this company after they announced a takeover for another iron ore company. We did not anticipate such a move and nor were we in favour of the changed risk profile that will result.

Top Ten Holdings

We highlight below our top ten holdings within the portfolio, in alphabetical order (by month end weight):

| | |
|----------------------|--------------------------|
| Ardent Leisure Group | G8 Education Limited |
| Carsales.Com Limited | Independence Group NL |
| Charter Hall Group | Magellan Financial Group |
| Duluxgroup Limited | REA Group Ltd |
| Flexigroup Limited | Sirtex Medical Limited |

| | |
|---|-----------|
| Number of stock holdings at end of September 2014: | 60 |
|---|-----------|

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