

NovaPort Smaller Companies Fund

Monthly report - October 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)	-4.56	-4.17	2.90	4.10	4.22	4.44	10.13	11.10
Growth return	-4.56	-4.64	-0.37	-1.30	-0.40	-0.36	5.79	3.43
Distribution	0.00	0.46	3.27	5.40	4.61	4.80	4.34	7.67
S&P/ASX Small Ordinaries Accumulation Index	-5.45	-10.45	-5.10	0.52	2.55	4.26	5.32	6.06
Active return ³	0.89	6.28	8.01	3.58	1.67	0.18	4.81	5.04

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	93.50	80-100
Cash	6.50	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Monash IVF Group Limited	4.92	0.00	4.92
Regis Healthcare Ltd	4.66	0.00	4.66
EQT Holdings Limited	4.36	0.00	4.36
Gold Road Resources Ltd	4.96	0.93	4.03
Estia Health Ltd	4.26	0.36	3.90

Fund facts	
Inception date	31 December 2002
Fund size	\$157.5M
APIR code	HOW0016AU

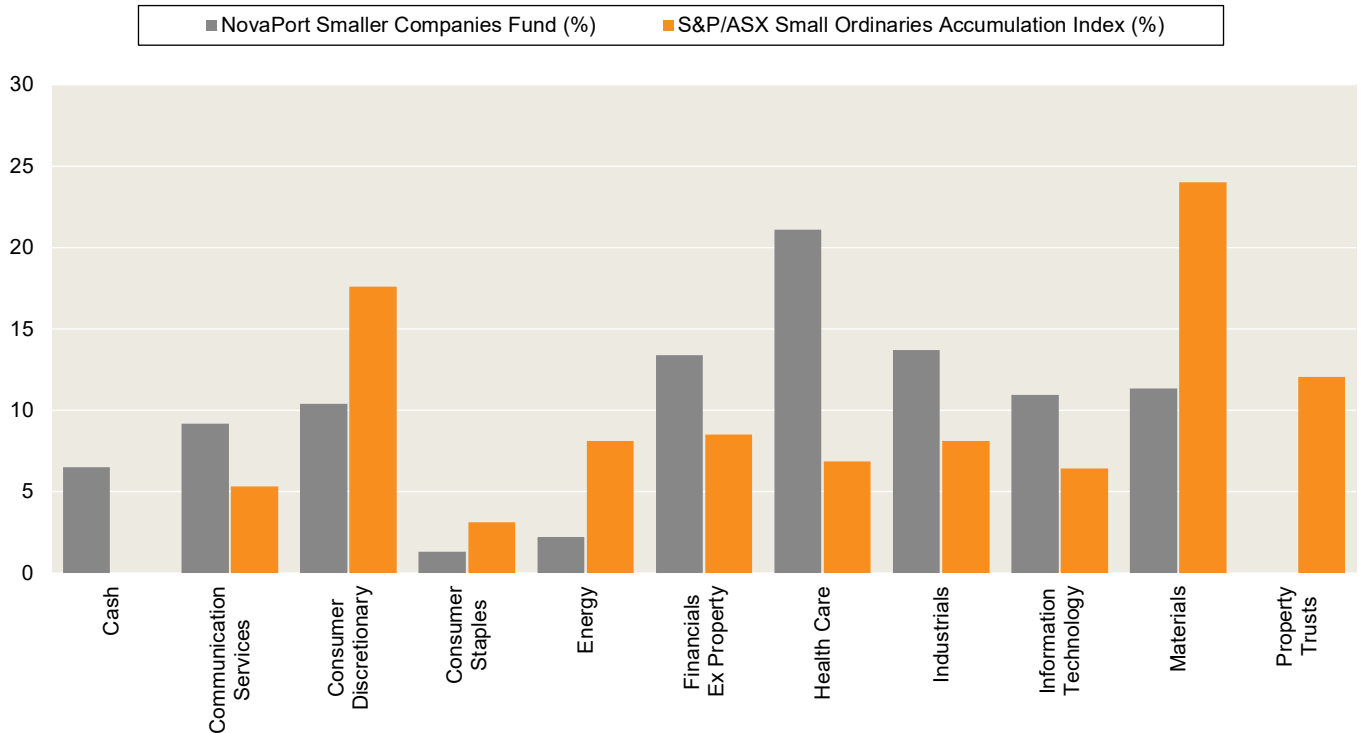
Fees	
Entry fee	Nil
2022-2023 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The performance fee is capped at 2.00% p.a.
Buy/sell spread	+0.30% / -0.30%

Data Source: Fidante Partners Limited, 31 October 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 October 2023.

Market overview

Global equity markets fell last month as higher bond yields pressure asset valuations and dispel hopes for interest rate cuts. Major US, European, and Asian benchmarks were all sharply lower in October, while the ASX Small Ordinaries (Accumulation) Index shed 5.5%. The equity sell-off marked a continuation from September, when spiking bond yields cemented the view that interest rates would remain elevated for some time. Both US and Australian 10-year bonds are at multi-year highs and within touching distance of 5%.

While pockets of weakness are emerging in major economies, including Australia, business activity has proved resilient and price pressures persist in parts of the service economy and some commodities such as oil. The eruption of conflict in the Middle East will bolster already firm oil prices and adds to inflationary pressures, which are already robust in Australia and may prompt further interest rate hikes.

By sector, small resources fell 1% while small industrials were down 7%. Gold stocks were the best performer on higher prices and risk-off sentiment, while healthcare and technology stocks fell sharply given the gravity of higher interest rates on lofty valuations.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned -5.45% for October. The fund outperformed the market and delivered a -4.56% return over October.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Gold Road Resources Ltd	Materials	4.03	0.77
Monash IVF Group Limited	Health Care	4.92	0.40
Telix Pharmaceuticals Ltd	Health Care	-1.11	0.23

Data Source: Fidante Partners Limited, 31 October 2023.

Gold Road Resources Ltd

Gold Road is an Australian based gold producer. The core Gruyere mine has substantial reserves and generates high margins. The share price benefited from an improvement in gold prices and positive sentiment to gold mining equities.



Monash IVF Group Limited

Monash continued its strong performance as demand for its services is sustained at high levels. Social and demographic changes, and a supportive industry structure, are positive for Monash IVF's outlook.

Telix Pharmaceuticals Ltd

Not held by the fund.

Key detractors

Security name	Sector	Active weight %	Value added %
Domain Holdings Australia Ltd	Communication Services	2.95	-0.33
Netwealth Group Ltd	Financials Ex Property	2.28	-0.27
EQT Holdings Limited	Financials Ex Property	4.36	-0.23

Data Source: Fidante Partners Limited, 31 October 2023.

Domain Holdings Australia Ltd

While Domain did not release any updates to the market during the month, the share price fell in line with weaker sentiment towards growth companies.

Netwealth Group Ltd

Netwealth's revenues are correlated with market movements and the willingness of investors to allocate capital to markets. As such, the share price is correlated to the direction of markets, which declined during the period.

EQT Holdings Limited

EQT Holdings' share price declined ahead of its AGM (held in late October), at which the company reported the exit from its loss making UK operations as well as forecasting strong revenue growth for the year ahead.

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.

