

NovaPort Smaller Companies Fund

Monthly report - July 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)	8.43	-11.98	-10.30	0.83	3.93	8.73	6.49	11.74
Growth return	8.43	-18.53	-18.06	-3.85	-0.85	3.85	1.67	3.73
Distribution	0.00	6.55	7.76	4.68	4.79	4.88	4.82	8.01
S&P/ASX Small Ordinaries Accumulation Index	11.43	-9.94	-10.93	2.55	7.31	6.54	1.18	7.02
Active return ³	-3.01	-2.04	0.63	-1.72	-3.38	2.20	5.31	4.72

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	86.36	80-100
Cash	13.64	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Gold Road Resources Ltd	4.82	0.53	4.29
Data#3 Ltd	4.58	0.41	4.17
Ebos Group Ltd	4.12	0.00	4.12
IPH Ltd	4.87	0.83	4.04
Estia Health Ltd	4.11	0.20	3.90

Fund facts	
Inception date	31 December 2002
Fund size	\$214.9M
APIR code	HOW0016AU

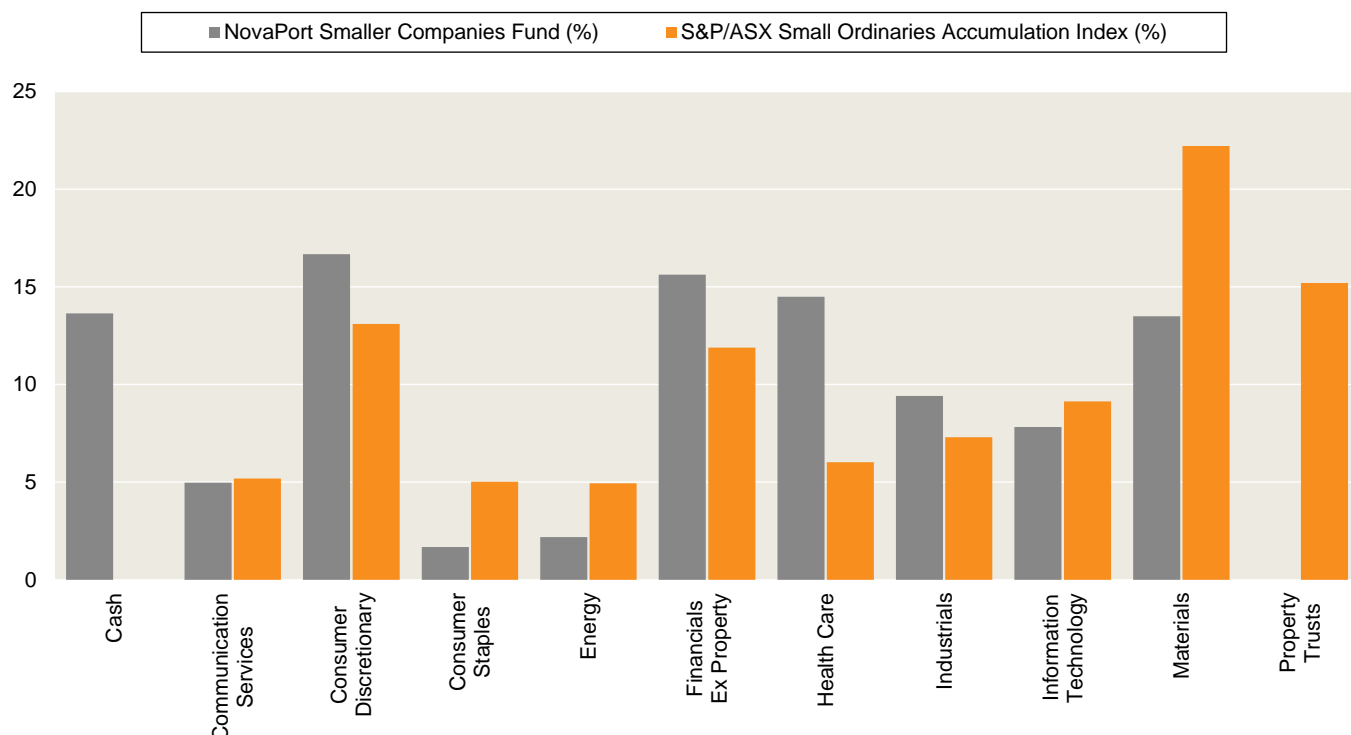
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 31 July 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, 31 July 2022.

Market overview

Global equities surged in July as deteriorating economic data suggested lower interest rate peaks and brought forward expectations for potential rate cuts.

The ASX Small Ordinaries (Accumulation) Index soared 11.4% last month, mirroring the sharp rally in key US benchmarks and the tech-heavy NASDAQ in particular.

The strong month followed a sharp contraction in the June quarter, with the more speculative and expensive parts of the market recovering some of their recent heavy selling.

Weakening measures of global factory output, consumer spending, and sentiment drove expectations that central banks would soon shift priorities from inflation fighting to support economic growth.

Markets cut peak terminal rate forecasts and pulled forward assumptions around rate cuts, leading to lower bond yields across major tenors including the key US 10-year bond.

Commodity prices continued to fall with the softer economic outlook, although energy prices remain elevated.

Both small industrials and small resources rallied strongly last month, with technology and healthcare performing best, staples and telecoms were weakest.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +11.43% for July. The fund underperformed the market and delivered a +8.43% return over July.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Data#3 Ltd	Information Technology	4.17	0.75
Nanosonic Limited	Health Care	2.15	0.48
Gold Road Resources Ltd	Materials	4.29	0.46

Data Source: Fidante Partners Limited, 31 July 2022.

Data#3 Ltd

Data#3 released a positive trading update during the month highlighting double digit growth in earnings for the 2022 financial year despite the impact of supply related delays for technology hardware. The outlook for customer spend on IT remains favourable and any delayed sales will be booked in the current financial year adding to momentum.



Nanosonic Limited

After a challenging six month period share price wise, Nanosonic recovered from an oversold position in line with growth/technology companies globally. Sentiment was bolstered by an update in late July highlighting early-stage success in transitioning sales via a third party to a direct selling model which augurs well for client relationship management and margins over time.

Gold Road Resources Ltd

Gold Road benefited from a robust operational update as well as renewed positive sentiment to the gold sector.

Key detractors

Security name	Sector	Active weight %	Value added %
EQT Holdings Limited	Financials Ex Property	3.37	-0.51
Jervois Global Ltd	Materials	0.90	-0.47
Ebos Group Ltd	Health Care	4.12	-0.43

Data Source: Fidante Partners Limited, 31 July 2022.

EQT Holdings Limited

EQT Holdings operates a significant trustee business in the Australian market. The company is expanding into new service offerings and new markets which provide a basis for growth.

Jervois Global Ltd

Weaker cobalt prices saw a downgrade to Jervois' near term earnings expectations. Cobalt is an industrial mineral used in a broad range of applications, including Battery Technologies. The company continues to progress the development of its US based cobalt mining operation as well as the acquisition of a Nickel / Cobalt refinery in Brazil.

Ebos Group Ltd

EBOS' share price failed to keep up with a strong performance by the Benchmark. EBOS has been a resilient performer throughout market turbulence, and as such was did not have a period of share price weakness to rebound from in the recent sudden change in risk sentiment.

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.

