

# NovaPort Wholesale Smaller Companies Fund

## Monthly report - August 2014

Performance #	1 month %	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	2.57	5.20	16.21	20.47	16.89	13.32	17.14
Growth return	2.57	3.04	12.15	17.00	14.07	2.40	7.02
Distribution return	-	2.16	4.06	3.47	2.82	10.92	10.12
S&P/ASX Small Ordinaries Accumulation Index	2.34	6.17	7.49	-0.17	1.85	4.54	7.43
Active return <sup>^</sup>	0.23	-0.97	8.72	20.64	15.04	8.78	9.71

### Past performance is not a reliable indicator of future performance.

# 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.

<sup>^</sup> 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 31 August 2014 (%)	Range (%)
Security	87.54	80-100
Cash	12.46	0-20

Top 5 active positions as at 31 August 2014	Fund weight (%)	Index weight (%)	Active weight (%)
Fisher & Paykel Healthcare Corporation Limited	4.02	0.00	4.02
CSR Limited	3.63	0.00	3.63
Technology One Limited	3.36	0.00	3.36
Sirtex Medical Limited	4.24	1.10	3.14
Iress Market Technology Limited	4.09	1.16	2.93

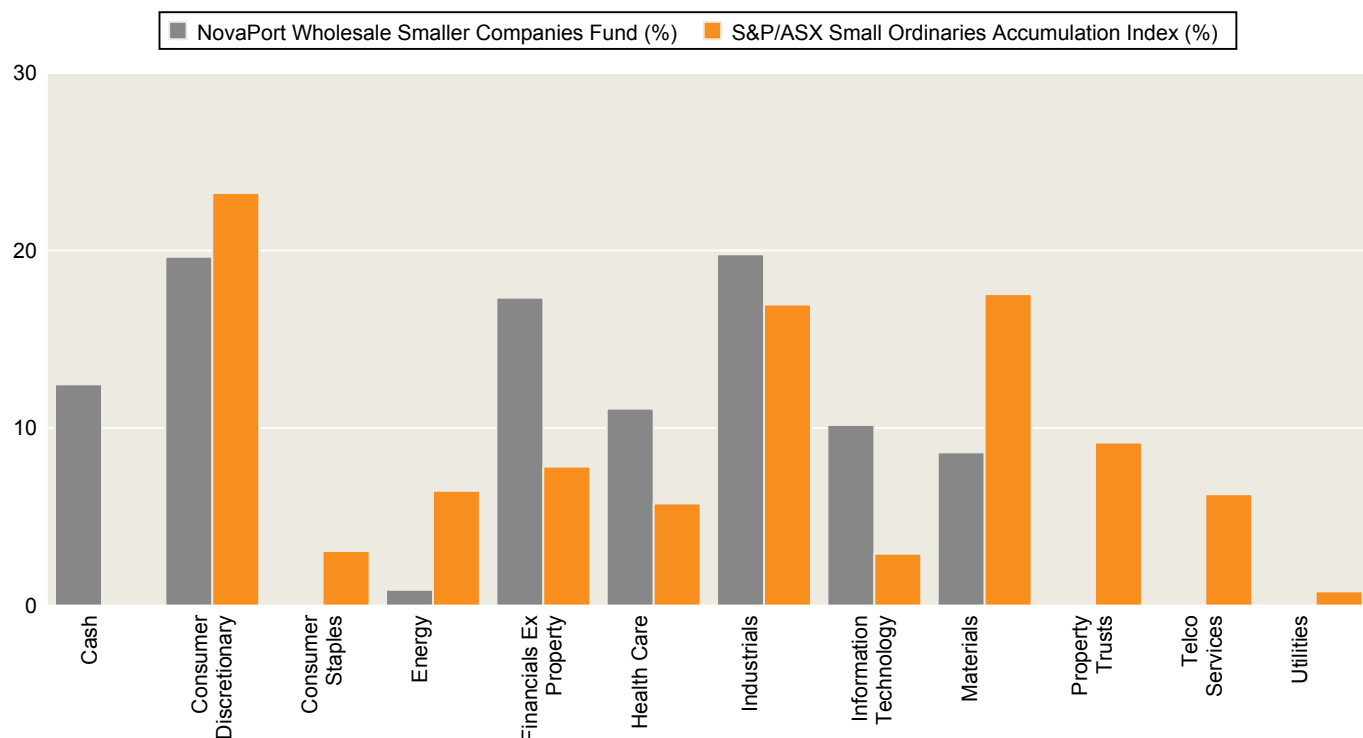
Fund facts	
Inception date	31 December 2002
Fund size	\$117.5M
APIR code	HOW0016AU

Fees	
Entry fee	Nil
2012-2013 ICR	2.89%
Management fee*	0.90% p.a.
Performance fee <sup>^</sup>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The performance fee is capped at 2.00% p.a.
Buy/sell spread	+0.40% / -0.40%

\* Up to and including 30 September 2011, the management fee was 0.95% p.a. From 1 October 2011, the management fee was reduced to 0.90% p.a.

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

## Sector exposure as at 31 August 2014



### Market overview

The S&P/ASX Small Ordinaries Accumulation Index increased 2.34% over August, extending strong gains made in July. The rally was broadly based across the sectors, with Information Technology, Telecommunications and Financials standing out. The worst performing sector was materials which retraced a small part of its strong performance from the previous month.

Most listed companies are required to report their full or half year results during August. These results provide an important test of the validity of the markets immediate expectations and the associated commentary also allows some insights into the medium term. In general this reporting season did not challenge the market's expectations. Most companies delivered results close to their guidance and/or consensus forecasts.

Growth in corporate profitability over the last year did not stand out as being particularly strong. Reasons given for this include weaker consumer and business confidence associated with the federal budget as well as stalling investment growth within the resources sector. In spite of this the market reacted in a generally positive way which we believe reflects growing confidence that 1) the current levels of earnings are sustainable and 2) emerging signs of momentum suggesting earnings growth will recover in the medium term.

### Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +2.34% for August. The fund outperformed the market and delivered a +2.57% return over August.

### Performance of key securities

#### Key contributors

Security name	Sector	Active weight %	Value added %
Oakton Limited	Information Technology	1.59	0.42
Iress Market Technology Limited	Information Technology	2.93	0.40
Sirtex Medical Limited	Health Care	3.14	0.37

#### Oakton Limited

On 12 August Oakton informed the market that it had received a cash offer from Dimension Data to acquire the entire company at \$1.90 per share. The offer is recommended by the board and represented an almost 30 percent premium to the last traded price.

## Iress Market Technology Limited

Iress reported earnings in line with expectations. The company is making positive progress integrating the recently acquired UK wealth management business and continues to seek strategic and accretive expansion opportunities. The Australian wealth management business continues to perform strongly and the Australian Financial Markets business displayed signs of stabilisation.

## Sirtex Medical Limited

Sirtex continues to report strong growth in dose sales volumes. Despite embarking on significant investment in marketing and clinical trials, the company also generated strong earnings growth. In addition to its treatment for metastatic colorectal liver cancer, the company is now looking at whether its technologies have applications in the treatment of alternative cancers, including those in organs other than the liver.

## Key detractors

Security name	Sector	Active weight %	Value added %
Transpacific Industries Ltd	Industrials	1.98	-0.45
Ten Network Holdings Limited	Consumer Discretionary	1.79	-0.26
CSR Limited	Industrials	3.63	-0.24

## Transpacific Industries Ltd

After a rally in the share price driven by the strong ratings performance of Masterchef, the Commonwealth Games and Offspring, Ten's viewership has declined and its share price with it. News flow from other free to air broadcasters over reporting season that business sentiment remains depressed thereby impacting willingness to spend on TV advertising has also contributed to recent weakness. We continue to believe it is only a matter of time before Ten rebuilds its programme and advertisers expand their marketing budgets.

## Ten Network Holdings Limited

After a rally in the share price driven by the strong ratings performance of Masterchef, the Commonwealth Games and Offspring, Ten's viewership has declined and its share price with it. News flow from other free to air broadcasters over reporting season that business sentiment remains depressed thereby impacting willingness to spend on TV advertising has also contributed to recent weakness. We continue to believe it is only a matter of time before Ten rebuilds its programme and advertisers expand their marketing budgets.

## CSR Limited

CSR's share price declined despite releasing no company specific news. The share price has performed strongly over the last year and has subsequently consolidated at around current levels. CSR's primary exposure is to the Australian residential housing construction market.

---

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 234 668 (Fidante Partners) the issuer of the NovaPort Wholesale Smaller Companies Fund ARSN 094 601 475 (Fund). NovaPort Capital Pty Ltd ABN 88 140 833 656 AFSL 385 329 (NovaPort) 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, 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.

