

NovaPort Wholesale Smaller Companies Fund

Quarterly report - March 2014

Performance #	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	2.29	15.87	14.28	23.80	13.75	17.04
Growth return	2.16	14.16	11.57	20.99	2.85	6.76
Distribution return	0.12	1.70	2.71	2.81	10.90	10.27
S&P/ASX Small Ordinaries Accumulation Index	0.89	-1.46	-5.33	8.76	4.89	7.26
Active return [^]	1.40	17.33	19.61	15.03	8.86	9.78

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 31 March 2014 (%)	Range (%)
Security	92.34	80-100
Cash	7.66	0-20

Top 5 active positions as at 31 March 2014	Fund weight (%)	Index weight (%)	Active weight (%)
Fisher & Paykel Healthcare Corporation Limited	4.19	0.00	4.19
SFG Australia Ltd	3.32	0.00	3.32
Sirtex Medical Limited	4.05	0.77	3.29
Technology One Limited	3.18	0.00	3.18
Peet Ltd	3.08	0.00	3.08

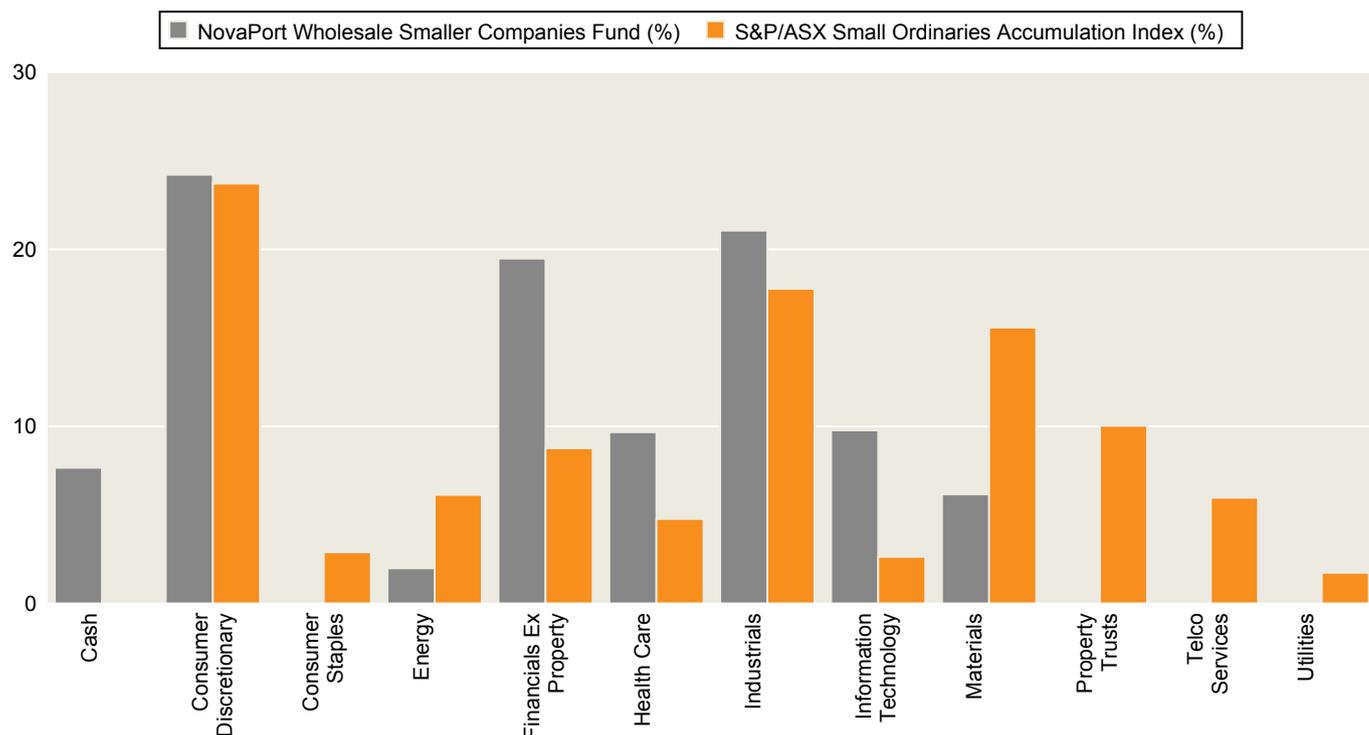
Fund facts	
Inception date	31 December 2002
Fund size	\$86.5M
APIR code	HOW0016AU

Fees	
Entry fee	Nil
2012-2013 ICR	2.89%
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	+0.40% / -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.

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

Sector exposure as at 31 March 2014



Market overview

The S&P/ASX Small Ordinaries Accumulation Index finished March down 1.16%, retracing somewhat from a broad based rally in the previous month. Over the quarter the benchmark posted a 0.89% gain. Weakness was concentrated in the energy and materials stocks while more defensive sectors such as telecommunications and property trusts rose. Investor sentiment remained resilient following a relatively benign earnings season, despite rising tensions in Europe and concerns about the health of the Chinese economy. Vendors remain eager to capitalise on stronger appetite for equities and there still appears to be a significant number of initial public offerings in the pipeline, which we assess for quality and upside potential. Domestic indicators such as hours worked and housing approvals point to an emerging recovery in some parts of the economy and we believe this can support earnings over the medium term. While we retain a constructive view of the overall market, the recovery is not yet fully established and needs to be carefully monitored.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.89% for the quarter. The Fund outperformed the market and delivered a +2.29% return over the quarter.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Sirtex Medical Limited	Health Care	3.29	0.93
CSR Limited	Industrials	3.03	0.77
Fisher & Paykel Healthcare Corporation Limited	Health Care	4.19	0.44

Sirtex Medical Limited

Sirtex reported a stronger growth in dose sales for the final quarter of 2013. The company continues to progress in key clinical trials, highlighting the meaningful sales expansion opportunity should level one clinical data confirm the existing evidence of SIR-spheres' efficacy. During the quarter the company provided the market with an update on its progress in existing clinical development and reported strong earnings growth.

CSR Limited

Evidence continues to grow that Australian housing construction activity is improving. Similarly, CSR's earnings will be supported by a lower Australian dollar. Under new management the company has embarked on a rationalisation of its operations, including a



restructure of its troubled glass making division. More recently the company has announced a bold plan to merge its brickmaking business into a joint venture with Boral.

Fisher & Paykel Healthcare Corporation Limited

Fisher & Paykel continues to gain investor interest as the company reports success in marketing new products and generating margin growth via manufacturing efficiencies. The company has a track record of establishing new markets for its core respiratory ventilation and humidification technologies and an ongoing pipeline of further opportunities

Key detractors

Security name	Sector	Active weight %	Value added %
Fairfax Media Limited	Consumer Discretionary	-1.73	-0.58
Austbrokers Holdings Ltd	Financials Ex Property	2.99	-0.56
G8 Education Ltd	Consumer Discretionary	-1.26	-0.49

Fairfax Media Limited

Not held by the fund.

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.

G8 Education Ltd

Not held by the fund.

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