

NovaPort Wholesale Smaller Companies Fund

Monthly report - November 2014

Performance #	1 month %	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Inception % p.a.
Fund return	-2.65	-5.11	5.25	17.41	12.78	11.42	16.24
Growth return	-2.65	-5.38	1.41	13.94	10.00	0.67	6.38
Distribution return	-	0.27	3.83	3.47	2.78	10.75	9.87
S&P/ASX Small Ordinaries Accumulation Index	-3.81	-9.57	-1.82	-1.04	-1.27	2.20	6.37
Active return [^]	1.16	4.46	7.06	18.45	14.05	9.22	9.87

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 November 2014 (%)	Range (%)
Security	85.38	80-100
Cash	14.62	0-20

Top 5 active positions as at 30 November 2014	Fund weight (%)	Index weight (%)	Active weight (%)
Fisher & Paykel Healthcare Corporation Limited	4.52	0.00	4.52
Sirtex Medical Limited	4.73	1.39	3.34
CSR Limited	3.31	0.00	3.31
Peet Ltd	2.96	0.00	2.96
Technology One Limited	3.49	0.57	2.91

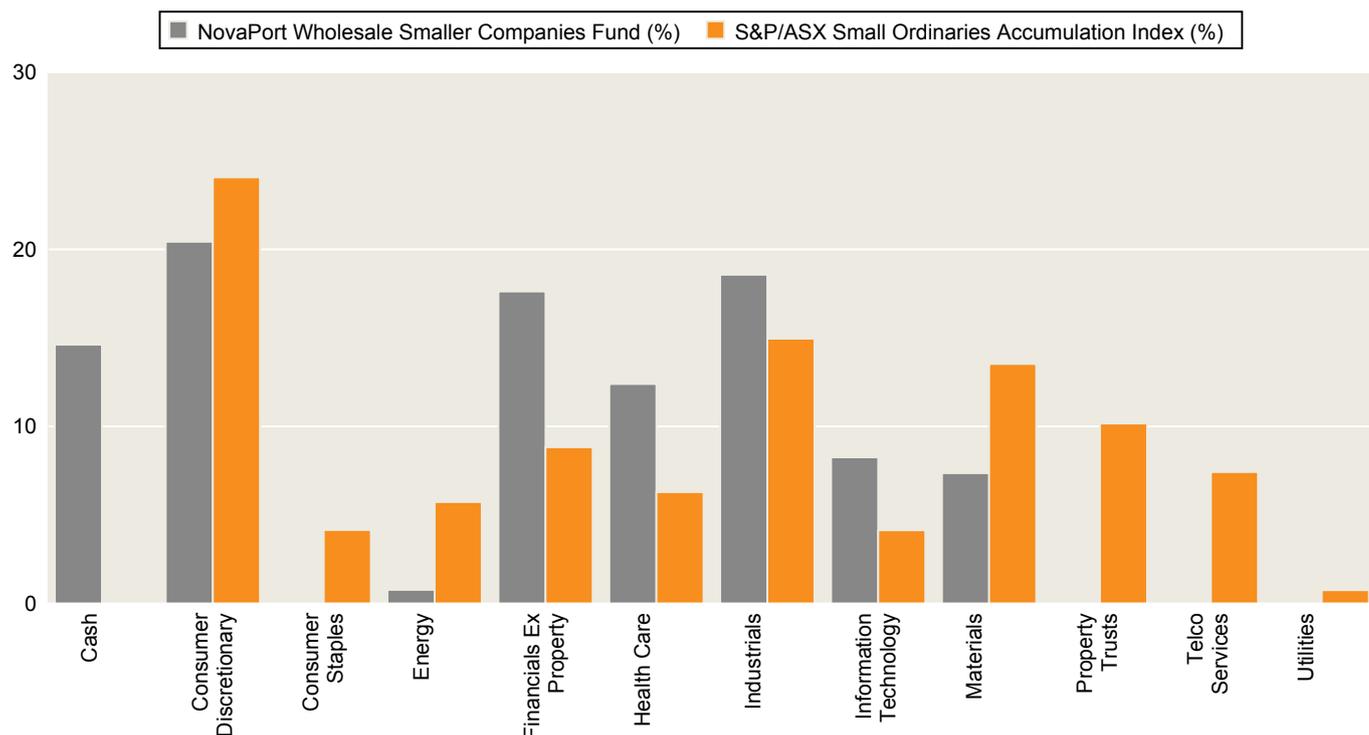
Fund facts	
Inception date	31 December 2002
Fund size	\$127.7M
APIR code	HOW0016AU

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 30 November 2014



Market overview

The S&P/ASX Small Ordinaries Accumulation Index continued a weak performance, declining 3.8% over November. Higher yielding and defensive sectors provided the best returns during November, while the falling oil price saw the energy sector post the greatest declines. Resources generally underperformed industrials with weaker iron ore pricing and concerns surrounding the sustainability of Chinese and European economic growth. These concerns were borne out in equity markets, more than offsetting continued evidence of economic recovery in the USA and a falling Australian dollar. Primary equity markets were active. However it was notable that some new issues required keener pricing to succeed. So far this financial year, mining services companies have provided most of the earnings downgrades. Some retailers have also downgraded, possibly struggling against a weaker Australian currency. The coming Christmas and end of year sales are crucial for most retailers. With consumer budgets supported by low interest rates and (more recently) lower fuel prices, this year's sales will provide an interesting perspective on consumer sentiment.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -3.81% for November. The fund outperformed the market and delivered a -2.65% return over November.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Cardno Limited	Industrials	-0.49	0.31
Fisher & Paykel Healthcare Corporation Limited	Health Care	4.52	0.27
UGL Limited	Industrials	-0.32	0.25

Cardno Limited

Not held by the fund.

Fisher & Paykel Healthcare Corporation Limited

Fisher and Paykel reported a pleasing earnings result for the half. The company continues to benefit from the release of new and higher margin products as well as a lower manufacturing cost structure. Specifically, growth initiatives within non-invasive ventilation continue to gain traction in the marketplace and offer considerable revenue opportunities.

UGL Limited

Not held by the fund.



Key detractors

Security name	Sector	Active weight %	Value added %
Flexigroup Ltd	Financials Ex Property	2.15	-0.28
Technology One Limited	Information Technology	2.91	-0.23
Horizon Oil NI	Energy	0.55	-0.23

Flexigroup Ltd

Following a period of strong volume expansion, Flexigroup's recent asset growth profile has declined. This is consistent with the broader financial services industry which in the aftermath of the GFC has had to adapt to a lower rate of overall credit growth. In response the market has de-rated Flexigroup. Despite this, the company continues to challenge the incumbent providers in in sizeable markets such as cards, leasing and other profitable niches.

Technology One Limited

Technology One released its full year result in November and while it was in line with expectations and included a special dividend the stock succumbed to a level of profit taking following a 190% increase in share price over the prior three years.

Horizon Oil NI

Horizon Oil is currently producing substantial volumes of oil from its Chinese and New Zealand operations. Unfortunately this has coincided with weaker oil prices. While the company has maintained some hedging, the share price has fallen reflecting the weaker oil price environment.

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