

March 2010 Quarterly Retail Investment Report

Fairview Equity Partners – 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.

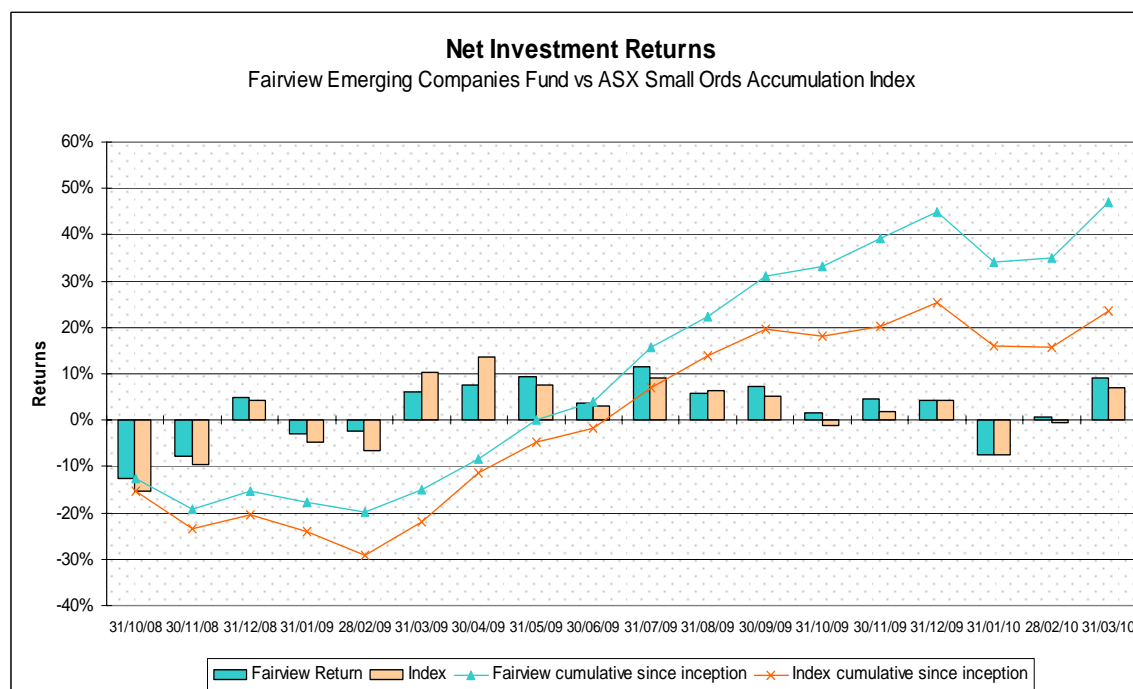
Performance Return

Period ending 31 March 2010	1 mth	3 mths	12 mths	Since inception #
Fairview Emerging Companies Fund *	8.95%	1.33%	72.91%	29.82%
S&P/ASX Small Ordinaries Accumulation Index	6.84%	-1.57%	58.06%	15.38%
Net Excess Return	2.11%	2.90%	14.85%	14.44%

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

Annualised. Fund inception 8 October 2008

Despite a strong rally during the month of March, declines during the early part of the quarter saw the S&P/ASX Small Ordinaries Accumulation Index close the March quarter -1.6%. This was primarily attributable to European sovereign debt concerns. Pleasingly the interim reporting season saw results that generally bettered expectations and fiscal 2011 estimates for solid 15-20% EPS growth remain intact. Within this more volatile environment the Fairview Emerging Companies Fund outperformed in each of the months within the quarter, delivering solid absolute and relative gains to investors.



Market Outlook

The March 2010 quarter can be best described as one where the market grappled between macro issues surrounding sovereign debt concerns and micro / domestic newsflow presented through the interim reporting season. The first is increasingly considered transitory, whilst the latter presents an encouraging outlook for earnings growth and subsequently likely share price performance.

As we have highlighted in recent commentary overall results came in slightly better than expected with positive surprises outnumbering negatives by a factor of almost two to one. On a sequential basis the vast majority of companies in our investible universe reported positive growth, confirming that the current earnings cycle has bottomed with profit growth likely to accelerate into fiscal 2011. Market expectations for 15-20% EPS growth for F.2011 remain intact.

At a broader sector level, reported results were largely driven by where each sector is positioned within the economic cycle and the extent to which they benefitted from the various government stimulus measures. This also applied to stocks within a broader sector. To take the housing sector as an example, as early stage beneficiaries it was land developers such as Peet Group who have seen a marked acceleration of activity levels (lot sales), whereas mid-later cycle beneficiaries such as Crane Group and GWA are yet to see a material improvement in trading conditions. The discretionary retail stocks were the most obvious beneficiaries of the government handout program, whereas sectors poised to benefit from civil and infrastructure related stimulus have seen delays to such and are yet to fully see the full effects of this proposed expenditure.

As we exit the March quarter and look forward we are encouraged by the following:

- Confirmation that the earnings cycle has bottomed and the earnings recovery / growth phase has begun. Expectations for 15-20% F.11 EPS growth remain intact;
- Valuations for the broader smaller companies universe remain undemanding, with a F.11 PER of ~12x versus historical average of 14-15x;
- Balance sheets have been significantly strengthened, with companies generally well positioned to fund available growth. In several cases excess capital now exists; and
- Commodity prices continue to strengthen and significant expansion projects have commenced / recommenced. This will significantly buoy both the general economy but more specifically the mining and ancillary services sectors.

With earnings momentum and growth improving, attractive valuations for the broader smaller companies market, and exciting stock specific opportunities across various sectors within our investment universe we see the outlook for investor returns as encouraging.

Portfolio Strategy

There have not been any material changes to the composition of the fund over the last quarter. January as per normal was a quiet months in terms of corporate news flow and we have only made some modest changes during the recent reporting season as new information came to hand.

Reporting season was generally very positive with strong results across most of the key sectors. This was consistent with our expectations given a supportive domestic economy as well as robust commodity prices driving improved mining and mining services results. The stronger currency is also starting to assist a range of companies that import inventory from offshore.

The fund remains overweight many domestic cyclical sectors such as media, consumer, retail, financials and IT services. Additionally we retain several positions exposed to more global dynamics especially in energy related resource companies. These include some large coal positions and our preferred oil and gas companies. In our view the long term commitments being made particularly in the LNG space will ensure robust activity levels in many WA related resources and services companies. Projects like Gorgon and Wheatstone will be largely immune to any shorter term economic disturbances as they cannot be cancelled that easily. Further to this the investment sums involved are simply massive and are larger than the federal stimulus package.

Finally we firmly believe that many stocks still offer outstanding value given their growth prospects and low multiples. Over half the stocks in the fund have a PER forward rating of below 11.5x which is indicative of the considerable investment opportunities we are seeing in the small cap space.

Performance Attribution

We highlight below the largest positive and negative relative performance contributors during the March 2010 quarter.

Positive contributors		Negative contributors	
Sigma Pharmaceutical	Nil Holding	Probiotec	Overweight
Webjet	Overweight	Ramsay Healthcare	Nil Holding
Medusa Mining	Overweight	MacArthur Coal	Nil Holding
REA Group	Overweight	Ten Network	Nil Holding
Forge Group	Overweight	Riversdale Mining	Nil Holding

Major Stock Additions

Wotif (WTF): We re-entered Wotif after the company reported a very strong interim result. Key themes of the result were continued strong volume growth at 22% and significant operating leverage with EBITDA margins up 300 bp to 58.4%. The major competitive threat to Wotif, from the hotel chains themselves, has abated. Wotif is now far more comfortable the hotel chains recognise the value of the 10% margin vs wholesalers at 22.5%. The flights and travel business is getting more interesting with the launch of "Wotflights", this is a very competitive offer at one quarter the effective cost to book through Webjet.

Navitas (NVT): We initiated a position in Navitas during the quarter. NVT is a diversified global education services provider, and industry leader in pre-university and university pathway programs across several geographies. We are attracted to the growth available from this strongly cash generative, high margin operation, and in particular the genuine growth option available in global markets most specifically the UK and US.

Rp Data (RPX): We participated in the Macquarie Bank sell down of their legacy holding to take a position in this company at an attractive entry price. Our long held view is that this is a quality franchise with their core technology platform of providing property sales data to real estate agents a defensive and entrenched earnings generator. What has been lacking in recent years is a satisfactory focus on cost control but following some management and board changes this appears now to have been largely rectified.

Amcom Telecommunications (AMM): We initiated a position in AMM during the quarter. AMM is principally involved in providing high speed data links to government, business and retail clients through its own extensive fibre network covering Perth, Adelaide and Darwin. It also has a 23% interest in internet service provider IINet. We are attracted to the earnings reliability and high incremental margins available through contracting further capacity on its fibre network and through broadening its services to include other telecommunications products. Despite a strong organic growth profile the stock is trading at less than 10x 2011 earnings.

Major Stock Disposals

CarSales.com (CRZ): We exited our position in CRZ during the quarter following a strong period of outperformance since its September 2009 IPO. Whilst attracted to the accountable business model around being paid for effective lead generation, and the high incremental margins on offer, at a F.2011 multiple well in excess of 20x we saw stronger relative upside from on line peers REA Group and Wotif and exited our position.

Arrow Energy (AOE): We exited our position in AOE subsequent to the revised bid for the Group from Shell-PetroChina. This bid is likely to succeed in its current form, with limited scope for a competing offer. Whilst a full upside scenario for AOE fully exploiting its resource potential and effectively monetising this via LNG may be in excess of this bid price there is significant uncertainty and risk associated, namely around funding, LNG contract execution, and project management.

Biota Holdings (BTA): We sold out of Biota during the quarter. Our thesis was that viral resistance had developed against Relenza's only competitor which could force governments to reweight Relenza to 50% of global stockpiles. Our concern rose from governments running huge budget deficits in the GFC and sending excess flu vaccine inventories back. We know the flu

vaccine and therapeutic stockpile markets are very different. We are very unsure if the various Federal government paymasters are aware of the differences and sold out until clarity is obtained.

Clough (CLO): We sold our remnant Clough position in the quarter to add to our position in Forge (FGE). Our thesis had largely played out, with the 50% discount at which Clough was trading relative to comparable companies in late 2008 closing in to parity. Clough reported solid numbers in February but a subdued outlook for its boats is a concern and was the catalyst for our exit.

Number of stock holdings at 31 March:
--

51

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.