

NovaPort Smaller Companies Fund

Monthly report - April 2022

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)	-2.04	2.37	3.93	6.70	7.24	9.75	7.81	12.64
Growth return	-2.04	2.04	-0.42	3.58	3.63	5.64	2.25	4.89
Distribution	0.00	0.33	4.35	3.12	3.61	4.11	5.56	7.76
S&P/ASX Small Ordinaries Accumulation Index	-1.50	3.68	2.91	7.64	9.62	5.96	2.18	7.69
Active return ³	-0.54	-1.31	1.02	-0.94	-2.38	3.79	5.63	4.95

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	94.10	80-100
Cash	5.90	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Estia Health Ltd	4.48	0.21	4.27
Gold Road Resources Ltd	4.43	0.51	3.92
Ebos Group Ltd	3.72	0.00	3.72
Data#3 Ltd	3.54	0.34	3.20
Kathmandu Holdings Ltd	3.01	0.00	3.01

Fund facts	
Inception date	31 December 2002
Fund size	\$261.8M
APIR code	HOW0016AU

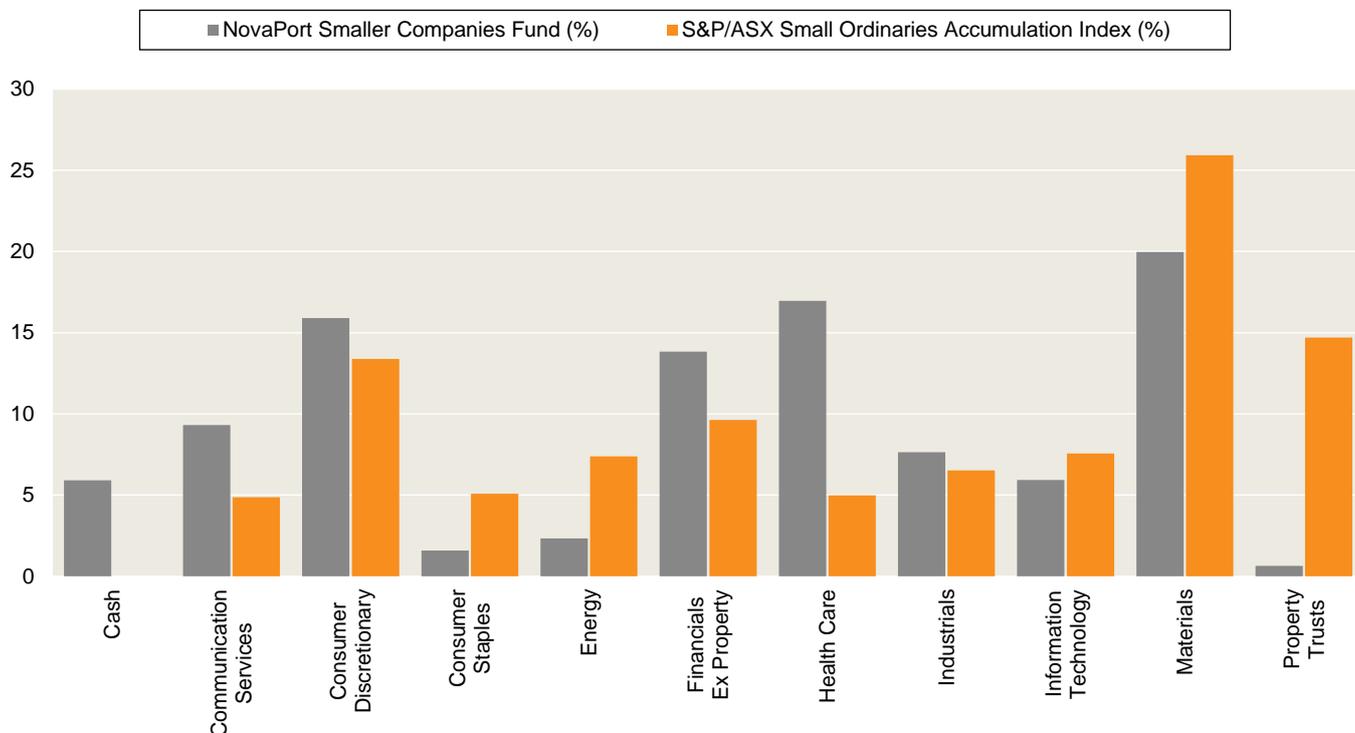
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 30 April 2022.

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 2022.

Market overview

Equities were weaker in April as markets price in more aggressive interest rate rises to combat stubbornly high and persistent inflation.

The ASX Small Ordinaries (Accumulation) Index fell 1.5% last month, with small industrials shedding 2.1% while small resources rose modestly.

Bond yields rose sharply across major debt markets including the key US 10-year and the Australian 10-year bond.

The tech-heavy NASDAQ tumbled 13.3% amid ongoing pressure on expensive growth stocks in a rising rate environment.

Locally, high valuation technology names were also the worst performers, while soft and hard commodity stocks performed best.

Energy companies continued their strong run, buoyed by high coal and oil prices wrought by recent underinvestment in supply and the ongoing Russia-Ukraine conflict.

Strength in commodity prices lent further momentum to inflationary pressures.

Inflation remains high in Europe, the United Kingdom, New Zealand and the United States, while price pressures are building in Australia.

Economies remain strong and unemployment is extremely low in developed countries, supporting ongoing growth.

However, cost of living pressure from inflation, the prospect of rapid interest rate hikes, and slowing growth in China from its zero COVID-19 policies threaten to derail the growth narrative.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -1.50% for April. The fund underperformed the market and delivered a -2.04% return over April.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Stanmore Coal Ltd	Energy	1.10	0.31
Megaport Ltd	Information Technology	-0.48	0.27
AVZ Minerals Ltd	Materials	-1.11	0.25

Data Source: Fidante Partners Limited, 30 April 2022.



Stanmore Coal Ltd

Stanmore Coal completed the acquisition of quality Australian Coking Coal assets. At the prevailing coking coal prices, the company is well placed to generate a rapid payback on the acquisition cost. The acquisition transforms Stanmore, now with multiple operations, long mine life and attractive operating performance.

Megaport Ltd

Not held by the fund.

AVZ Minerals Ltd

Not held by the fund.

Key detractors

Security name	Sector	Active weight %	Value added %
Whitehaven Coal Ltd	Energy	-1.77	-0.29
Universal Store Holdings Ltd	Consumer Discretionary	2.60	-0.25
HT&E Ltd	Communication Services	2.12	-0.25

Data Source: Fidante Partners Limited, 30 April 2022.

Whitehaven Coal Ltd

Not Held by Fund.

Universal Store Holdings Ltd

Universal's share price has fallen in line with the consumer discretionary sector on expectations interest rates will rise sooner than expected (as confirmed in early May). However, we maintain a position given the investment thesis remains intact. Primarily upside from a material store rollout program, increasing private label opportunities and a (millennial) customer cohort less exposed to higher mortgage repayments.

HT&E Ltd

HT&E's share price weakened in April on limited news flow. The market appears to be re-evaluating the strength of advertising markets, particularly in the lead up to a federal election. The company is continuing to execute its strategy in becoming a national radio broadcast network of scale and developing leadership in the fast-growing digital audio market.

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 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 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. NovaPort and Fidante Partners have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, NovaPort and Fidante Partners 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.

