

# NovaPort Smaller Companies Fund

## Monthly fund report and commentary – April 2012

Performance <sup>2</sup>						
	1 month (%)	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since inception (% p.a.)
<b>NovaPort Smaller Companies Fund<sup>1</sup></b>	<b>0.70</b>	<b>7.44</b>	<b>-1.35</b>	<b>20.18</b>	<b>2.96</b>	<b>14.20</b>
Growth return	0.70	6.18	-5.15	17.37	-5.91	2.50
Distribution return	0.00	1.27	3.80	2.81	8.87	11.70
S&P/ASX Small Ordinaries Accumulation Index	-0.92	5.73	-6.98	12.70	-4.97	8.75
<b>NovaPort Wholesale Smaller Companies Fund</b>	<b>0.79</b>	<b>7.75</b>	<b>-0.28</b>	<b>21.46</b>	<b>4.04</b>	<b>15.83</b>
Growth return	0.79	6.28	-3.79	18.32	-4.21	4.09
Distribution return	0.00	1.47	3.51	3.14	8.25	11.74
S&P/ASX Small Ordinaries Accumulation Index	-0.92	5.73	-6.98	12.70	-4.97	9.58
<b>NovaPort Premier Smaller Companies Fund</b>	<b>1.02</b>	<b>7.97</b>	<b>-0.08</b>	<b>21.55</b>	<b>4.09</b>	<b>18.22</b>
Growth return	1.02	6.49	-5.13	17.67	-6.77	3.47
Distribution return	0.00	1.48	5.05	3.87	10.87	14.75
S&P/ASX Small Ordinaries Accumulation Index	-0.92	5.73	-6.98	12.70	-4.97	6.52

Past performance is not a reliable indicator of future performance.

<sup>1</sup> The Fund is closed to new investments including initial and additional applications.

<sup>2</sup> Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

### Investment objective

The Fund is designed to provide investors with a diversified portfolio of smaller Australian companies that aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling three-year periods.

### Investment manager

Fidante Partners Limited

### Investment manager

NovaPort Capital Pty Limited

### Investment strategy

NovaPort is a benchmark unaware, active investment manager. NovaPort is a high conviction investor, which invests in a concentrated number of companies at any given time and consequently its investment portfolios typically have a lower turnover of securities.

### Distribution frequency

Quarterly

### Suggested minimum investment timeframe

At least five years

### Asset allocation

	As at 30 April 2012 (%)	Range (%)
Securities	92	80-100
Cash	8	0-20

### Top five active positions as at 30 April 2012

	Fund weight (%)	Index weight (%)	Active weight (%)
Austbrokers Holdings	3.94	0.00	3.94
Cardno	3.90	0.00	3.90
Fisher & Paykel Healthcare	3.83	0.00	3.83
Technology One	3.69	0.00	3.69
Beach Energy	3.57	0.00	3.57

### Fund facts

	NovaPort Smaller Companies Fund <sup>1</sup>	NovaPort Wholesale Smaller Companies Fund	NovaPort Premier Smaller Companies Fund
Inception date	13/09/2002	31/12/2002	03/07/2000
Fund size (\$M)	18.7	37.9	2.5
APIR code	HOW0017AU	HOW0016AU	HOW0018AU

### Fees

	NovaPort Smaller Companies Fund <sup>1</sup>	NovaPort Wholesale Smaller Companies Fund	NovaPort Premier Smaller Companies Fund
Entry fee	Up to 4%	Nil	Nil
2010/2011 ICR	2.00%	0.95%	0.95%
Management fee	2.00% p.a.	0.90% p.a. <sup>2</sup>	0.95% p.a.
Performance fee	Nil	20% of the difference between the Fund's gross return (before fees and expenses) and the daily return of the ASX Small Ordinaries Accumulation Index plus 0.90% p.a. <sup>3</sup> This is capped at 2.00% p.a.	Nil
Buy/sell spread	+0.40%/-0.40%	+0.40%/-0.40%	+0.40%/-0.40%

<sup>1</sup> The Fund is closed to new investments including initial and additional applications.

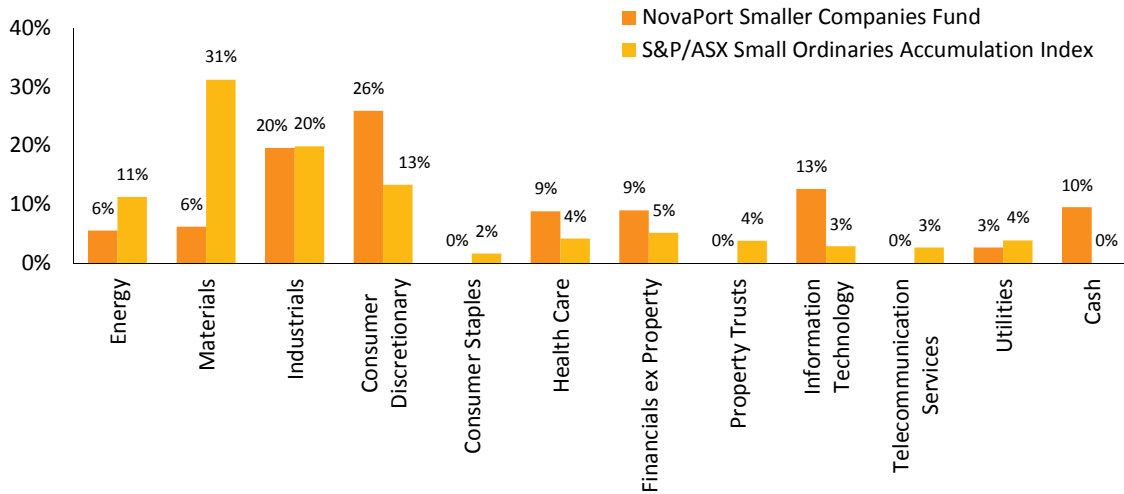
<sup>2</sup> Up to and including 30 September 2011, the management fee was 0.95% p.a. From 1 October 2011, the management fee reduced to 0.90% p.a.

<sup>3</sup> The performance fee was introduced from 1 October 2011.

# NovaPort Smaller Companies Fund

Monthly fund report and commentary – 30 April 2012

## Sector exposure as at 30 April 2012



### Commentary

The S&P/ASX Australian Small Ordinaries Index retreated in April, posting a loss of -0.92% and underperforming the broader market index which returned 1.30%, its fourth month of consecutive gains.

The Reserve Bank of Australia (RBA) Board left the cash rate at 4.25 per cent during April. Softer and moderating growth, particularly in Asia, is driving commodities prices lower. The Board believes that Australia's terms of trade have now peaked given our economy's reliance on commodities. China's intentional slowdown is already beginning to influence the outlook for our economy and the domestic equities market. The RBA maintained current monetary settings given that these key elements driving domestic growth still remain at historically high levels. However, the RBA hinted that a future rate cut was on the agenda given significant structural shifts with the domestic economy and evidence of a softer housing market. This proved to be prophetic with a significant rate cut of 50 basis points following in May, designed to address the weakness in the non-mining sectors.

Much like the local economy, the global economic outlook remains mixed. The US continues to show signs of improvement however Europe remains the key risk to the global economy and to markets. The US grew at a 2.2% annual rate in the first quarter of 2012, continuing a gentle expansion. Strong corporate earnings were a highlight of recent data, with the majority of companies surpassing analysts' expectations. However, this still failed to translate into a share market rise with the US S&P500 down -0.75%. Key markets followed the downward trend with Germany's DAX falling -2.7% and Japan's Nikkei down -5.6%. For the first month this year Australian equity markets outperformed their international counterparts, with the MSCI World Index \$A down 1.0%.

### Performance

The portfolio outperformed its benchmark by 1.71% over the month. Key contributors to returns were overweight positions in Sirtex Medical, Transpacific Industries and Technology One. Detracting from returns was an overweight position Cash Converters International and underweight positions in Aurora Oil and Gas, as well as Medusa Mining.

### Key contributors

#### Sirtex Medical: Up 24.23%

Sirtex Medical announced in April that over the previous quarter sales in its SIR-Spheres® microsphere grew 34%, compared to the previous quarter. This marked the largest sales increase in their history. The microspheres target radioactive liver cancer.

#### Transpacific Industries: Up 8.97%

Transpacific Industries rallied following last month's less impressive performance. Despite announcing only moderate growth in the first half of the year, the company's debt restructure leaves them well positioned to focus on operational incentives. NovaPort believe that the valuation is materially higher than the current share price and the valuation to price gap will ultimately contract.

#### Technology One: Up 6.03%

Technology One is an enterprise software vendor who specialise in the research, development and commercialisation of software. Whilst the company made no formal announcements during the month, their emphasis on cost savings and improving profit margins appears to be attracting new investors looking for solid earnings growth in an otherwise generally earnings depressed industrials sector

### Key detractors

#### Cash Converters International: Down 12.03

Cash Converters retreated this month following a very strong performance in March. While there were no material announcements released, uncertainty remains regarding the final form of proposed changes to legislation regarding short term lending.

#### Aurora Oil and Gas: Not held (Index return up 9.79%)

Aurora Oil and Gas continued to rise this month, following the announcement of substantial developments in the Eagle Ford Shale Gas Project in Texas which included an 11% increase in oil production. An underweight holding detracted from returns.

#### Medusa Mining: Not held (Index return up 14.29%)

Medusa rallied on the back of some promising drilling results at its flagship Co-O gold mine in the Philippines, confirming its potential as a multi-million ounce deposit of high grade veins. The underweight position detracted from returns.

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is provided by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668) the issuer of the NovaPort Smaller Companies Fund (ARSN 094 601 475) (Fund). NovaPort Capital Pty Limited (ABN 88 140 833 656, AFSL 385329) is the investment manager of the Fund. It should be regarded as general information only rather than advice. It has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain the relevant Product Disclosure Statement (PDS) relating to the Fund and consider that PDS before making any decision about the Fund. A copy of the PDS can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website [www.fidante.com.au](http://www.fidante.com.au). If you acquire or hold the product, we and/or a Fidante Partners related company will receive fees and other benefits which are generally disclosed in the PDS or other disclosure document for the product. Neither Fidante Partners nor a Fidante Partners related company and our respective employees receive any specific remuneration for any advice provided to you. However, financial advisers (including some Fidante Partners related companies) may receive fees or commissions if they provide advice to you or arrange for you to invest in the Fund. NovaPort Capital, some or all Fidante Partners related companies and directors of those companies may benefit from fees, commissions and other benefits received by another group company.