

Fairview Equity Partners

Monthly Institutional Investment Report

November 2011

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 November 2011	1 Month	3 Months	1 Year	3 Years #	Since inception #
Fairview Emerging Companies Fund*	-2.24	-5.61	-3.72	28.83	19.42
S&P/ASX Small Ordinaries Accumulation Index	-3.71	-7.15	-12.09	15.04	4.97
Excess Return*	1.47	1.54	8.37	13.79	14.45

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

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

The Small Ordinaries Accumulation Index was sold off 3.7% during November whilst the fund fell 2.2% (gross of fees). High intra month volatility was again a feature of equity markets given ongoing uncertainty in macro conditions.

Market Outlook

We maintain our positive view although we are cognisant that a more definitive resolution on the European issues are necessary for sustained equity market performance. At present there is very little visibility or direction on how this might be resolved. Accordingly, we reduced some of the higher risk positions in the fund during the month of September as discussed in more detail below. We remain negative and under-weight domestic cyclical where the environment continues to be weak. We will continue to await tangible evidence of a pick-up in the non-mining domestic economy before contemplating investments in this space.

As for the structure of the fund, we still believe a slightly under weight resource position and an overweight resource services position is appropriate given the relative attractions of these sectors. Despite the risks discussed above, commodities will remain sought after as world economies recover and will also have appeal should further quantitative easing programs be adopted to stimulate growth – thus boosting the value of hard assets. Accordingly, the outlook for mining services stocks remains very compelling because the backlogs of projects have been undertaken and the subdued conditions in non-mining related sectors. This positioning is at the more aggressive end when compared to the small cap peer group.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the month of November 2011.

Positive contributors		Negative contributors	
Saracen Mineral	Overweight	Acrux Ltd	Overweight
Regis Resources	Overweight	Beach Energy Ltd	Not Held
Aurora Oil & Gas	Overweight	Flinders Mines Ltd	Not Held
Gloucester Coal	Overweight	Independence Group	Overweight
White Energy	Not Held	Beadell Resources	Overweight

Number of stock holdings at 30 November 2011:	49
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