

NovaPort Wholesale Smaller Companies Fund

Monthly report - April 2016

Performance #	1 month %	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	0.82	3.16	-1.71	7.82	9.82	10.63	14.83
Growth return	0.82	3.08	-9.36	3.28	5.81	0.72	5.35
Distribution return	-	0.09	7.65	4.55	4.01	9.91	9.47
S&P/ASX Small Ordinaries Accumulation Index	3.04	9.70	5.12	4.16	-0.97	0.53	6.80
Active return [^]	-2.22	-6.53	-6.83	3.67	10.79	10.09	8.02

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.

[^] 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 30 April 2016 (%)	Range (%)
Security	89.57	80-100
Cash	10.43	0-20

Top 5 active positions as at 30 April 2016	Fund weight (%)	Index weight (%)	Active weight (%)
Ebos Group Ltd	4.58	0.00	4.58
Credit Corp Group	3.91	0.36	3.55
AUB Group Ltd	3.45	0.00	3.45
Servcorp Limited	3.38	0.00	3.38
APN News & Media Limited	3.73	0.41	3.32

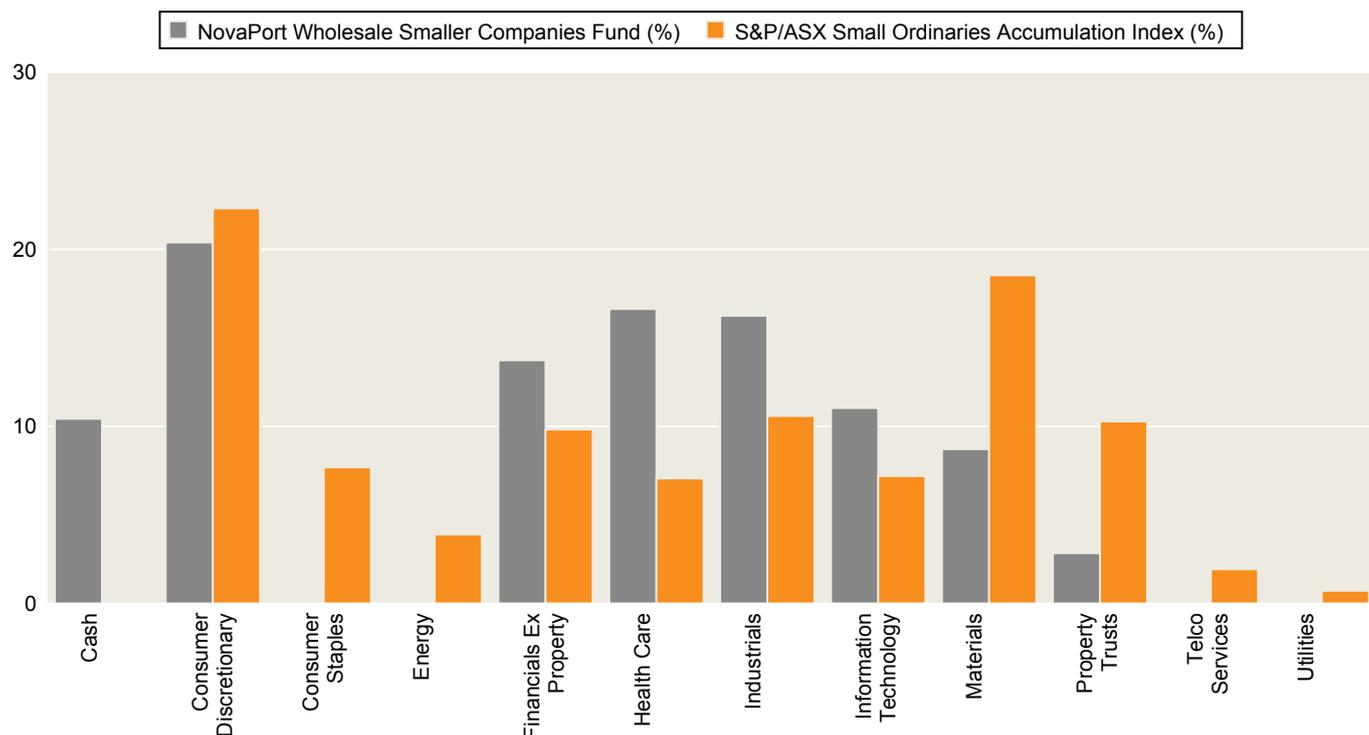
Fund facts	
Inception date	31 December 2002
Fund size	\$200.6M
APIR code	HOW0016AU

Fees	
Entry fee	Nil
2014-2015 ICR	1.58%
Management fee*	0.90% p.a.
Performance fee [^]	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	+0.30% / -0.30%

* 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.

[^] The performance fee was introduced from 1 October 2011

Sector exposure as at 30 April 2016



Market overview

The S&P/ASX Small Ordinaries Accumulation Index posted a 3.04% return for April. The index return was driven by a very strong performance by the small miners which finished up 16.2% over the month reflecting a rebound in commodity prices. Meanwhile, the industrials had a much more subdued performance finishing up 0.5%. The strong performance of the resources index follows on from a 19.7% increase in February. For the calendar year to date, resources have powered ahead by 38.2% while non-miners are up just 2.2%. While the difference is substantial it's worth noting the small industrials sector continues to post new post GFC highs while the resources sector's strong performance for the year to date largely represents a bounce off thirteen year lows.

In macro news, the Reserve Bank elected to maintain a 2% cash rate. However, its accompanying commentary noted a higher Australian dollar (driven by foreign investors attracted to our relatively high rates) as a complication for a local economy seeking to transition from excessive reliance on the mining sector. In addition, a surprisingly weak CPI result and decline in consumer confidence levels as well as the usual uncertainty of an upcoming election presented as challenges for the economy and the RBA. There was some offset however with an improvement in business sentiment and building approvals data released during the month.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +3.04% for April. The fund underperformed the market and delivered a +0.82% return over April.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Western Areas Limited	Materials	2.88	0.32
Nine Entertainment Co Holdings Ltd	Consumer Discretionary	-0.58	0.25
Pacific Brands Ltd	Consumer Discretionary	2.68	0.25

Western Areas Limited

While weaker nickel prices continue to undermine Western Areas profitability. The company has high grade mines which continue to be economic despite extraordinarily weak commodity prices. Following a capital raising, the company is well placed to see out the current weak price environment and explore opportunistic growth initiatives.



Nine Entertainment Co Holdings Ltd

Not held by the fund.

Pacific Brands Ltd

Pacific Brands was subject to a takeover offer from US based Hanesbrands. The proposal has been endorsed by management and reflected a premium to the last traded price.

Key detractors

Security name	Sector	Active weight %	Value added %
Mystate Ltd	Financials Ex Property	3.08	-0.37
Evolution Mining Ltd	Materials	-1.47	-0.30
Fisher & Paykel Healthcare Corporation Limited	Health Care	2.84	-0.30

Mystate Ltd

Uninspiring results from the major banks has weighed on sentiment towards the sector, carrying Mystate's share price down. Mystate has continued to drive good volume growth in its core mortgage lending business. The company is also benefiting from improved competitive dynamics in its market place. At the same time Mystate continues to invest in technology and systems which will enable it to provide improved customer services and transaction efficiencies which we expect to drive greater shareholder returns.

Evolution Mining Ltd

Not held by the fund.

Fisher & Paykel Healthcare Corporation Limited

A weaker than expected result from one of its competitors (Resmed) also saw Fisher & Paykel's share price retract. We note however, Fisher and Paykel is not as exposed to OSA markets as Resmed and its sales to this market come mostly from sales of consumables (masks), rather than flow generators. Fisher & Paykel continues to develop new products, gaining traction in new markets such as humidified ventilation for patients suffering from COPD as well as, the use of humidification of gases used in the surgical theatre.

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