

# NovaPort Smaller Companies Fund

## Monthly report - April 2023

Performance <sup>1</sup>	1 month %	Quarter %	1 year %	3 years % p.a	5 years % p.a	10 years % p.a	15 years % p.a	Inception % p.a <sup>2</sup>
Fund return (net)	2.74	3.51	-6.29	9.53	4.12	6.39	7.60	11.63
Growth return	2.74	3.01	-14.67	4.36	-0.70	1.67	3.00	3.83
Distribution	0.00	0.49	8.38	5.17	4.83	4.73	4.61	7.80
S&P/ASX Small Ordinaries Accumulation Index	2.78	-1.74	-9.43	9.24	3.90	5.96	2.15	6.78
Active return <sup>3</sup>	-0.04	5.24	3.14	0.28	0.22	0.44	5.46	4.85

**Past performance is not a reliable indicator of future performance.**

<sup>1</sup> Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

<sup>2</sup> The inception date for the Fund is 31 December 2002

<sup>3</sup> 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	93.52	80-100
Cash	6.48	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Estia Health Ltd	4.60	0.26	4.34
EQT Holdings Limited	4.16	0.00	4.16
Ebos Group Ltd	4.17	0.34	3.83
Monash IVF Group Limited	3.72	0.00	3.72
Gold Road Resources Ltd	4.53	0.85	3.68

Fund facts	
Inception date	31 December 2002
Fund size	\$201.5M
APIR code	HOW0016AU

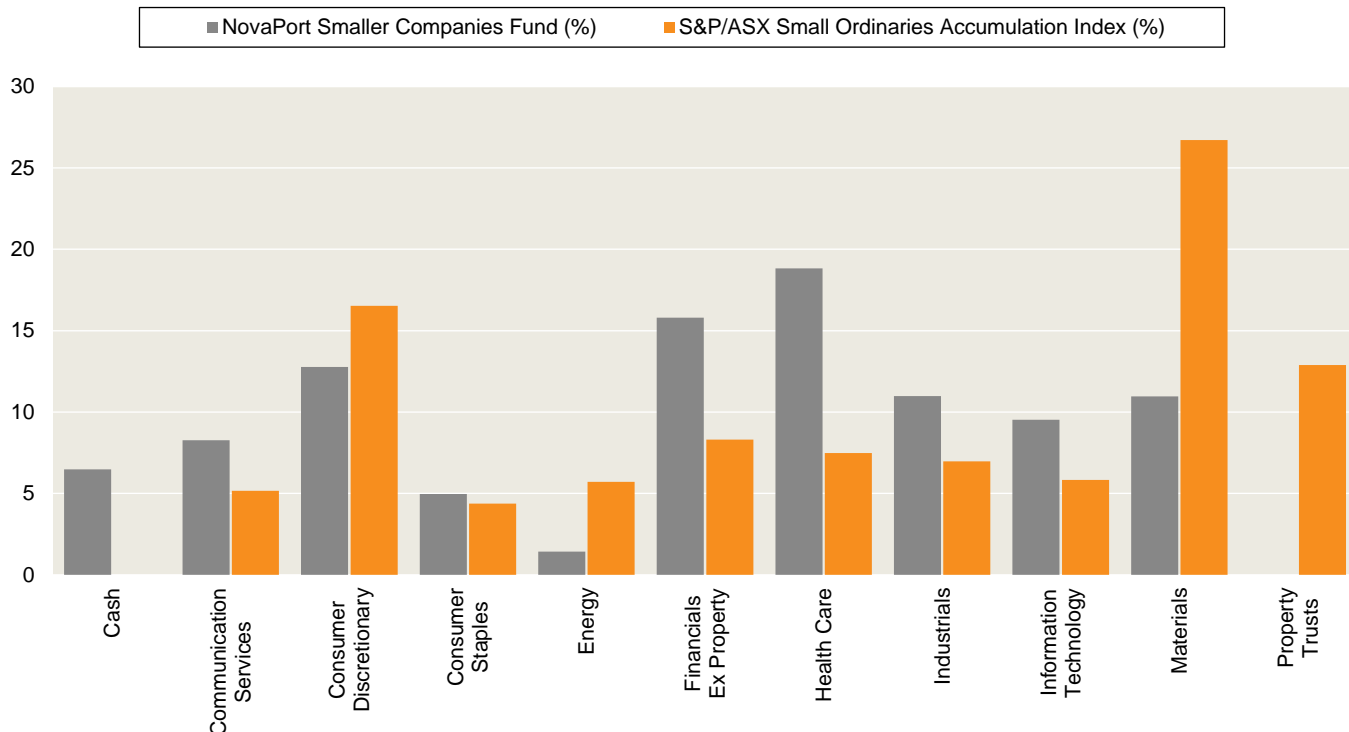
Fees	
Entry fee	Nil
2020-2021 ICR	1.00%
Management fee <sup>1</sup>	0.90% p.a.
Performance fee <sup>2</sup>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation 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 2023.**

<sup>1</sup> 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.

<sup>2</sup> The performance fee was introduced from 1 October 2011

## Sector exposure



Data Source: Fidante Partners Limited, 30 April 2023.

## Market overview

Australian shares rallied last month amid sustained economic momentum and indications that interest rates may be nearing their peak. The ASX Small Ordinaries (Accumulation) Index rose 2.8% in April, outperforming large caps (+1.7%) for the first time since January.

The Reserve Bank of Australia kept interest rates steady, prompting speculation that the hiking cycle is nearing a close. At the same time economic data, most notably very strong employment numbers, suggested ongoing tailwinds for the Australian economy. The spate of takeover bids for local small caps continued with an agreed deal for Blackmores following numerous other approaches in March. This combination of easing rate expectations, M&A activity, and solid demand supported industrials and rate-sensitive stocks, with small industrials gaining 3.6%.

Small resources eked out a 0.7% gain, with more mixed performance depending on the commodity. Iron ore was soft in light of weak demand from Chinese mills, while gold names were generally strong due to higher prices for the metal. The underlying strength of the Chinese recovery is still unclear and remains a driver of potential upside or downside for the local market.

In the United States company earnings were generally sound and better than market forecasts. However ongoing volatility in the US banking sector warrants continued attention in the wake of several high-profile collapses.

## Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +2.78% for April. The fund underperformed the market and delivered a +2.74% return over April.

## Performance of key securities

### Key contributors

Security name	Sector	Active weight %	Value added %
Gold Road Resources Ltd	Materials	3.68	0.26
Nanosonic Limited	Health Care	2.82	0.24
Brickworks Limited	Materials	2.71	0.23

Data Source: Fidante Partners Limited, 30 April 2023.

### Gold Road Resources Ltd

Gold Road reported steady progress at the Gruyere Mine, which continues to perform broadly in line with expectations. The gold price continued its rally during April, supporting gold mining equities, particularly those such as Gold Road, which are not fully hedged and in production.



## Nanosonic Limited

Nanosonic's share price has been steadily climbing since late last year largely underpinned by positive news flow regarding the de-risking of the transition to the direct selling model in the US in place of the previous third-party distributor model as well as positive updates regarding the launch of its new Coris product targeting the cleaning and high-level disinfection of endoscopes.

## Brickworks Limited

Sentiment towards Brickworks was supported by re-evaluation of the upside from their property portfolio. The company has been successful in maximising the value from its land bank and is now embarking on a similar strategy at its recently acquired operations in the USA.

## Key detractors

Security name	Sector	Active weight %	Value added %
United Malt Grp Ltd	Consumer Staples	3.44	-0.39
Ebos Group Ltd	Health Care	3.83	-0.33
Telix Pharmaceuticals Ltd	Health Care	-1.07	-0.33

Data Source: Fidante Partners Limited, 30 April 2023.

## United Malt Grp Ltd

United Malt's share price fell following a takeover bid in late March. United Malt provided an update to the market which revealed lower volumes, delays to the start of a new Malt facility and some one off IT costs.

## Ebos Group Ltd

EBOS' share price consolidated following a strong rally over the past six months. While there was no company specific news flow, it is possible that there were some nervous holders leading into the Federal Budget (early May).

## Telix Pharmaceuticals Ltd

Not held by the fund.

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### For further information, please contact:

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