

NovaPort Smaller Companies Fund

Monthly report - April 2020

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)	9.84	-22.31	-13.30	0.41	2.10	7.03	9.15	12.00
Growth return	9.84	-22.69	-16.55	-3.53	-3.10	2.98	0.28	3.74
Distribution	0.00	0.38	3.25	3.94	5.20	4.05	8.87	8.26
S&P/ASX Small Ordinaries Accumulation Index	14.27	-19.00	-13.31	3.24	4.95	2.46	4.00	6.36
Active return ³	-4.43	-3.31	0.01	-2.83	-2.85	4.57	5.15	5.64

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	89.16	80-100
Cash	10.84	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Gold Road Resources Ltd	5.66	0.82	4.84
Ebos Group Ltd	4.24	0.00	4.24
AUB Group Ltd	4.15	0.51	3.65
Independence Group NL	4.48	1.31	3.17
EQT Holdings Limited	2.89	0.00	2.89

Fund facts	
Inception date	31 December 2002
Fund size	\$243.0M
APIR code	HOW0016AU

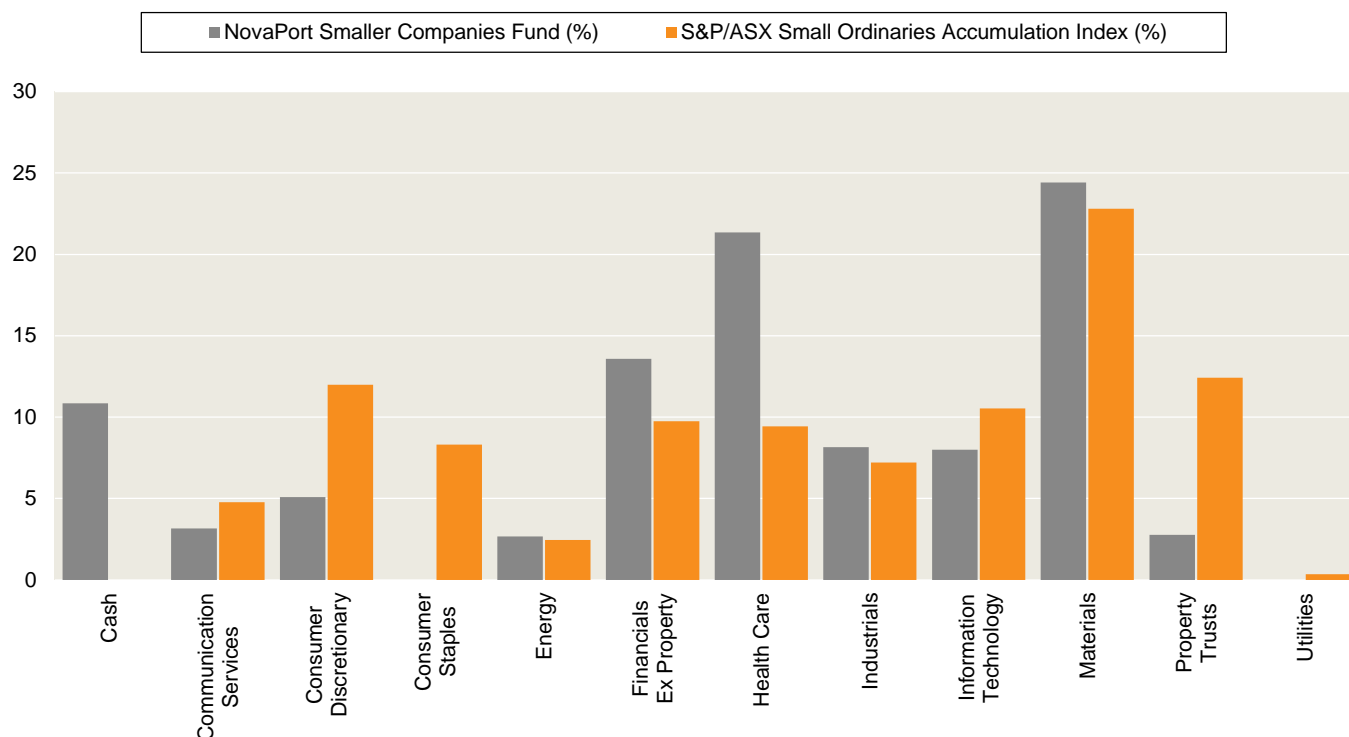
Fees	
Entry fee	Nil
2017-2018 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 30 April 2020.

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 April 2020.

Market overview

Share markets rallied strongly in April as peaking COVID-19 infection rates raised hopes for an easing of health-related economic shutdowns. Supportive central bank liquidity measures and huge government stimulus programs further buoyed markets. The ASX Small Ordinaries (Accumulation) Index surged 14.3% last month, partially recovering from the snap 22.3% sell-off in March. Resources stocks rallied 20.3% in April while industrials rose 12.3%.

A growing number of companies moved to shore up their financial position by cutting expenditures and raising capital. More than \$14 billion of equity capital was raised by Australian-listed corporates, including almost \$5 billion from Small Ordinaries constituents.

Several companies also refinanced their debt or secured covenant waivers from lenders ahead of an anticipated drop in earnings. Sombre updates from the National Australia Bank and ANZ Bank towards the end of the month tempered market optimism about a rapid economic recovery.

Weak data including a sharp deterioration in consumer and business sentiment were accompanied by steady cuts to analyst earnings expectations. It is unclear how quickly economic activity can return to normal without risking a resurgence in infections. This uncertainty, and the tug-of-war between supportive policy settings and deteriorating fundamentals, means ongoing volatility is likely.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +14.27% for April. The fund underperformed the market and delivered a +9.84% return over April.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Metcash LTD	Consumer Staples	-1.51	0.69
Seven Group Holdings Ltd	Industrials	2.20	0.38
Integral Diagnostics Ltd	Health Care	2.48	0.36

Data Source: Fidante Partners Limited, 30 April 2020.

Metcash LTD

Not held by the fund.

Seven Group Holdings Ltd

The share price recovered amid growing confidence that the Australian resources sector would continue to produce significant volumes. The company operates Caterpillar dealerships which also deliver parts and services used to maintain mining equipment.



Integral Diagnostics Ltd

Integral Diagnostic's share price recovered as greater clarity about the pandemic lockdown protocols in Australia emerged. The ban on elective surgeries was a significant disruption to the business however we expect volumes to recover quickly as these are removed.

Key detractors

Security name	Sector	Active weight %	Value added %
Ebos Group Ltd	Health Care	4.24	-0.89
Fisher & Paykel Healthcare Corporation Limited	Health Care	2.27	-0.75
Peet Ltd	Property Trusts	1.22	-0.66

Data Source: Fidante Partners Limited, 30 April 2020.

Ebos Group Ltd

Ebos group operates a pharmacy distribution and healthcare business which has performed well despite the disruptions being experienced in the broader economy. The share price did not participate in the market rally during April mainly because it did not suffer significant falls during March.

Fisher & Paykel Healthcare Corporation Limited

Fisher & Paykel healthcare manufactures and distributes consumables, humidifiers and flow generators used for respiratory support and therapy. Its key hospital customers have experienced heavy demand for these products. The share price performed strongly this year however did not participate in the April market rally as it had enjoyed substantial outperformance during March.

Peet Ltd

Peet share price did not see a rally over April to the extent that much of the market did as investors focussed on the slowing of sales and potential for a weaker first homebuyer market in the foreseeable future.

For further information, please contact:

Fidante Partners Investor Services | 13 51 53 | email: info@fidante.com.au | website: www.fidante.com.au

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is provided by NovaPort Capital Pty Ltd ABN 88 140 833 656 AFSL 385 329 (NovaPort), the investment manager of the NovaPort Smaller Companies Fund ARSN 094 601 475 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) is the responsible entity and issuer of interests in the Fund. The information in this publication should be regarded as general information and not financial product advice, and has been prepared without taking into account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain and consider the Product Disclosure Statement (PDS) and any additional information booklet (AIB) for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. A copy of the PDS and AIB can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website www.fidante.com.au. Please also refer to the Financial Services Guide on the Fidante Partners website. Past performance is not a reliable indicator of future performance. Neither your investment nor any particular rate of return is guaranteed. The information contained in this document is not intended to be relied upon as a forecast and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy, nor is it investment advice. If you acquire or hold the product, we, Fidante Partners or a related company will receive fees and other benefits which are generally disclosed in the PDS or other disclosure document for the Fund. Neither Fidante Partners nor a Fidante Partners related company and its respective employees receive any specific remuneration for any advice provided to you. However, financial advisers (including some Fidante Partners related companies) may receive fees or commissions if they provide advice to you or arrange for you to invest in the Fund. NovaPort, some or all Fidante Partners related companies and directors of those companies may benefit from fees, commissions and other benefits received by another group company.

