

NovaPort Smaller Companies Fund

Monthly report - July 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)	0.98	8.12	-10.12	2.06	4.07	9.10	9.10	12.31
Growth return	0.98	7.90	-11.56	-1.59	0.06	5.00	0.91	4.13
Distribution	0.00	0.22	1.44	3.65	4.01	4.10	8.19	8.18
S&P/ASX Small Ordinaries Accumulation Index	1.39	9.94	-8.49	6.47	7.86	4.19	3.80	6.84
Active return ³	-0.41	-1.82	-1.64	-4.41	-3.79	4.91	5.30	5.47

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	90.99	80-100
Cash	9.01	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Gold Road Resources Ltd	5.94	0.84	5.10
Saracen Mineral Holdings Ltd	4.84	0.00	4.84
Ebos Group Ltd	3.83	0.00	3.83
EQT Holdings Limited	3.20	0.00	3.20
Fisher & Paykel Healthcare Corporation Limited	5.33	2.17	3.17

Fund facts	
Inception date	31 December 2002
Fund size	\$263.4M
APIR code	HOW0016AU

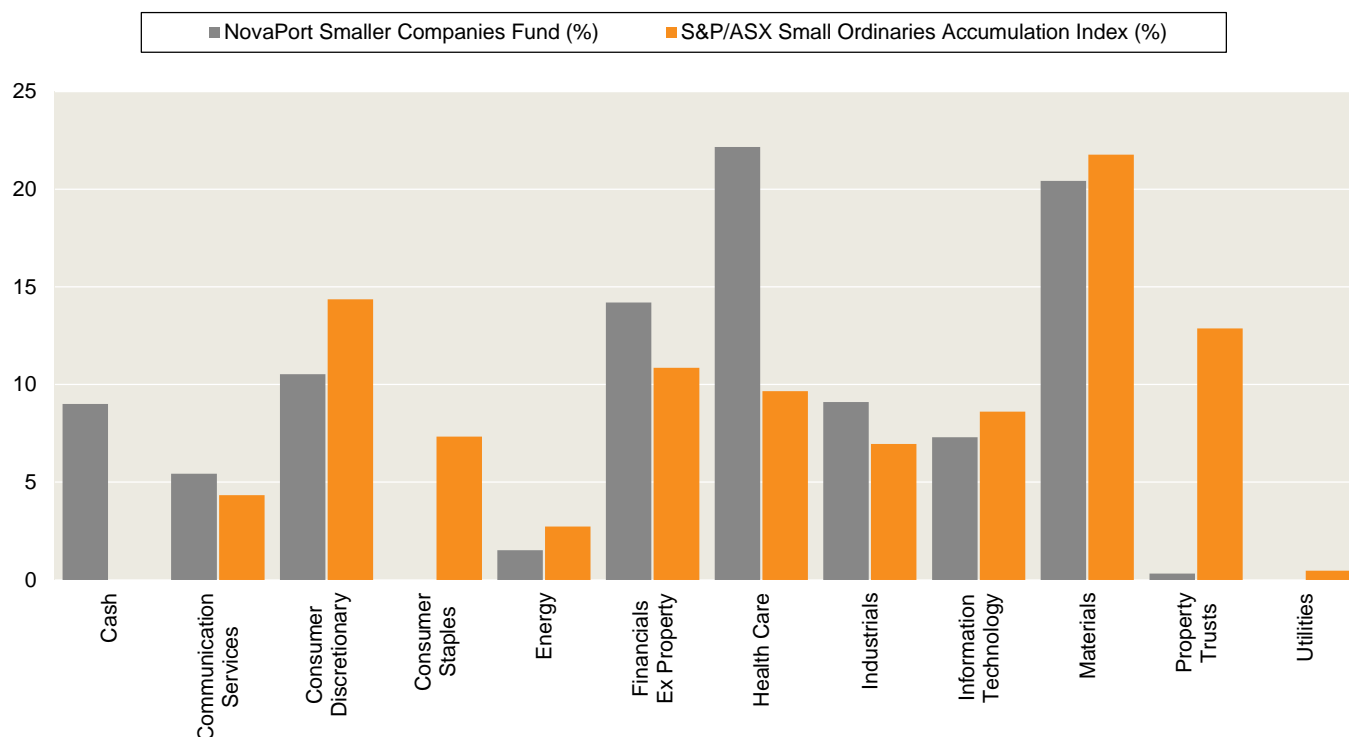
Fees	
Entry fee	Nil
2017-2018 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 31 July 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, 31 July 2020.

Market overview

Equities rallied in July amid ongoing optimism over economic reopening and sustained fiscal and monetary support from policymakers. The ASX Small Ordinaries (Accumulation) Index rose 1.4% last month, outperforming large caps (+0.5%). Strong commodity prices buoyed resources stocks, with gold prices touching record highs. Industrial commodities such as iron ore, nickel, and copper, were also strong; bolstered by the strength of China's economic recovery. As a result, small resources surged in July, rallying 7.6%, while industrials lagged, slipping 0.2%. Materials, financials, and discretionary stocks performed best. Healthcare, energy, and industrials were weakest. In the United States, company earnings updates were generally more positive than expected despite widespread COVID-19 outbreaks in the world's biggest economy. A handful of local company updates have also pointed to a more resilient earnings base for some businesses, notably in the discretionary retail sector. Investors are focused on the upcoming August reporting season to assess the financial impact of the pandemic and the sustainability of current earnings. While near-term earnings may be better than feared, a second lockdown in Victoria further clouds an already uncertain outlook for many businesses.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +1.39% for July. The fund underperformed the market and delivered a +0.98% return over July.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Netwealth Group Ltd	Financials Ex Property	1.85	0.46
Saracen Mineral Holdings Ltd	Materials	4.84	0.41
Gold Road Resources Ltd	Materials	5.10	0.40

Data Source: Fidante Partners Limited, 31 July 2020.

Netwealth Group Ltd

Netwealth reported solid inflows to its platform. Modern technology and functionality, reasonable pricing and independence are features which appear to resonate with its clients.

Saracen Mineral Holdings Ltd

Continues to post solid operational results across the board as well as benefitting from a strong gold price.

Gold Road Resources Ltd

Gold Road's joint venture partner has made sound progress commissioning the Gruyere gold mine. The next test will be performance of the mill and gold recoveries from primary ore feedstocks. The share price benefited from stronger gold prices, supported by prevailing low interest rates which are expected to remain so for a long time.



Key detractors

Security name	Sector	Active weight %	Value added %
AUB Group Ltd	Financials Ex Property	2.90	-0.46
Mineral Resources Ltd	Materials	-2.14	-0.36
Monadelphous Group Limited	Industrials	0.67	-0.20

Data Source: Fidante Partners Limited, 31 July 2020.

AUB Group Ltd

While an ASX update released in early July flagged strong trading in June and a full year result at the higher end of the guidance range, a record high share price has seen some profit taking which detracted from fund performance over the month.

Mineral Resources Ltd

Not held by the fund.

Monadelphous Group Limited

While Iron ore prices remain strong the company is battling weak demand for services from the oil and gas sector. The company has also reported a dispute with a customer relating to a production outage at a site which Monadelphous provides maintenance services.

For further information, please contact:

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