

NovaPort Smaller Companies Fund

Quarterly report - March 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)	0.58	0.21	40.77	6.89	7.84	8.79	9.54	12.89
Growth return	0.39	0.02	39.63	3.38	3.85	4.79	1.61	4.92
Distribution	0.19	0.19	1.14	3.51	3.99	4.00	7.93	7.97
S&P/ASX Small Ordinaries Accumulation Index	0.79	2.09	52.15	8.31	10.69	4.11	3.67	7.71
Active return ³	-0.21	-1.87	-11.38	-1.42	-2.85	4.69	5.87	5.18

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	94.28	80-100
Cash	5.72	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Independence Group NL	4.08	0.00	4.08
Estia Health Ltd	4.09	0.20	3.88
Ebos Group Ltd	3.70	0.00	3.70
Credit Corp Group	4.32	0.88	3.44
Fletcher Building Limited	4.17	0.93	3.24

Fund facts	
Inception date	31 December 2002
Fund size	\$293.9M
APIR code	HOW0016AU

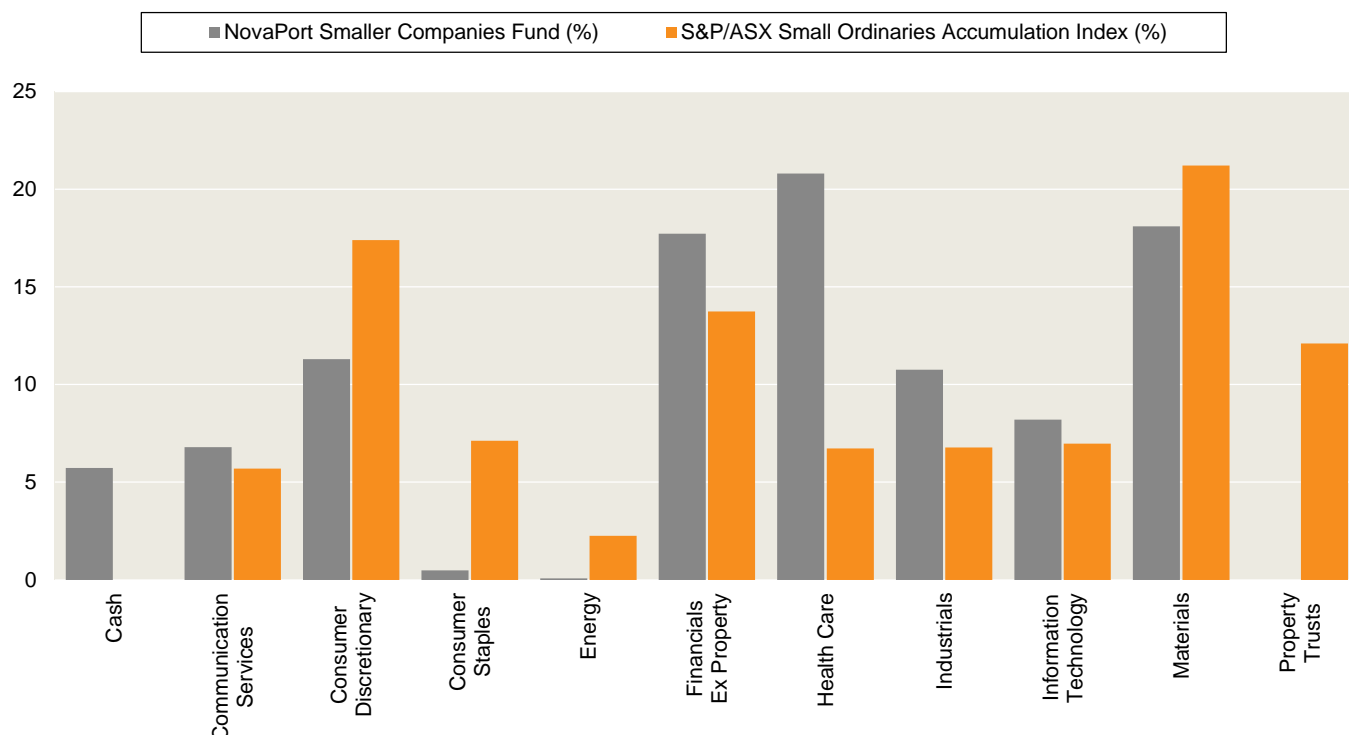
Fees	
Entry fee	Nil
2017-2018 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 31 March 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 March 2021.

Market overview

Equities rose in March following a strong corporate reporting season and sustained positive economic data. The ASX Small Ordinaries (Accumulation) Index rose 0.8% last month, rounding out a 2.1% gain for the quarter.

Australian stocks underperformed global equity indices and local small caps were weaker than large caps.

Small resources stocks shed 3% in March after a very strong run as commodity prices retraced recent gains. Small industrials rose 0.8%.

Australian economic data including employment, house prices, and business and consumer sentiment continued to strengthen, supporting positive company outlooks provided in February earnings updates.

The combination of momentum and optimism suggest the end of the huge JobKeeper wage subsidy program this month should not derail the economic upswing.

Despite hiccups in the vaccine rollout program and resurgent COVID-19 outbreaks globally, the pathway out of lockdown looks clear.

In the United States, President Biden's US\$1.9 trillion stimulus package will add further impetus to the very strong recovery already taking place in the world's biggest economy. Indeed, the tension remains between strong growth supporting markets, and too much growth potentially igniting inflationary pressures that could force an end to easy monetary policy.

Bond yields appear to have stabilised after a tumultuous period earlier this quarter. However markets will be closely reading inflation data and central bank commentary for any sign of a looming change in monetary policy.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +2.09% for the quarter. The fund underperformed the market and delivered a +0.21% return over the quarter.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Estia Health Ltd	Health Care	3.88	0.61
Fletcher Building Limited	Materials	3.24	0.49
AUB Group Ltd	Financials Ex Property	3.13	0.48

Data Source: Fidante Partners Limited, 31 March 2021.



Estia Health Ltd

Estia Health' share price has risen as a result of improving sentiment towards the aged care sector. The finalisation of the Royal Commission revealed the need for improved funding to address concerns about service levels. Access to testing and adoption of management protocols has seen the sector better cope with the challenges of the COVID 19 pandemic. Despite this, and even after the recent share price rally, Aged Care companies continue to trade at prices lower than they had prior to the pandemic outbreak.

Fletcher Building Limited

Fletcher Building continued its strong run as new home construction and renovations, and a solid pipeline of infrastructure work, support demand for building materials.

AUB Group Ltd

AUB Group reported a strong result which highlighted the benefits of recent acquisitions driving earnings higher than expectations. Inflation of insurance premiums continues to provide a positive operating environment. The owner – driver business model continues to ensure alignment between operational management and shareholders.

Key detractors

Security name	Sector	Active weight %	Value added %
Nanosonic Limited	Health Care	1.87	-0.79
Lynas Rare Earths Ltd	Materials	-2.23	-0.78
GWA Group Ltd	Industrials	2.84	-0.63

Data Source: Fidante Partners Limited, 31 March 2021.

Nanosonic Limited

After reaching a record high in early January, Nanosonic's share price weakened over the quarter with the interim result showing sales activity in the US continued to be hampered by COVID lockdowns. In addition, news flow regarding the eagerly awaited new product disappointed investors with the release date further delayed.

Lynas Rare Earths Ltd

Not held by the fund.

GWA Group Ltd

GWA Group lagged following a management change and concerns over rising freight costs, however demand for its bathroom and kitchen fittings should strengthen in a buoyant housing market.

For further information, please contact:

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