

NovaPort Wholesale Smaller Companies Fund

Monthly report - May 2015

Performance #	1 month %	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	3.15	0.92	10.04	20.99	15.23	13.06	16.45
Growth return	3.15	0.87	6.44	18.23	12.40	2.20	6.87
Distribution return	-	0.05	3.60	2.76	2.83	10.87	9.59
S&P/ASX Small Ordinaries Accumulation Index	2.35	2.03	7.69	3.55	2.22	3.45	7.09
Active return [^]	0.80	-1.11	2.35	17.44	13.01	9.61	9.36

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 May 2015 (%)	Range (%)
Security	88.08	80-100
Cash	11.92	0-20

Top 5 active positions as at 31 May 2015	Fund weight (%)	Index weight (%)	Active weight (%)
Fisher & Paykel Healthcare Corporation Limited	4.16	0.40	3.76
Japara Healthcare Ltd	3.86	0.57	3.29
CSR Limited	3.20	0.00	3.20
SAI Global Limited	3.84	0.77	3.07
Austbrokers Holdings Ltd	3.01	0.00	3.01

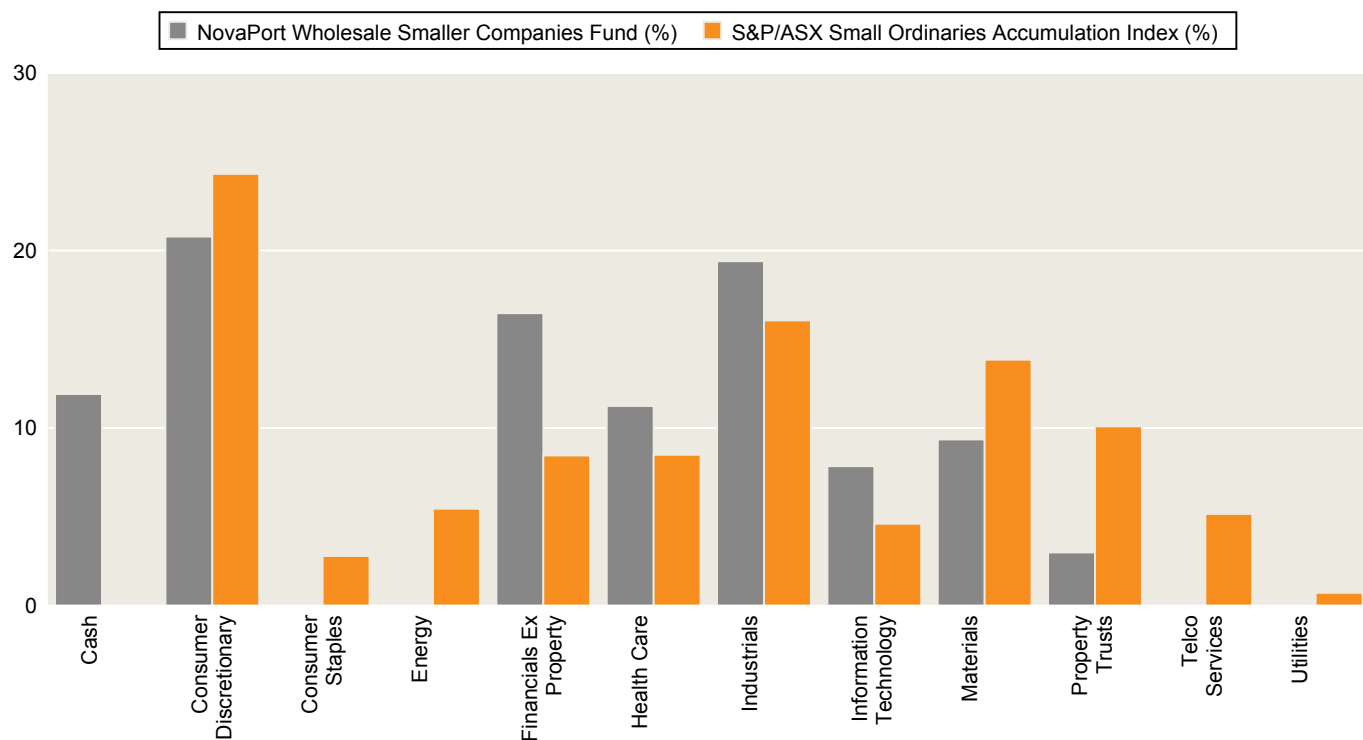
Fund facts	
Inception date	31 December 2002
Fund size	\$182.0M
APIR code	HOW0016AU

Fees	
Entry fee	Nil
2013-2014 ICR	2.59%
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 31 May 2015



Market overview

The Small Ordinaries Accumulation Index finished up 2.35% over May to bring the calendar year to date performance to 11.64%. The month saw small industrials climb 2.63% while the miners were up 0.93%.

Of the key contributors by sector, the Healthcare segment was up a solid 6.7%. Sirtex Medical was a major driver with its shares up 25.6% over the month on the release of clinical trial results validating its status as a liver cancer treatment solution that has the potential to become a first line treatment option. Such an outcome would significantly boost the company's global market opportunity.

On the macro front, investors continue to wrestle with conflicting signals regarding the state of the local and global economies and their potential impact on rates settings. Private capex figures released in May point to a slower economy lacking confidence. However, some consumer indicators, such as retail spend and housing activity, as well as a decline in corporate downgrades compared to previous years suggests the economy is in better shape.

Meanwhile, internationally the US economy continues to show signs of some growth with some of the resultant positive sentiment offset by an expectation of interest rate rises occurring sooner than expected as the post QE program of rates normalisation begins.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +2.35% for May. The fund outperformed the market and delivered a +3.15% return over May.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
CSR Limited	Industrials	3.20	0.37
Sirtex Medical Limited	Health Care	2.03	0.36
Sirius Resources NL	Materials	1.46	0.32

CSR Limited

CSR delivered a strong result during May, catching some forecasters by surprise. The group continues to expand on margins across its building products business while the aluminium smelter remains a price taker. The asbestos product liability appears to have stabilised and is expected to remain on a gradual downward path with the passing of time. Management remain optimistic about the outlook across the portfolio with the exception of the glass businesses, which remain a turnaround situation.



Sirtex Medical Limited

Eagerly anticipated results of the Sirtex sponsored SIRFLOX trial of its SIR-spheres liver cancer treatment were presented at the annual ASCO conference during May. While the initial precis of results released earlier this year were not favourably received by the market, the review of the full data by the oncology community saw some significant and positive results in secondary endpoints of the study. Some reviewers suggest this supports the increased adoption of SIR-spheres in cases of metastatic colorectal cancer in patients with liver predominant disease. The result was significant as it is peer reviewed, level one clinical evidence which the company will now able to present when promoting this treatment to oncologists / clinicians.

Sirius Resources NL

Sirius Resources was subject to a friendly merger proposal from Independence Group. The bid was structured at a price favourable to Sirius investors, reflective of the future growth potential of the Nova project. The bid is largely scrip based, with some cash and a remnant exploration company funded to further investigate some of Sirius' promising tenements.

Key detractors

Security name	Sector	Active weight %	Value added %
Independence Group NL	Materials	1.49	-0.37
APN News & Media Limited	Consumer Discretionary	2.53	-0.29
Cash Converters International Limited	Consumer Discretionary	1.43	-0.19

Independence Group NL

Independence Group announced the acquisition of Sirius Resources in a scrip and cash deal which was viewed as more favourable to Sirius shareholders. The companies rationale for the acquisition was to firm up its medium term production profile with what is a high quality asset of meaningful scale.

APN News & Media Limited

APN's share price has fallen as the market digests the significant sell down of shares by INM and associated entities. The company continues to work to monetise its print media assets, however growth in the radio and outdoor segments has seen the relative share of these print businesses decline. The recent acquisition of an FM license in Perth will deliver the company a leading national network.

Cash Converters International Limited

The company released a trading update that highlighted generally solid growth across its Australian operations. However, the market is now waiting for the Federal Finance Minister's review of ASIC's report on small credit amount contracts which was released in March. While the company itself does not expect any major changes post the review, uncertainty is weighing on sentiment. Meanwhile, results from the UK have been disappointing with recent regulatory changes in that market having a negative impact. The company stated it is reviewing the structure of its UK product offering as well as looking to reduce costs.

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