

NovaPort Smaller Companies Fund

Monthly report - October 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)	1.82	4.74	29.15	12.08	7.80	10.71	9.71	13.16
Growth return	1.82	4.39	24.29	8.22	4.14	6.34	3.37	5.23
Distribution	0.00	0.35	4.87	3.86	3.66	4.36	6.34	7.94
S&P/ASX Small Ordinaries Accumulation Index	0.92	3.68	31.01	13.54	11.47	6.98	3.87	8.18
Active return ³	0.90	1.06	-1.86	-1.46	-3.67	3.72	5.84	4.99

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	96.01	80-100
Cash	3.99	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Ebos Group Ltd	4.05	0.00	4.05
Kathmandu Holdings Ltd	3.64	0.00	3.64
Estia Health Ltd	3.65	0.17	3.48
Gold Road Resources Ltd	3.83	0.42	3.41
Independence Group NL	3.08	0.00	3.08

Fund facts	
Inception date	31 December 2002
Fund size	\$290.6M
APIR code	HOW0016AU

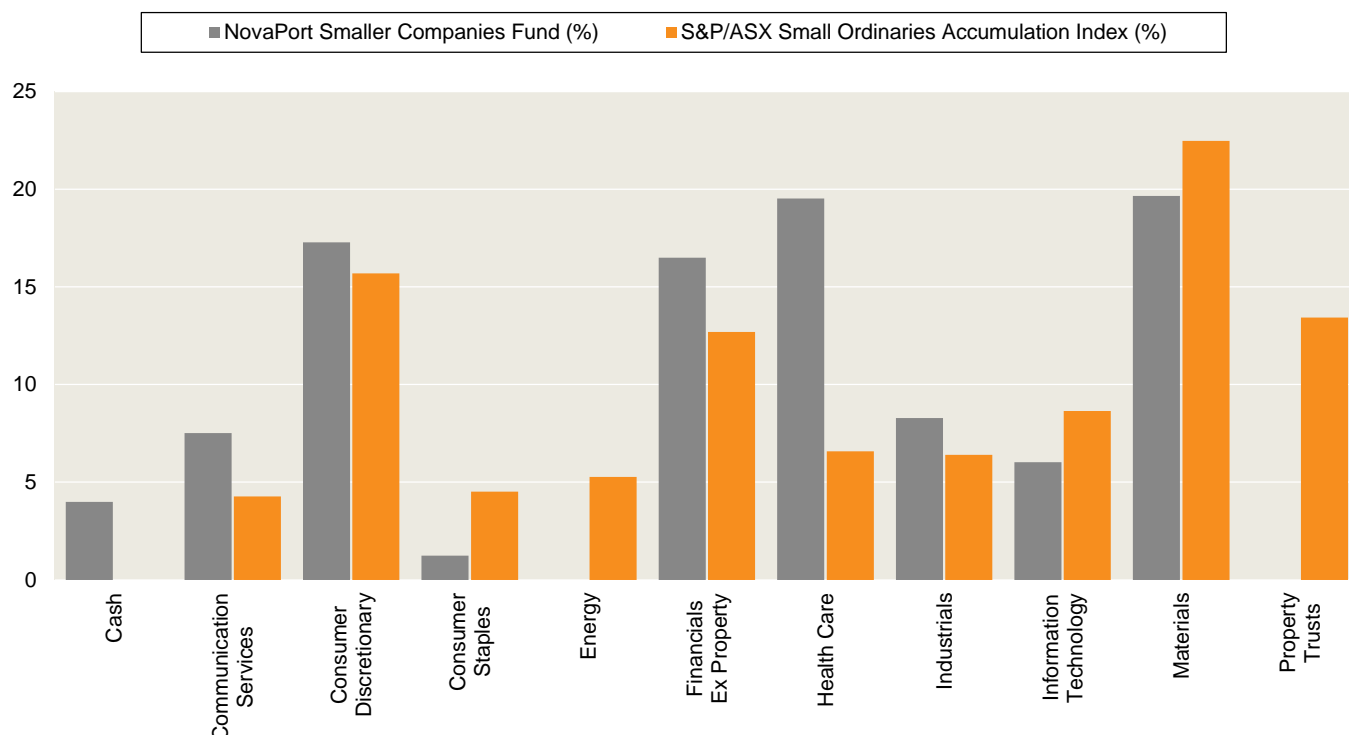
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The performance fee is capped at 2.00% p.a.
Buy/sell spread	+0.30% / -0.30%

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

Market overview

Australian smaller companies rose in October despite mounting concerns that sustained inflation will force central banks to abandon easy policy settings.

The ASX Small Ordinaries (Accumulation) Index gained 0.9% last month, outperforming local large caps (-0%) but lagging global equity markets buoyed by a strong US reporting season.

Resources stocks drove the index performance, with strong price gains for gold, lithium and base metals pushing small resources up 6.5%.

Iron ore remained under pressure amid ongoing fears that China's indebted property developer Evergrande could cause a property crisis.

Small industrials fell 0.6% for the month.

Bond yields rose in Australia and the US with higher than expected inflation rates pressuring rock bottom interest rate settings.

In Australia market pricing moved sharply to challenge Reserve Bank guidance for no rate hikes until 2024.

The local AGM season kicked off with relatively cagey outlook statements due to lockdowns, border closures and cost pressures particularly around freight.

However, the underlying economy remains strong and earnings are generally healthy which should support equity prices.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.92% for October. The fund outperformed the market and delivered a +1.82% return over October.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Nick Scali Ltd	Consumer Discretionary	2.70	0.61
Gold Road Resources Ltd	Materials	3.41	0.45
HT&E Ltd	Communication Services	2.84	0.42

Data Source: Fidante Partners Limited, 31 October 2021.



Nick Scali Ltd

Furniture retailer Nick Scali performed strongly in October following the earnings accretive acquisition of Plush Sofas. The deal also offers prospective synergies and was well received by the market.

Gold Road Resources Ltd

Gold Road reported a significant increase in the reserve at its flagship Gruyere gold mine. The reserve increase adds mine life and highlights the scale and quality of their operations.

HT&E Ltd

Here, There and Everywhere 's share price strengthened following their announcement of a settlement reached with the ATO in October. The matter was settled at less than half the original claim after three years of ongoing dispute and signified a positive outcome for investors, given greater certainty over the company's balance sheet strength.

Key detractors

Security name	Sector	Active weight %	Value added %
Estia Health Ltd	Health Care	3.48	-0.35
IPH Ltd	Industrials	3.02	-0.27
AUB Group Ltd	Financials Ex Property	2.06	-0.25

Data Source: Fidante Partners Limited, 31 October 2021.

Estia Health Ltd

The imposition of lockdowns and increase prevalence of coronavirus in the community weighed on sentiment to Estia and the Aged care sector. While there is anxiety about the impact of the pandemic upon the sector, Estia has maintained its occupancy and has demonstrated its capacity to manage and control outbreaks in its aged care homes.

IPH Ltd

IPH's share price weakened on limited new information in October, giving back some of its strong prior performance. The company continues to drive organic growth through internal referrals across international jurisdictions and display discipline in achieving synergies post integration of recent acquisitions.

AUB Group Ltd

AUB Group's share price fell following a period of strong performance. The company reaffirmed its guidance however the share price performance suggests that the market may have been expecting an upgrade. Insurance premium growth continues to provide a supportive operating environment and the company has also ample drive accretive M&A.

For further information, please contact:

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