

NovaPort Smaller Companies Fund*

Monthly report - February 2014

Performance #	1 month %	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	3.25	2.52	18.42	15.95	24.91	13.04	16.00
Growth return	3.25	1.46	17.18	13.51	22.29	1.90	5.70
Distribution return	-	1.06	1.24	2.44	2.62	11.14	10.30
S&P/ASX Small Ordinaries Accumulation Index	4.97	4.68	-3.62	-5.04	11.16	5.14	6.80
Active return [^]	-1.72	-2.16	22.04	21.00	13.75	7.90	9.20

Past performance is not a reliable indicator of future performance.

* The Fund is closed to new investments, including initial and additional applications.

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.

[^] Numbers may not add due to rounding

Investment objective

The Fund is designed to provide investors with a diversified portfolio of smaller Australian companies that aims to outperform its benchmark over rolling three-year periods.

Responsible entity

Fidante Partners Limited

Investment manager

NovaPort Capital Pty Ltd

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

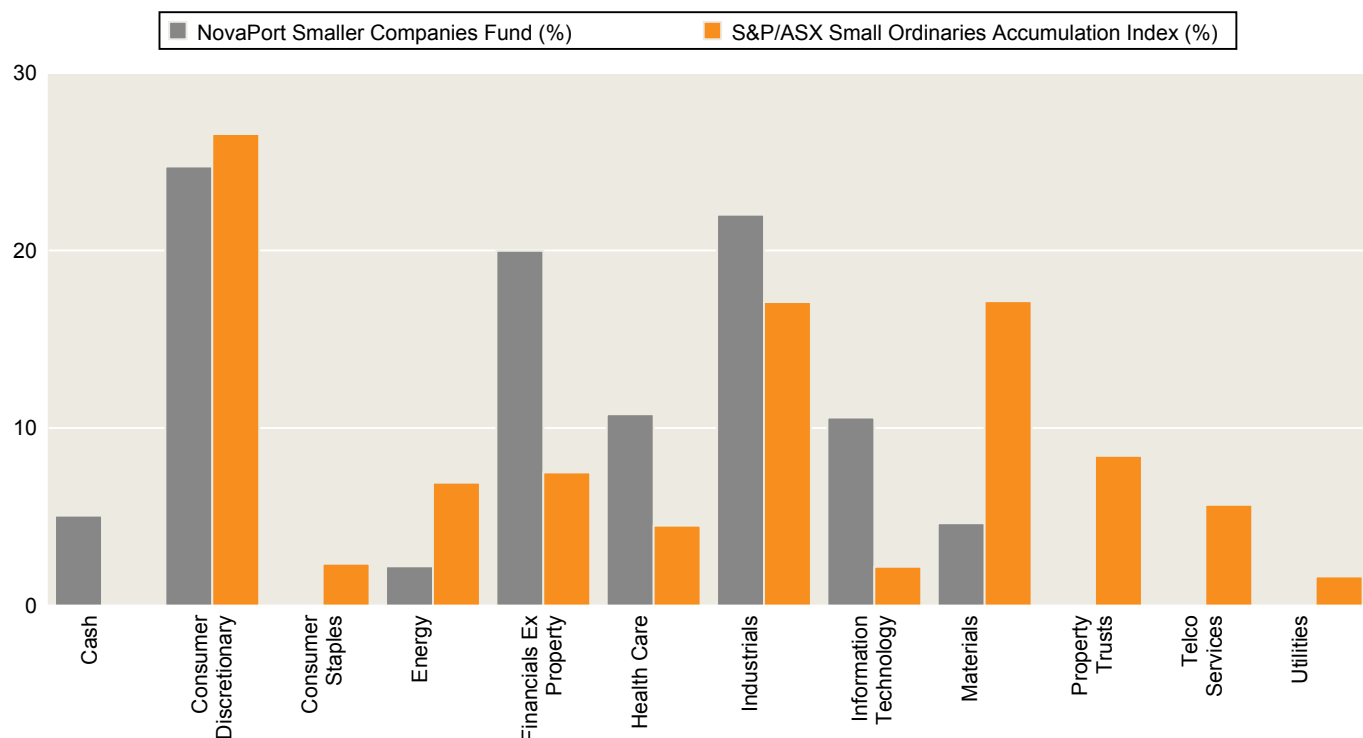
Asset allocation	As at 28 February 2014 (%)	Range (%)
Security	94.94	80-100
Cash	5.06	0-20

Top 5 active positions as at 28 February 2014	Fund weight (%)	Index weight (%)	Active weight (%)
Fisher & Paykel Healthcare Corporation Limited	4.05	0.00	4.05
SFG Australia Ltd	3.57	0.00	3.57
Sirtex Medical Limited	4.27	0.77	3.50
Technology One Limited	3.39	0.00	3.39
Austbrokers Holdings Ltd	3.26	0.00	3.26

Fund facts	
Inception date	13 September 2002
Fund size	\$21.2M
APIR code	HOW0017AU

Fees	
Entry fee	Closed to new investments
2012-2013 ICR	2.00%
Management fee	2.00% p.a.
Performance fee	Nil
Buy/sell spread	+0.40% / -0.40%

Sector exposure as at 28 February 2014



Market overview

The Small Ordinaries Accumulation Index finished February up 4.97% with a broad based rally, led by consumer discretionary and materials. Lagging sectors were IT and defensives such as consumer staples and healthcare. Reporting season provided a strong current of company specific news throughout the month. Not surprisingly most companies delivered results in line with guidance however, what was pleasing to note was a cautiously optimistic tone, particularly from those companies in the financial, housing and business services sectors. Positive company news flow domestically was supported with strong performances from international markets, where early indications of a stronger growth trajectory have encouraged investors and risk appetite generally. Equity prices have risen however we retain an optimistic market outlook, which is built upon the expectation that earnings will continue to grow at or ahead of forecasts.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +4.97% for February. The fund underperformed the market and delivered a +3.25% return over February.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Domino's Pizza Enterprises Limited	Consumer Discretionary	1.46	0.27
Independence Group NL	Materials	1.55	0.24
Mount Gibson Iron Ltd	Materials	-0.52	0.16

Domino's Pizza Enterprises Limited

Domino's posted a strong result in Australia, New Zealand and Japan with these markets offsetting a weaker performance in Europe. While still early days for the move into the Japanese market, performance there has exceeded expectations prompting management to positively revise guidance for EBITDA growth from 15% to 25%.

Independence Group NL

Independence Group's share price benefited from improved sentiment surrounding the outlook for gold and nickel prices. The company has also made substantial operational progress; reinvigorating its Jaguar base metal operation, bringing the substantial Tropicana gold mine into production, and maintaining performance from the Long Nickel Operation.



Mount Gibson Iron Ltd

Not held by the fund.

Key detractors

Security name	Sector	Active weight %	Value added %
Fairfax Media Limited	Consumer Discretionary	-1.88	-0.53
Prime Media Group Limited	Consumer Discretionary	2.45	-0.33
Austbrokers Holdings Ltd	Financials Ex Property	3.26	-0.29

Fairfax Media Limited

Not held by the fund.

Prime Media Group Limited

Prime delivered a solid result reflecting the strong ratings of its Seven programming and management's ongoing focus on costs. Sentiment may have been dampened by commentary regarding subdued demand conditions however, we expect some pick up in media sector conditions as we move through the current calendar year and advertising budgets expand to reflecting improving business and consumer sentiment.

Austbrokers Holdings Ltd

The interim result released in February highlighted some factors that impacted earnings including lower interest income on funds, lower than expected returns from acquisitions and an increase in costs to bolster the management team. Nevertheless, we continue to like the business fundamentals and its strong competitive position in the insurance agency market.

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