

NovaPort Smaller Companies Fund

Monthly report - January 2021

Performance ¹	1 month %	Quarter %	1 year %	3 years % p.a	5 years % p.a	10 years % p.a	15 years % p.a	Inception % p.a ²
Fund return (net)	-0.31	14.35	-0.96	5.98	8.22	9.60	9.98	12.98
Growth return	-0.31	13.94	-2.05	2.48	4.24	5.59	1.77	4.94
Distribution	0.00	0.40	1.09	3.50	3.98	4.01	8.21	8.04
S&P/ASX Small Ordinaries Accumulation Index	-0.25	13.03	5.38	6.69	11.56	3.97	4.08	7.64
Active return ³	-0.06	1.32	-6.34	-0.71	-3.34	5.63	5.90	5.34

Past performance is not a reliable indicator of future performance.

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

² The inception date for the Fund is 31 December 2002

³ 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	Actual %	Range %
Security	94.14	80-100
Cash	5.86	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Ebos Group Ltd	3.53	0.00	3.53
Credit Corp Group	4.26	0.80	3.46
GWA Group Ltd	3.67	0.38	3.29
Estia Health Ltd	3.44	0.18	3.25
HT&E Ltd	3.03	0.00	3.03

Fund facts	
Inception date	31 December 2002
Fund size	\$304.4M
APIR code	HOW0016AU

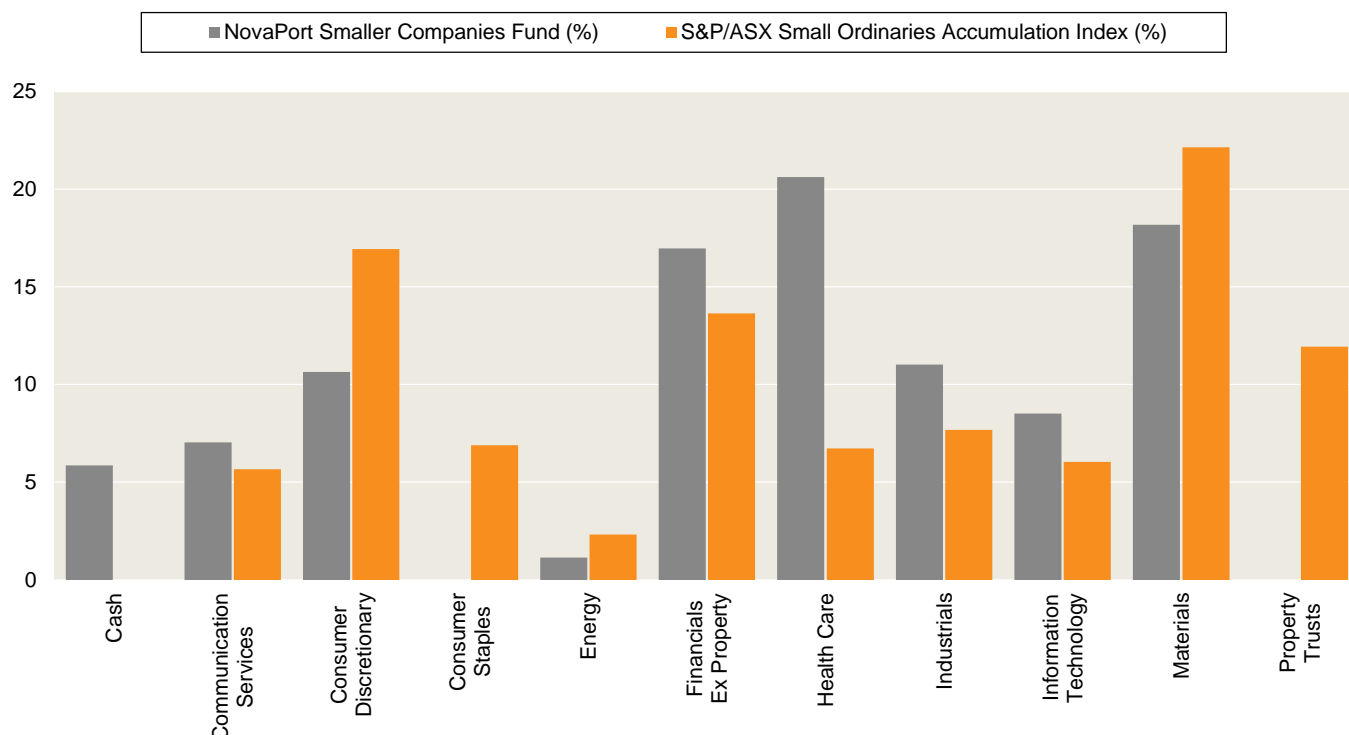
Fees	
Entry fee	Nil
2017-2018 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The performance fee is capped at 2.00% p.a.
Buy/sell spread	+0.30% / -0.30%

Data Source: Fidante Partners Limited, 31 January 2021.

¹ 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.

² The performance fee was introduced from 1 October 2011

Sector exposure



Data Source: Fidante Partners Limited, 31 January 2021.

Market overview

Australian smaller companies fell in January after concerns about speculative retail investor behaviour eroded a strong start to the month.

Global optimism over widespread COVID-19 vaccination programs and the resulting economic reopening drove the early momentum for equity markets.

However, dramatic short squeezes of US companies such as GameStop drove a risk-off move as investors contemplated the influence of excess exuberance and speculative forces in the markets.

The ASX Small Ordinaries (Accumulation) Index shed 0.3% last month, following a surge in the December quarter (+13.8%).

Small Industrials were modestly higher (+0.2%) while Small Resources fell 1.9%. Smaller companies underperformed large ones (+0.4% in January) for the first time in some months.

Offshore the US reporting season has generally been strong from an earnings perspective, reinforcing the view of a rapid recovery supported by governments and central banks.

Locally, investors are looking ahead to the February reporting season to gauge the outlook for listed companies.

Vast accumulated savings and robust housing data suggest a strong outlook for building companies and consumer facing discretionary businesses. Bullish trading updates from a handful of 'COVID winners' such as consumer and automotive retailers have investors weighing up the duration of elevated demand.

From a macro perspective, last month saw the shift from more expensive technology and growth stocks into cyclical names reverse. But rising bond yields and ongoing positive economic surprises continue to suggest caution is warranted with high valuation, long duration stocks.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -0.25% for January. The fund underperformed the market and delivered a -0.31% return over January.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
PolyNovo Ltd	Health Care	-0.73	0.34
Baby Bunting Group Ltd	Consumer Discretionary	2.61	0.24
Estia Health Ltd	Health Care	3.25	0.18

Data Source: Fidante Partners Limited, 31 January 2021.



PolyNovo Ltd

Not held by the fund.

Baby Bunting Group Ltd

Baby Bunting's share price continued its post COVID price run as a member of the group of retailers viewed as virus beneficiaries. While the elevated valuation makes similar gains to those made in 2020 harder to see this year, its very strong market presence, developed omni channel capability and buoyant consumer confidence levels should see the stock well supported.

Estia Health Ltd

Estia's share price recovered from an oversold position. The extended Royal Commission into Aged Care is in its final stages and due to deliver its final report. Estia operates a large network of aged care facilities and is well placed to be able to deliver the services and quality standards which the market demands.

Key detractors

Security name	Sector	Active weight %	Value added %
Nanosonic Limited	Health Care	2.12	-0.37
Zip Co Ltd	Financials Ex Property	-1.15	-0.31
Lynas Rare Earths Ltd	Materials	-1.80	-0.30

Data Source: Fidante Partners Limited, 31 January 2021.

Nanosonic Limited

Unlike other high price to earnings (PE) technology companies which saw their price weaken over the December quarter, Nanosonic's price climbed over 41% to new record highs. As such, some profit taking over January was not unexpected. Remains a preferred technology exposure for the fund.

Zip Co Ltd

Not held by the fund.

Lynas Rare Earths Ltd

Not held by the fund.

For further information, please contact:

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