

NovaPort Smaller Companies Fund

Monthly report - November 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)	2.70	1.37	-11.91	0.47	3.60	7.45	6.06	11.63
Growth return	2.70	1.18	-19.42	-4.22	-1.14	2.66	1.48	3.75
Distribution	0.00	0.20	7.51	4.68	4.74	4.79	4.59	7.88
S&P/ASX Small Ordinaries Accumulation Index	4.92	-0.81	-14.03	2.57	4.36	5.87	1.04	6.88
Active return ³	-2.22	2.18	2.11	-2.10	-0.76	1.58	5.03	4.75

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	89.77	80-100
Cash	10.23	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
EQT Holdings Limited	4.23	0.00	4.23
Estia Health Ltd	4.44	0.21	4.23
Ebos Group Ltd	4.19	0.00	4.19
Data#3 Ltd	4.12	0.45	3.67
IPH Ltd	4.48	0.84	3.64

Fund facts	
Inception date	31 December 2002
Fund size	\$209.4M
APIR code	HOW0016AU

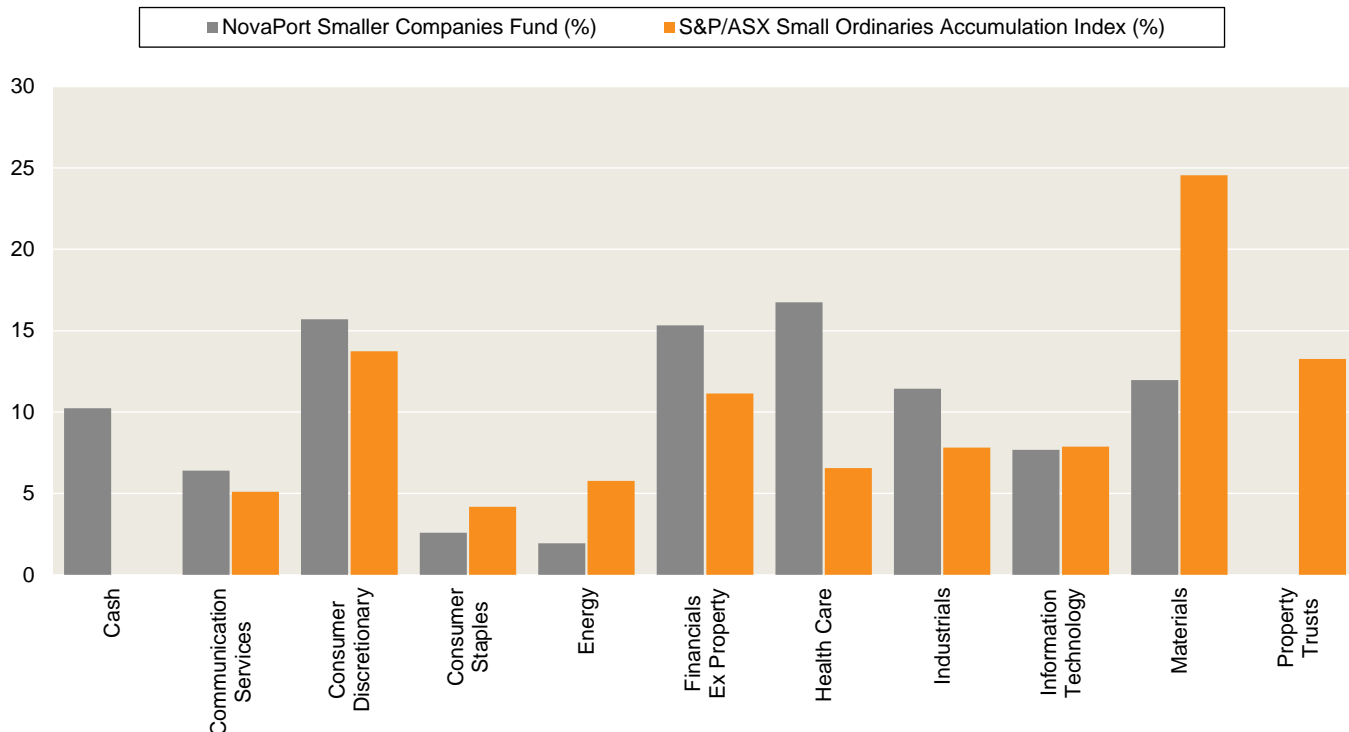
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 30 November 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 November 2022.

Market overview

A potential reopening of China's economy and hopes for a more gradual rate hike profile bolstered equity markets last month.

The ASX Small Ordinaries (Accumulation) Index rose 4.9% in November, continuing the strong rally sparked in October.

US Federal Reserve chair Jerome Powell suggested that the central bank may soon slow the pace of interest rate hikes, fuelling the rebound in share markets.

Chair Powell's comments followed a weaker-than-expected US inflation report and decisions to hike in smaller increments by both the Reserve Bank of Australia and the Bank of Canada.

However, with inflation still elevated and now broad-based in services, it remains a leap to interpret this change in momentum as a change in direction.

The Australian Annual General Meeting season continued as it started: sales are generally resilient and the economy is strong, but cost pressures are starting to crimp margins.

Chinese equities surged following signs the government would ease COVID restrictions in response to widespread protests.

Any steps to support the Chinese economy would be a boon to global growth and for commodities demand.

Australian small resources (+11.6%) were very strong in November as a result, whilst gains for small industrials (+2.7%) were more modest.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +4.92% for November. The fund underperformed the market and delivered a +2.70% return over November.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Gold Road Resources Ltd	Materials	3.28	0.85
Ebos Group Ltd	Health Care	4.19	0.25
AUB Group Ltd	Financials Ex Property	3.50	0.21

Data Source: Fidante Partners Limited, 30 November 2022.

Gold Road Resources Ltd

Improving gold prices drove share prices of gold mining companies higher. Gold Road's Gruyere mine is profitable, enjoys a long life and has potential to grow.



Ebos Group Ltd

EBOS share price rallied as investors sought exposures to companies which are resilient to an expected slackening in the pace of economic growth. EBOS' health care and pharmacy operations have shown resilient demand through economic cycles.

AUB Group Ltd

Insurance markets continue to experience strong inflation in premiums, driving improved results for insurance brokers and agencies. Recent acquisitions are expected to drive synergy and earnings growth.

Key detractors

Security name	Sector	Active weight %	Value added %
Estia Health Ltd	Health Care	4.23	-0.59
IPH Ltd	Industrials	3.64	-0.56
Jervois Global Ltd	Materials	1.31	-0.33

Data Source: Fidante Partners Limited, 30 November 2022.

Estia Health Ltd

Estia's share price fell on little new information during the period. The introduction of a new federal government funding commitment this year is expected to ease pressures on the Aged Care sector. Periodic COVID outbreaks will continue to present challenges; however protocols to manage these are now well established resulting in less disruption.

IPH Ltd

With IPH's revenue line heavily exposed to the US dollar exchange rate the company's share price experienced some profit taking on a stronger Australian dollar which has resulted in lower revenue expectations on a translated basis.

Jervois Global Ltd

Jervois undertook a significant capital raising to provide the equity finance required to restart its SMP Nickel refinery in Brazil. The increase in supply of shares has weighed on the price, however securing funding has cleared a significant hurdle in realising the value of this project.

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.

