

NovaPort Smaller Companies Fund

Monthly report - October 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)	0.96	3.12	-9.58	2.52	4.89	8.76	9.01	12.32
Growth return	0.96	3.05	-11.00	-1.07	0.86	4.66	0.85	4.25
Distribution	0.00	0.07	1.43	3.59	4.03	4.10	8.16	8.08
S&P/ASX Small Ordinaries Accumulation Index	0.46	4.69	-2.40	4.64	8.56	3.24	3.79	7.02
Active return ³	0.50	-1.58	-7.18	-2.12	-3.67	5.52	5.22	5.31

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	91.44	80-100
Cash	8.56	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Fisher & Paykel Healthcare Corporation Limited	4.29	0.00	4.29
Saracen Mineral Holdings Ltd	3.69	0.00	3.69
Ebos Group Ltd	3.65	0.00	3.65
Gold Road Resources Ltd	3.81	0.54	3.27
AUB Group Ltd	3.76	0.58	3.19

Fund facts	
Inception date	31 December 2002
Fund size	\$267.4M
APIR code	HOW0016AU

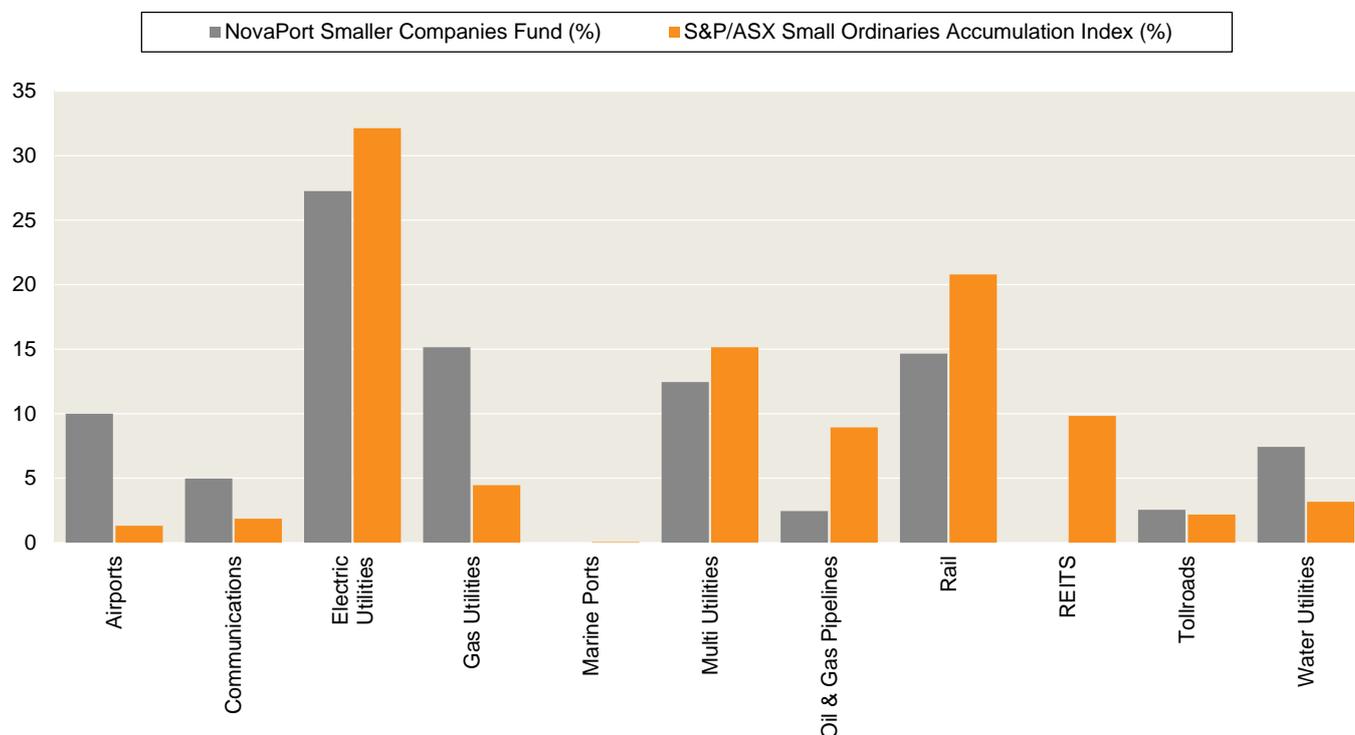
Fees	
Entry fee	Nil
2017-2018 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

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

Market overview

Australian smaller companies posted modest gains in October after an exuberant start to the month softened amid spiralling global COVID-19 infections. Uncertainty surrounding the presidential elections in the United States also weighed on sentiment as markets questioned the outlook for further US fiscal stimulus. The ASX Small Ordinaries (Accumulation) Index rose 0.46% last month, underperforming large caps which rose 2.1%. Small resources inched lower, crimping the 0.6% gain for industrial stocks. By sector, healthcare and communications services were weakest, while financials had a very strong month. The Australian Federal Government announced large ongoing fiscal stimulus programs in its October budget, extending support for businesses and the economy. Increased stimulus is unequivocally positive for equities; however, uncertainty remains regarding consumer willingness to spend amid a step down in JobKeeper subsidy payments and expiring mortgage deferral arrangements. Looking ahead, investors globally are watching the change in the USA's administration, while the local market heads into first quarter trading updates for the annual general meeting season.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.46% for October. The fund outperformed the market and delivered a +0.96% return over October.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Sims Metal Management Limited	Materials	2.87	0.57
Mesoblast Limited	Health Care	-0.74	0.50
Saracen Mineral Holdings Ltd	Materials	3.69	0.31

Data Source: Fidante Partners Limited, 31 October 2020.

Sims Metal Management Limited

Sims Group is a globally significant processor and trader of scrap metals. The company has undertaken a painful cost reduction process in response to unsustainably low scrap prices and volumes. A recent recovery in scrap prices for both ferrous and non-ferrous metals has seen improved confidence in the medium term outlook for earnings.



Mesoblast Limited

Not held by the fund.

Saracen Mineral Holdings Ltd

Saracen continues to perform well operationally but the big news over October was the announcement of a proposed merger of equals with Northern Star Resources to create a top 10 global gold miner. Should shareholders approve the merger, operations will be spread across Western Australia and North America and the combined group is targeting 2m ounce production levels over time.

Key detractors

Security name	Sector	Active weight %	Value added %
Gold Road Resources Ltd	Materials	3.27	-0.36
EQT Holdings Limited	Financials Ex Property	3.06	-0.28
Estia Health Ltd	Health Care	2.63	-0.26

Data Source: Fidante Partners Limited, 31 October 2020.

Gold Road Resources Ltd

Gold Road is transitioning its mining operations to process the deeper, harder ores which will represent steady state production. The share price has seen some weakness with volatile gold prices and currencies and as investors have taken a wait and see approach.

EQT Holdings Limited

EQT's share price drifted back with an update from its Annual General Meeting. Market volatility impacted on average fund balances during the year, albeit the recovery supported robust closing balances at year end. The extraordinary disruptions of 2020 most likely delayed its progress expanding into new markets however once markets normalise the company is expected to benefit from these growth initiatives.

Estia Health Ltd

The Aged Care Royal Commission is approaching its final stages and once tabled in the first half of next year the Australian government is expected to respond. We see greater certainty of how the sector is funded as a crucial element to improving market confidence. Outside Victoria the group's operations are maintaining healthy occupancy. Lockdowns in Victoria did see a fall in occupancy however we expect this will recover gradually as restrictions are eased.

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.

