

Fairview Equity Partners Emerging Companies Fund
(ARSN 133 197 501)
Financial Report
For the year ended 30 June 2011

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For the year ended 30 June 2011

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Directors' report

The Directors of nabInvest Managed Investments Limited, the Responsible Entity of Fairview Equity Partners Emerging Companies Fund ('the Scheme'), present their report together with the financial report of the Scheme for the year ended 30 June 2011 and the independent audit report thereon.

Directors of the Responsible Entity

The names of the persons who were Directors of nabInvest Managed Investments Limited during or since the end of the year are as follows:

Name	Appointment / Resignation Date
B A Baker	Appointed 30 August 2006 / Resigned 10 December 2010
R J Brown	Resigned 23 July 2010
P J Carre	Appointed 7 September 2006/ Resigned 10 December 2010
J A Gee	Appointed 31 August 2006
S J Lambert	Appointed 31 August 2006 / Resigned 10 December 2010
T A McVicar	Appointed 31 August 2006 / Resigned 10 December 2010
P E Dortkamp	Appointed 10 December 2010
M F Snowden	Appointed 10 December 2010
P F Maddock	Appointed 10 December 2010

The registered office of nabInvest Managed Investments Limited is located at Ground Floor, MLC Building, 105-153 Miller St, North Sydney NSW 2060.

Principal activities

The Scheme is an unlisted registered managed investment Scheme domiciled in Australia.

The Scheme invests and transacts in equities, in accordance with the provisions of the Constitution of the Scheme.

The Scheme did not have any employees during the year (2010:Nil).

There have been no significant changes to the activities of the Scheme during the year.

Results and review of operations

The results of the operations of the Scheme are disclosed in the Statement of Comprehensive Income. The results are affected by the performance of the investments to which the Scheme has exposure.

Distributions

The distribution for the year ended 30 June 2011 was as follows:

	\$'000	c/unit
Distributions paid and payable	1,425	2.69

Units on issue

Units on issue as at year end and movements during the year are shown in Note 4 to the financial statements.

The total assets of the Scheme are set out in the Statement of Financial Position. The basis for valuation of the Scheme assets is disclosed in Note 1 to the financial statements.

State of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the year unless otherwise disclosed.

Likely developments

Further information about likely developments in the operations of the Scheme and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Scheme.

Auditor's independence

The Directors received a declaration of independence from the auditors of the Scheme, a copy of which is attached to the Directors' report on page 4.

Events subsequent to the balance date

Between the balance date and the date of approval of this financial report certain markets to which the Scheme has investment exposure declined significantly. Movements in markets are reflected on a daily basis in the unit price.

Except for the above disclosure there has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

Interests of the Responsible Entity

Units held by nabInvest Managed Investments Limited and its associates in the Scheme during the financial year ended 30 June 2011 are detailed in Note 10 to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2011 are detailed in Note 10 to the financial statements.

Indemnities and insurance premiums for Officers or Auditors

Indemnification

The Scheme has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme during the year.

Insurance premiums

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of nabInvest Managed Investments Limited or the auditors of the Scheme. So long as the officers of nabInvest Managed Investments Limited act in accordance with the Scheme Constitution and the Law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Rounding

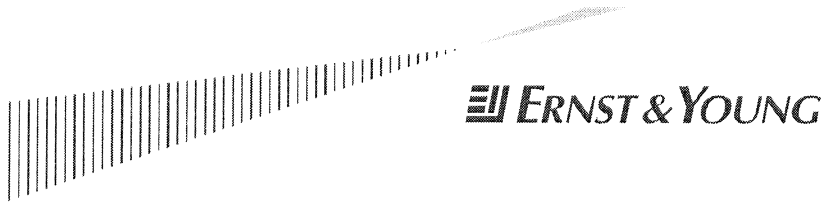
The Scheme meets the criteria set out in Class Order 98/100 issued by the Australian Securities and Investments Commission, and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors of nabInvest Managed Investments Limited

Director: JOHN A. GEE

Signature: 

Dated at Perth this 20th day of September 2011



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Auditor's Independence Declaration to the Directors of nablInvest Managed Investments Limited

In relation to our audit of the financial report of the Fairview Equity Partners Emerging Companies Fund for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva
Partner
20 September 2011

Fairview Equity Partners Emerging Companies Fund
Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Investment income			
Dividend and distribution income	2	2,052	379
Interest income		114	64
Changes in fair value of investments designated as held at fair value through profit or loss		<u>8,795</u>	<u>771</u>
Total investment income		<u>10,961</u>	<u>1,214</u>
Expenses			
Performance fees	10(d)	1,722	634
Management fees	10(d)	724	207
Other expenses		<u>-</u>	<u>1</u>
Total operating expenses		<u>2,446</u>	<u>842</u>
Net operating profit		<u>8,515</u>	<u>372</u>
Financing costs			
Distributions	6	<u>1,425</u>	<u>956</u>
Total financing costs		<u>1,425</u>	<u>956</u>
Net profit/(loss)		<u>7,090</u>	<u>(584)</u>
Other comprehensive income		-	-
Change in net assets attributable to unitholders	4	<u>7,090</u>	<u>(584)</u>

The above Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of Financial Position
As at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Assets			
Cash and cash equivalents	11(b)	3,391	1,047
Receivables	8	1,609	92
Financial assets designated as held at fair value through profit or loss	7	<u>85,498</u>	<u>30,326</u>
Total assets		<u>90,498</u>	<u>31,465</u>
Liabilities			
Accounts payables and accrued expenses	9	2,717	276
Distribution Payable		<u>1,400</u>	<u>364</u>
Total liabilities excluding net assets attributable to unitholders		<u>4,117</u>	<u>640</u>
Net assets attributable to unitholders	4	<u>86,381</u>	<u>30,825</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of changes in Net Assets Attributable to Unitholders
For the year ended 30 June 2011

	2011 \$'000	2010 \$'000
Net assets attributable to unitholders at the beginning of the financial year	30,825	8,276
Change in net assets attributable to unitholders	7,090	(584)
Applications for units	62,548	27,949
Redemptions of units	<u>(14,082)</u>	<u>(4,816)</u>
Net assets attributable to unitholders at the end of the financial year	<u>86,381</u>	<u>30,825</u>

The above Statement of Changes in Net Assets Attributable to Unitholders is to be read in conjunction with the accompanying notes.

Fairview Equity Partners Emerging Companies Fund
Statement of Cash Flows
For the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Dividends received		1,964	333
Interest received		113	63
Other income received		-	3
Payment of other expenses		(1)	-
Responsible Entity's fees paid		<u>(2,215)</u>	<u>(687)</u>
Net cash provided by/(used in) operating activities	11(a)	<u>(139)</u>	<u>(288)</u>
Cash flows from investing activities			
Proceeds from sale of investments		35,263	14,191
Purchases of investments		<u>(80,856)</u>	<u>(35,652)</u>
Net cash provided by/(used in) investing activities		<u>(45,593)</u>	<u>(21,461)</u>
Cash flows from financing activities			
Applications received		62,533	27,915
Redemptions paid		(14,082)	(4,816)
Distributions paid		<u>(375)</u>	<u>(583)</u>
Net cash provided by/(used in) financing activities		<u>48,076</u>	<u>22,516</u>
Net increase/ (decrease) in cash and cash equivalents		2,344	767
Cash and cash equivalents at the beginning of the financial year		<u>1,047</u>	<u>280</u>
Cash and cash equivalents at the end of the financial year	11(b)	<u>3,391</u>	<u>1,047</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report of the Scheme for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 20th September 2011.

(a) Basis of preparation

The Scheme's financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs, except for financial assets and financial liabilities held at fair value, that have been measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value and net assets attributable to unitholders.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

(c) Unit prices

The unit price for the units of the Scheme is calculated as at the close of business on each business day.

(d) Terms and conditions on units

Each unit issued confers upon the unitholder of the Scheme an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the *Corporations Act 2001*, including the right to:

- (i) have their units redeemed;
- (ii) receive income distributions;
- (iii) attend and vote at meetings of unitholders; and
- (iv) participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to any unit of the Scheme are identical in all respects.

(e) Financial assets and liabilities held at fair value through profit or loss

The Scheme has classified all of its investments as designated at fair value through profit or loss. Securities designated as at fair value through profit or loss are initially recognised at fair value. Investments are valued at their fair value as at reporting date. Gains and losses arising from changes in the fair value of the financial assets designated as held at fair value through profit or loss are included in the Statement of Comprehensive Income in the period in which they arise. The following represent the basis of valuation for financial reporting purposes:

- (i) Securities that are listed or traded on an exchange are fair valued based on quoted "bid" prices on securities.
- (ii) In the absence of quoted values, securities are valued using appropriate valuation techniques as reasonably determined by the Responsible Entity.

Note 1. Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents include deposits held at call in a bank or financial institution and futures margin.

(g) Receivables

Receivables may include amounts for interest, dividends, outstanding settlements and other income. Amounts are generally received within 30 days of being recorded as receivable.

(h) Accounts payable and accrued expenses

Payables include outstanding settlements and accrued expenses owing by the Scheme which are unpaid as at balance date.

(i) Income and expenses

Revenue is brought to account on an accrual basis except where otherwise stated.

For listed securities, dividend income is recognised on the date the shares are quoted ex dividend/distribution.

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the year).

Expenses are brought to account on an accrual basis.

The Responsible Entity is entitled to receive a management and performance fee, calculated in accordance with the Scheme's Constitution, for the provision of management services to the Scheme. The Responsible Entity is entitled to be reimbursed, under the Scheme's Constitution, for certain expenses incurred in administering the Scheme. The basis on which the expenses are to be reimbursed is defined in the Scheme's Constitution. The amount reimbursed is disclosed in other expenses and has been calculated in accordance with the Scheme's Constitution.

Other expenses also include government duties. Auditor's remuneration has not been charged against the Scheme's income as this cost is borne by the Responsible Entity.

(j) Transfers to/from net assets attributable to unitholders

Unrealised gains and losses arising on movements in the fair value of assets are transferred to net assets attributable to unitholders. They are included in the determination of distributable income when assessable for taxation purposes. The taxable portion of realised capital gains is included in distributable income (net of any realised capital losses) by transfer from net assets attributable to unitholders. Non assessable income and net capital losses carried forward are also reflected as movements against components of net assets attributable to unitholders for the current financial year.

(k) Taxation

Under current legislation, the Scheme is not subject to income tax as unitholders are presently entitled to the taxable income (including assessable realised net capital gains), which is distributed each year.

The unit price is based upon fair values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess is distributed to unitholders as assessable income for taxation purposes.

Note 1. Summary of significant accounting policies (continued)

(l) Distributions to unitholders

The income of the Scheme is accumulated and reinvested or paid to unitholders half yearly.

Undistributed income/(loss) includes income earned and expenses not yet paid at the last distribution day on 30 June 2011 and realised capital losses which are retained to offset future realised capital gains. These are not distributed but held for distributed but held for distributions in future periods.

Distributable income does not include unrealised gains and losses arising on movements in the fair value of investments; as such, unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised.

Distributions are expressed as cents per unit for the distribution period.

(m) Goods and services tax

Management fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Creditors and accruals are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

(n) Derecognition of financial instruments

The derecognition of financial instruments takes place when the Scheme no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(o) Capital management

The Responsible Entity manages its net assets attributable to unitholders as capital, not withstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Scheme does not have any externally imposed capital requirements.

(p) Accounting judgements and estimates

The Schemes may make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience, available information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(q) Application of accounting standards

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2011.

Application of these standards will not affect any of the amounts recognised in the financial statements, but will result in changes to disclosures.

Note 2. Dividend and distribution income

	2011	2010
	\$'000	\$'000
Listed equities and listed unit trusts	2,052	379

Note 3. Auditor's remuneration

During the year Ernst & Young conducted the audit of the Scheme and its compliance plan. Any amounts received and receivable by Ernst & Young are expenses of the Responsible Entity.

Fairview Equity Partners Emerging Companies Fund
Notes to the financial statements
For the year ended 30 June 2011

Note 4. Net assets attributable to unitholders

Movements in number of units on issue and net assets attributable to unitholders during the year:

	\$'000	No. '000
Net assets attributable to unitholders		
Balance at 30 June 2009	8,276	8,009
Applications	27,949	19,722
Redemptions	(4,816)	(3,532)
Change in net assets attributable to unitholders	(584)	-
Balance at 30 June 2010	<u>30,825</u>	<u>24,199</u>
Applications	62,548	37,616
Redemptions	(14,082)	(8,386)
Change in net assets attributable to unitholders	7,090	-
Balance at 30 June 2011	<u>86,381</u>	<u>53,429</u>

Note 5. Net unrealised taxable capital gains/(losses)

	2011 \$/unit	2010 \$/unit
Unrealised taxable capital gains/(losses)	<u>0.0945</u>	<u>(0.0003)</u>

Note 6. Distributions

Distributions paid during the year in the Scheme were as follows:

	\$'000	c/unit
2011		
September	-	-
December	25	0.07
March	-	-
June	<u>1,400</u>	<u>2.62</u>
	<u>1,425</u>	<u>2.69</u>
2010		
November Special	313	2.43
December	5	0.04
April Special	274	2.25
June	<u>364</u>	<u>1.51</u>
	<u>956</u>	<u>6.23</u>

Note 7. Investments

	2011 \$'000	2010 \$'000
Listed equities		
<i>Shares and units listed on a stock exchange</i>	<u>85,498</u>	<u>30,326</u>

Note 8. Receivables

	2011 \$'000	2010 \$'000
Outstanding settlements	1,424	5
Other receivables	<u>185</u>	<u>87</u>
	<u>1,609</u>	<u>92</u>

Note 9. Accounts payable and accrued expenses

	2011 \$'000	2010 \$'000
Outstanding settlements	2,219	17
Amounts owing to Responsible Entity	90	35
Performance fees	408	223
Other payables	-	1
	<u>2,717</u>	<u>276</u>

Note 10. Related parties

(a) Responsible Entity

The Responsible Entity of the Scheme is nabInvest Managed Investments Limited ABN 61 083 784 463, whose immediate holding company is nabInvest Holdings Ltd ABN 16 134 158 517 and ultimate holding company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

(b) Key management personnel

Directors

The names of persons who were Directors of nabInvest Managed Investments Limited at any time during the year were as follows:

Name	Appointment / Resignation Date
B A Baker	Appointed 30 August 2006 / Resigned 10 December 2010
R J Brown	Resigned 23 July 2010
P J Carre	Appointed 7 September 2006/ Resigned 10 December 2010
J A Gee	Appointed 31 August 2006
S J Lambert	Appointed 31 August 2006 / Resigned 10 December 2010
T A McVicar	Appointed 31 August 2006 / Resigned 10 December 2010
P E Dortkamp	Appointed 10 December 2010
M F Snowden	Appointed 10 December 2010
P F Maddock	Appointed 10 December 2010

In addition to the Directors noted above, the Responsible Entity is considered to be a Key Management Personnel of the Scheme.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Scheme to the Responsible Entity do not include any amounts directly attributable to Directors as key management personnel remuneration.

(c) Other related party transactions with the Scheme

From time to time the Directors of nabInvest Managed Investments Limited, or their Director related entities, may invest or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

No Director has entered into a material contract with the Scheme and there were no material contracts involving Directors' interests existing at year end.

(d) Responsible Entity's remuneration

The Responsible Entity fees have been calculated in accordance with the Scheme's Constitution. Total fees paid and payable are as follows:

	2011 \$'000	2010 \$'000
Management fees	724	207
Performance fees	1,722	634
	<u>2,446</u>	<u>841</u>

(e) Interests of the Responsible Entity and its related parties

The interest of nabInvest Managed Investments Limited and its related parties in the Scheme at year end is set out below:

Unitholder	Number of units held		Interest held in the Scheme	Fair value of investment	Distributions paid/payable by the Scheme
	No.	%			
2011					
Nulis Nominees (Australia)	8,446	0.02	13,758	221	
MLC Limited	5,812,998	10.96	9,468,793	153,691	
Masterkey Custom	17,186,221	32.41	27,994,635	457,595	
Antares nabInvest Trust	1,640,524	3.09	2,672,249	47,882	
2010					
Nulis Nominees (Australia)	-	-	-	-	
MLC Limited	153,451	0.64	196,832	3,691	
Masterkey Custom	6,117,029	25.28	7,846,313	156,398	
Antares nabInvest Trust	7,000,100	28.93	8,979,028	436,106	

Note 10. Related parties (continued)

(f) Amounts (payable) to/receivable from the Responsible Entity

The aggregate amounts of debts payable to the Responsible Entity by the Scheme at balance date is shown in the table below:

	2011 \$'000	2010 \$'000
Management fees	90	35
Performance fees	408	223
	<u>498</u>	<u>258</u>

(g) Expense reimbursement

The Responsible Entity is entitled, under the Scheme's Constitution, to be reimbursed for certain expenses incurred in administering the Scheme.

(h) Investment Manager

The Responsible Entity of the Scheme has appointed nabInvest Capital Partners Pty Ltd to invest and source management for the Scheme under an Investment Management Agreement and to provide various other services to the Responsible Entity under the terms of a Heads of Agreement.

Note 11. Notes to the Statements of Cash Flows

	2011 \$'000	2010 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities		
Net operating profit/(loss)	8,515	372
Changes in the fair value of investments	(8,795)	(771)
(Increase)/decrease in other receivables	(98)	(59)
Increase/(decrease) in other payables	239	170
Net cash provided by/(used in) operating activities	<u>(139)</u>	<u>(288)</u>

(b) Components of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, and short term deposits at call. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on deposit - domestic	2,414	767
Cash at bank	925	229
Futures margin	52	51
	<u>3,391</u>	<u>1,047</u>

Note 12. Financial risk management

(a) Financial risk management objectives, policies and processes

The Scheme's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity price risk), liquidity and cash flow risk. The Scheme's overall risk management programme is aligned to the investment strategy of the Scheme as detailed in its Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

Note 12. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that on party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

There was no significant credit risk in the Scheme as at 30 June 2011 (2010:Nil).

(c) Market Risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates.

There was no significant direct foreign exchange risk in the Scheme as at 30 June 2011 (2010: Nil).

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

There was no significant direct interest rate risk in the Scheme as at 30 June 2011 (2010: Nil).

(iii) Equity and Other Price Risk

Equity and other price risk is the risk that the fair value of equities and unit prices decrease as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market.

Changes in price as disclosed in this note are based on an analysis of the yearly change in relevant market indices over the last 10 years. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

As at 30 June 2011, if the prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the net profit attributable to unitholders would have changed by the following amounts, approximately and respectively:

Category	2011				2010			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-14%	23,939	(11,970)	28%	-14%	8,491	(4,246)
Total			23,939	(11,970)			8,491	(4,246)

(d) Liquidity and cash flow risk

The Scheme is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Scheme's listed securities are considered readily realisable. The Scheme has the ability to borrow in the short term to ensure settlement in order to meet redemption requests.

In accordance with the Scheme's policies, the Scheme's liquidity position is monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis.

Note 12. Financial risk management (continued)

(d) Liquidity and cash flow risk (continued)

2011	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	No stated maturity \$'000
Trade Payables	2,219	-	-	-	-
Amounts owing to Responsible Entity	90	-	-	-	-
Investment Advisor performance fee	408	-	-	-	-
Other Liabilities	-	-	-	-	-
Total financial liabilities	2,717	-	-	-	-
2010	Less than 1 month \$'000	1 to 3 months \$'000	3 to 12 months \$'000	12 to 60 months \$'000	No stated maturity \$'000
Trade Payables	17	-	-	-	-
Amounts owing to Responsible Entity	35	-	-	-	-
Investment Advisor performance fee	223	-	-	-	-
Other Liabilities	1	-	-	-	-
Total financial liabilities	276	-	-	-	-

(e) Fair value of financial instruments

The following table show financial instruments recorded at fair value, analysed between those whose fair value is based on quoted markets prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

The level which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgment after considering factors specific to the instrument. These three levels are:

Level 1: Valued by reference to quoted prices in active markets for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), including: quoted prices in active markets for similar assets or liabilities, quoted prices in markets which there are a few transactions for identical or similar assets or liabilities, and other inputs that are not quoted prices but are observable for the asset or liability.

Level 3: Valued in whole or part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might include the Scheme's own data, reflecting the Scheme's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

Financial Instruments	2011			2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	85,498	-	-	30,222	104	-
Total	85,498	-	-	30,222	104	-

Note 13. Events occurring after the Balance date

Between the balance date and the date of approval of this financial report certain markets to which the Scheme has investment exposure declined significantly. Movements in markets are reflected on a daily basis in the unit price.

Except for the above disclosure there has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

Note 14. Commitments and contingent liabilities

The Scheme had no known commitments or contingent liabilities as at 30 June 2011 (2010: Nil).


Directors' declaration

In the opinion of the Directors of nabInvest Managed Investments Limited, the Responsible Entity of the Scheme:

- 1 The financial statements and notes set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Scheme as at 30 June 2011 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and Corporations Regulations 2001;
- 2 the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b); and
- 3 there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Director: JOHN A. GEE

Signature: 

Dated at Sydney this 20th day of September 2011

Independent auditor's report to the unitholders of the Fairview Equity Partners Emerging Companies Fund

We have audited the accompanying financial report of the Fairview Equity Partners Emerging Companies Fund (the 'Scheme') which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

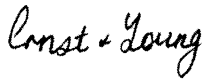
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of the Scheme is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Scheme as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva
Partner
20 September 2011