

NovaPort Smaller Companies Fund

Monthly report - July 2023

| 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) | 3.66 | -0.03 | 6.43 | 6.68 | 3.56 | 6.07 | 8.25 | 11.48 |
| Growth return | 3.66 | -1.32 | 3.35 | 1.29 | -0.96 | 1.23 | 3.99 | 3.71 |
| Distribution | 0.00 | 1.29 | 3.08 | 5.40 | 4.51 | 4.84 | 4.26 | 7.76 |
| S&P/ASX Small Ordinaries Accumulation Index | 3.54 | 0.20 | 0.77 | 5.90 | 3.18 | 6.18 | 3.10 | 6.70 |
| Active return ³ | 0.12 | -0.22 | 5.67 | 0.79 | 0.38 | -0.11 | 5.14 | 4.77 |

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 | 92.70 | 80-100 |
| Cash | 7.30 | 0-20 |

| Top 5 active positions | Fund weight % | Index weight % | Active weight % |
|--------------------------|---------------|----------------|-----------------|
| Monash IVF Group Limited | 4.30 | 0.00 | 4.30 |
| EQT Holdings Limited | 4.00 | 0.00 | 4.00 |
| Regis Healthcare Ltd | 3.69 | 0.00 | 3.69 |
| Estia Health Ltd | 3.63 | 0.28 | 3.35 |
| Gold Road Resources Ltd | 4.01 | 0.72 | 3.29 |

| Fund facts | |
|----------------|------------------|
| Inception date | 31 December 2002 |
| Fund size | \$180.8M |
| APIR code | HOW0016AU |

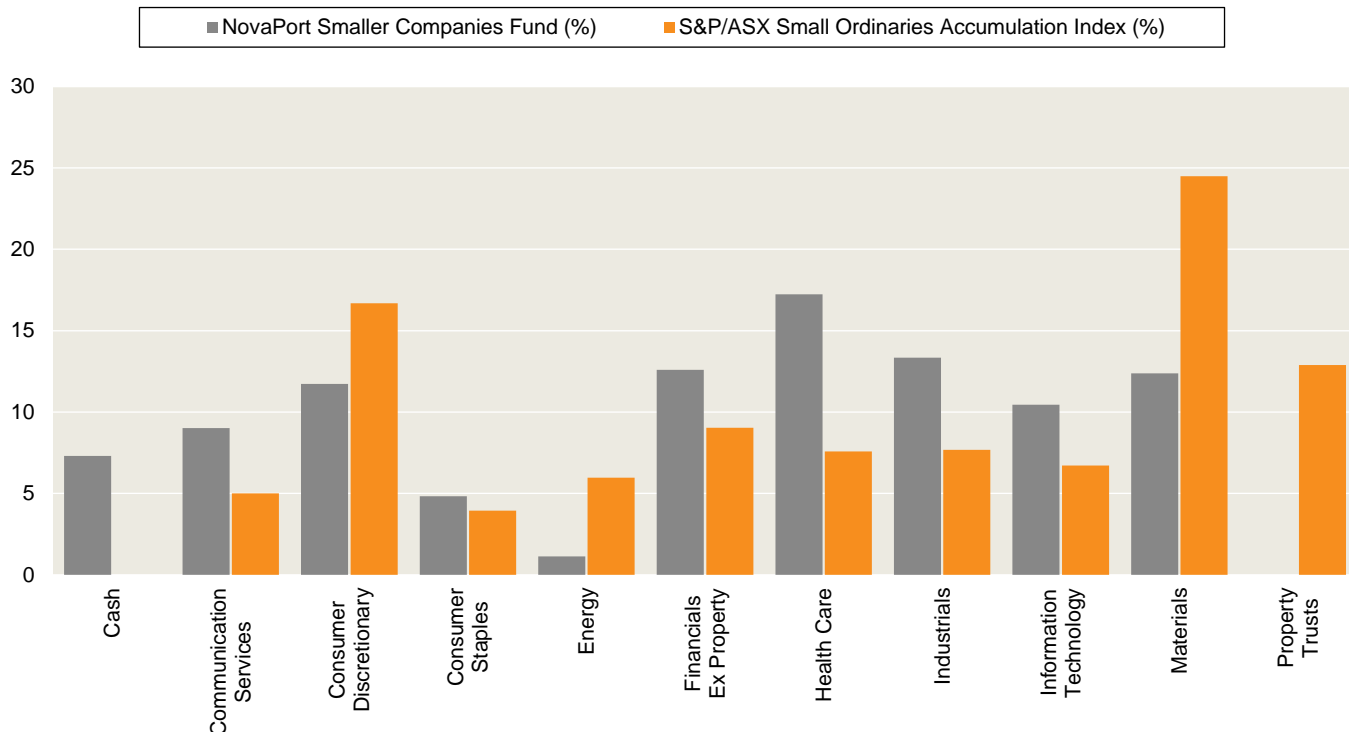
| Fees | |
|------------------------------|---|
| Entry fee | Nil |
| 2020-2021 ICR | 1.00% |
| Management fee ¹ | 0.90% p.a. |
| Performance fee ² | 20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily 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, 31 July 2023.

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 2023.

Market overview

Smaller companies rallied in July as moderating inflation fuelled optimism that the rate hike cycle is nearing its end. In both Australia and the United States, June data showed softer trends across a range of prices, prompting the Reserve Bank of Australia to hold rates steady while the US Fed opted for a smaller hike.

Investors and economists were quick to extrapolate this most recent data into expectations that interest rates have peaked, adding momentum to global equity markets. In the US the tech-heavy NASDAQ continued its strong run, rising 4.1%, while the broader S&P 500 rose 3.1%. Local stocks were also buoyant, with the ASX Small Ordinaries (Accumulation) Index rising 3.5% in July. Australian small caps were primarily driven by industrials (+4.8%), with small resources flat despite a strong rally for energy names amid spiking oil and coal prices.

Easing inflation and Australia's sustained economic momentum led to some recalibration of fears around consumer-facing stocks such as retailers, while ASX technology stocks followed the NASDAQ higher. Despite the rally, analyst earnings forecasts continue to be downgraded ahead of the August reporting season, implying some tension between equity market optimism and company fundamentals.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +3.54% for July. The fund outperformed the market and delivered a +3.66% return over July.

Performance of key securities

Key contributors

| Security name | Sector | Active weight % | Value added % |
|----------------------------|------------------------|-----------------|---------------|
| Siteminder Ltd | Information Technology | 1.76 | 0.51 |
| Monadelphous Group Limited | Industrials | 3.05 | 0.35 |
| United Malt Grp Ltd | Consumer Staples | 3.12 | 0.26 |

Data Source: Fidante Partners Limited, 31 July 2023.



Siteminder Ltd

SiteMinder's price was boosted with the release of its third quarter trading and guidance update in late July. The result reflected continued growth in both subscriptions as well as transaction based revenue. Further, because of good expense management, SiteMinder has brought forward its timing for expected cashflow breakeven.

Monadelphous Group Limited

Resource services group Monadelphous rallied on the back of several contract wins and an improving outlook for capital expenditures in the mining and energy sectors.

United Malt Grp Ltd

Maltster United Malt bounced after an indicative offer from European rival Malteries Soufflet progressed through due diligence and moved to an agreed takeover.

Key detractors

| Security name | Sector | Active weight % | Value added % |
|------------------------------------|------------------------|-----------------|---------------|
| Estia Health Ltd | Health Care | 3.35 | -0.38 |
| Kathmandu Holdings Ltd | Consumer Discretionary | 2.08 | -0.28 |
| Flight Centre Travel Group Limited | Consumer Discretionary | -1.69 | -0.27 |

Data Source: Fidante Partners Limited, 31 July 2023.

Estia Health Ltd

Continued uncertainty surrounding the status of Bain Capital's takeover weighed on Estia's share price during the month. Subsequent to the month end, the bid was confirmed which has seen Estia's share price trade closer to the takeover price.

Kathmandu Holdings Ltd

Kathmandu's price weakened with the release of a trading update in July highlighting more challenging trading conditions as higher cost of living pressures impact consumer sentiment. Pleasingly, sales should come in at a record ~\$1.1bn for FY23 and at margins in line with last year suggesting management has not leaned heavily into aggressive discounting to generate record sales.

Flight Centre Travel Group Limited

Not held by the fund.

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.

