

Fairview Equity Partners

Monthly Retail Investment Report

May 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 31 May 2011 | 1 Month | 3 Months | 1 Year | 2 Years # | Since inception # |
|---|--------------|--------------|---------------|---------------|-------------------|
| Fairview Emerging Companies Fund* | -1.27% | -1.47% | 33.18% | 35.03% | 25.56% |
| S&P/ASX Small Ordinaries Accumulation Index | -1.89% | -4.70% | 18.07% | 18.55% | 11.69% |
| Net Excess Return* | 0.62% | 3.24% | 15.11% | 16.48% | 13.87% |

* Returns shown are net of fees (including management and performance fees) but before tax

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

The Small Ordinaries Accumulation Index fell 1.9% during the month with macro concerns continuing to unease many investors. The Fund out-performed the benchmark again, falling by a relatively lower 1.27% in net terms. There were no major stock or sector performance discrepancies unlike the previous month, where Equinox was the key driver of peer fund performance difference.

Market Outlook

As alluded to above, the well established global macro debates on Chinese growth, US recovery and European sovereign risk concerns continue to dominate investor sentiment. News flows on these factors have been mildly negative in recent weeks but not significantly so. Equity market weakness has been as much seasonal as anything else. May is remarkably consistent as a poor equity market month and it is encouraging that only a small negative return was delivered.

There were a few companies that reported during the month including Thorn Group and Campbell Brothers. These were actually fairly positive, although the domestic economy continues to be quite subdued outside the stand out mining services sector. It has been surprising to see recent weakness in share prices of many resources related companies, given both the outlook and corporate activity in the sector remains very strong.

We still have the fund soundly positioned to take advantage of solid mining activity levels, although we modestly eased this back given the strong run this sector has enjoyed.

Performance Attribution

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

| Positive contributors | | Negative contributors | |
|----------------------------|-------------|---------------------------------|-------------|
| Aurora Oil and Gas Ltd | Overweight | Gloucester Coal Ltd | Overweight |
| McMillan Shakespeare Ltd | Overweight | Forge Group Ltd | Overweight |
| Pharmaxis Ltd | Underweight | Linc Energy Ltd | Underweight |
| Austin Engineering Ltd | Overweight | Telecom Corp of New Zealand Ltd | Underweight |
| M2 Telecommunication Group | Overweight | Aquila Resources Ltd | Underweight |

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| Number of stock holdings at 31 May 2011: | 49 |
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Contacts

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