

January 2010 Retail Investment Report

Fairview Equity Partners – Emerging Companies Fund

Fairview Equity Partners is a small cap 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 January 2010	1 mth	3 mths	12 mths	Since inception #
Fairview Emerging Companies Fund *	-7.53%	0.70%	63.22%	25.09%
S&P/ASX Small Ordinaries Accumulation Index	-7.43%	-1.75%	52.85%	12.08%
Net Excess Return	-0.10%	2.45%	10.37%	13.01%

* Returns shown are net of fees (including management and performance fees) but before tax
 # Annualised. Fund inception 8 October 2008

Following a 57% gain for the S&P/ASX Small Ordinaries Accumulation Index through the course of 2009, the year started in more cautious fashion with a 7.4% decline during January. Small resources took the brunt of the fall with the sector down 11.1% as commodity prices reacted sharply to a potential shift in Chinese macro policy and a firmer US dollar. Our Fund performed broadly in line with this market decline and continues to outperform strongly since inception.

Market Outlook

Market attention is currently very much focussed upon the interim reporting season, with delivery relative to expectations likely to drive share prices over the next month or so. We are reasonably positive in this regard and cite the following supportive dynamics:

- Firstly the stronger currency is a substantial positive to the margins of a significant number of consumer stocks who source their inventories off shore. This represents a major improvement from the currency driven downgrades of a year ago. Companies such as McPherson's and Super Cheap Auto have a considerably reduced cost base, particularly as hedging rolls off.
- Secondly, the rebound in commodity prices and volumes will provide resource companies with a significant boost to earnings. This is also starting to feed down to mining services companies with more mining projects now coming on stream providing workflow to engineers and contractors.
- Thirdly the strength of the domestic economy, particularly from the consumer, should ensure strong results for retailers and other consumer based industries including travel and leisure. There have already been some very positive updates from travel companies such as Flight Centre and Webjet.

Pleasingly there have only been a modest number of negative pre-reporting season updates. This suggests that most of the bad news stories are already out there and that the majority of companies yet to report are unlikely to materially disappoint.

It will again be important to correctly identify and differentiate the extent to which a company is being influenced by structural dynamics and/or cyclical trading conditions, as one of these is far more likely to shift positively over the coming 12-18 months than the other.

Provided the upcoming reporting season progresses largely without (unexpected) incident, then from current levels there are reasons to be positive on the prospect for solid market gains. Whilst at Fairview we are intent on exploiting individual opportunities, at a broader level the market continues to trade at below historical levels on nearer term estimates, and at an even greater discount upon normalised or mid cycle earnings.

Portfolio Strategy

There have not been any material changes to the composition of the fund over the last couple of months. January as per normal was a quiet month in terms of corporate news flow and we await the advent of the upcoming reporting season to assess the suitability of potential investment changes. The only modest reduction we have made recently is to ease back our discretionary retail overweight given the out-performance of that sector and the prospect of more subdued consumer spending after very strong retail sales throughout most of 2009.

Performance Attribution

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

Positive contributors		Negative contributors	
Webjet	Overweight	McMillan Shakespeare	Overweight
Karoon Gas	Nil Weighting	McPhersons	Overweight
Oakton	Overweight	Medusa Mining	Overweight
Mitchell Communications	Overweight	Aquila Resources	Overweight
Retail Food Group	Overweight	Forge Group	Overweight

Number of stock holdings at 31 January:

49

Important Legal Notice:

Antares Managed Investments Limited ABN 61 083 784 463, AFSL 312122 ("AMIL"), is the Responsible Entity of, and the issuer of units in, the Fairview Equity Partners Emerging Companies Fund (the "Fund"). An investor should consider the Product Disclosure Statement for the Trust ("PDS") in deciding whether to acquire, or continue to hold, units in the Trust and consider whether units in the Trust is an appropriate investment for the investor, and the risks of any investment. The PDS is available by calling the Investor Services Team on 1300 738 355 or visit www.nabinvest.com.au. This report has been prepared in good faith, where applicable, using information from sources believed to be reliable and accurate as at the time of preparation. However, no representation or warranty (express or implied) is given as to its accuracy, reliability or completeness (which may change without notice). This report does not take account of an investor's particular objectives, financial situation or needs. Investors should therefore, before acting on information in this report, consider its appropriateness, having regard to the investor's particular own objectives, financial situation or needs. We recommend investors obtain financial advice specific to their situation. Past performance is not indicative of future performance. Any projection or other forward looking statement ("Projection") in this report is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially. Any opinions expressed by AMIL constitutes AMIL's judgment at the time of writing and may change without notice. An investment in the Trust is not a deposit with or liability of National Australia Bank Limited ("NAB") or any other member of the NAB group of companies ("National Australia Group") and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither AMIL nor any other member of the National Australia Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of AMIL, the Trust or Fairview Equity Partners Pty Ltd.