

NovaPort Smaller Companies Fund

Monthly report - November 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)	-1.03	-0.17	17.87	12.36	7.88	10.58	9.24	13.04
Growth return	-1.03	-0.51	13.43	8.50	4.23	6.22	2.93	5.14
Distribution	0.00	0.33	4.44	3.86	3.66	4.36	6.31	7.89
S&P/ASX Small Ordinaries Accumulation Index	-0.31	-1.54	18.44	13.54	11.65	7.35	3.58	8.12
Active return ³	-0.72	1.37	-0.57	-1.18	-3.77	3.23	5.66	4.92

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	3.80	0.00	3.80
Estia Health Ltd	3.84	0.18	3.66
Gold Road Resources Ltd	3.93	0.45	3.48
Independence Group NL	3.45	0.00	3.45
Kathmandu Holdings Ltd	3.36	0.00	3.36

Fund facts	
Inception date	31 December 2002
Fund size	\$283.3M
APIR code	HOW0016AU

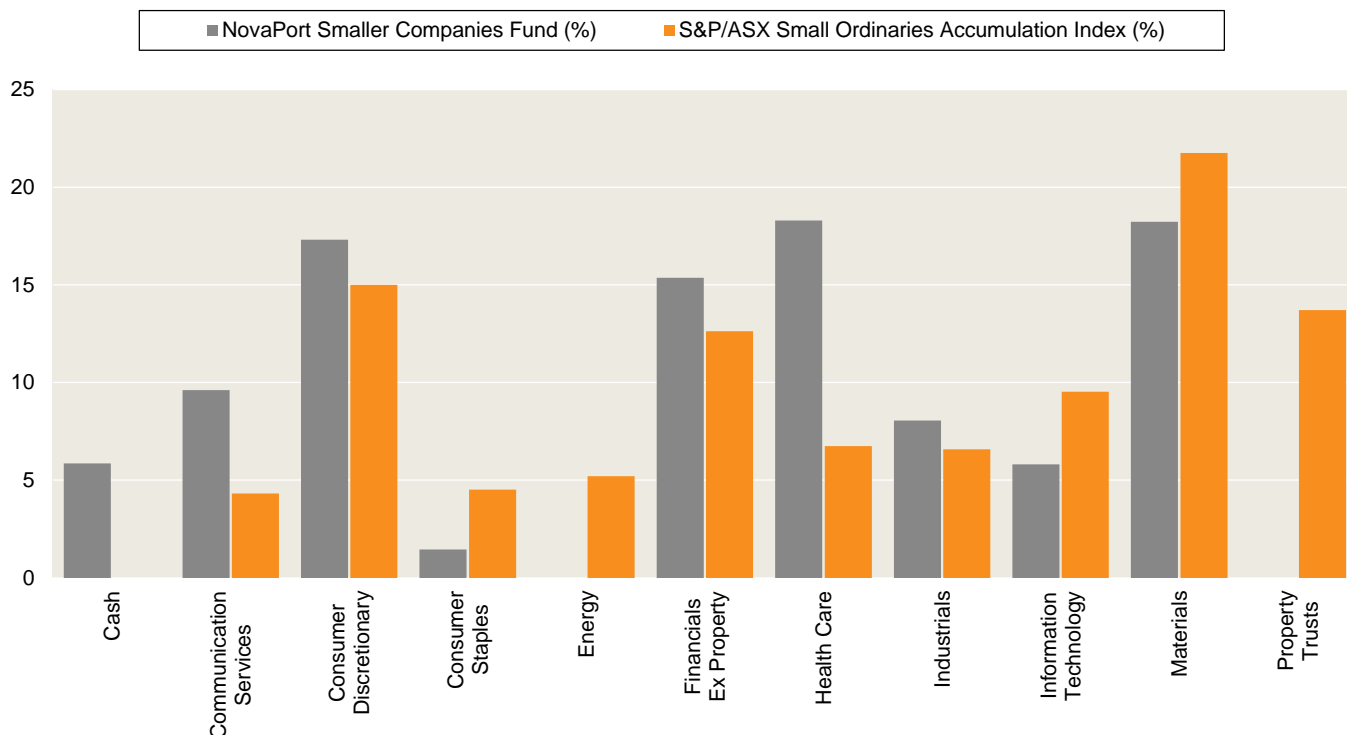
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 30 November 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, 30 November 2021.

Market overview

Australian small company shares fell in November following the emergence of the Omicron COVID-19 variant.

Shifting communications at the US Federal Reserve also impacted markets as investors face the prospect of reduced liquidity and potential interest rate hikes.

The ASX Small Ordinaries (Accumulation) Index fell 0.3% last month, with a strong performance by small resources stocks (+3.6%) more than offset by weakness in small industrials (-1.5%).

Travel-related businesses and those linked to economic reopening were particularly poor performers amid concern over the Omicron strain of COVID-19.

Questions about the timing and completeness of reopening, vaccine efficacy, and how consumers will respond are key for markets and will likely be ongoing drivers of volatility.

Brent oil was hammered more than 16% as the outlook for aviation and transit fuel use clouded over, with energy stocks correspondingly weaker.

Metals and mining companies were the key bright spot, with gold miners and battery minerals names (lithium, nickel) rallying hard on stronger prices.

Arguably the most significant potential change last month was the US Fed signalling that it will taper sooner and faster than previously expected.

The end of ultra-loose monetary policy and possible interest rate hikes loom as a key test, especially given the extraordinary valuation dispersion between expensive, 'long-duration growth,' and the rest of the market.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -0.31% for November. The fund underperformed the market and delivered a -1.03% return over November.



Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Independence Group NL	Materials	3.45	0.30
Zip Co Ltd	Financials Ex Property	-0.93	0.23
Seven West Media Ltd	Communication Services	1.88	0.22

Data Source: Fidante Partners Limited, 30 November 2021.

Independence Group NL

Strong commodity prices and stable operating performance saw the IGO Group share price drift higher during the month.

Zip Co Ltd

Not held by the fund.

Seven West Media Ltd

Seven West Media successfully restructured its operations to provide a sustainable financial position from which to grow. The investment in Video on Demand provides their customers with a relevant media which is delivering very strong revenue growth.

Key detractors

Security name	Sector	Active weight %	Value added %
Novonix Ltd	Information Technology	-1.34	-0.50
Chalice Mining Ltd	Materials	-1.11	-0.36
Pilbara Minerals Ltd	Materials	0.00	-0.30

Data Source: Fidante Partners Limited, 30 November 2021.

Novonix Ltd

Not held by the fund.

Chalice Mining Ltd

Not held by the fund.

Pilbara Minerals Ltd

Not held by the fund.

For further information, please contact:

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This material has been prepared by NovaPort Capital Pty Ltd (ABN 88 140 833 656, AFSL 385329) NovaPort, the investment manager of the NovaPort Smaller Companies Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Alphinity and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Alphinity and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.

