

NovaPort Smaller Companies Fund

Monthly report - November 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)	5.65	-1.28	5.86	3.20	5.76	5.19	11.16	11.35
Growth return	5.65	-1.76	2.49	-2.15	1.07	0.35	6.77	3.69
Distribution	0.00	0.48	3.37	5.36	4.68	4.84	4.38	7.66
S&P/ASX Small Ordinaries Accumulation Index	7.04	-2.88	-3.19	-0.48	4.03	5.54	6.51	6.38
Active return ³	-1.39	1.60	9.05	3.68	1.73	-0.35	4.65	4.97

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	93.63	80-100
Cash	6.37	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Regis Healthcare Ltd	4.75	0.00	4.75
Monash IVF Group Limited	4.63	0.00	4.63
EQT Holdings Limited	4.38	0.00	4.38
Gold Road Resources Ltd	4.96	0.90	4.06
Monadelphous Group Limited	4.17	0.59	3.58

Fund facts	
Inception date	31 December 2002
Fund size	\$162.1M
APIR code	HOW0016AU

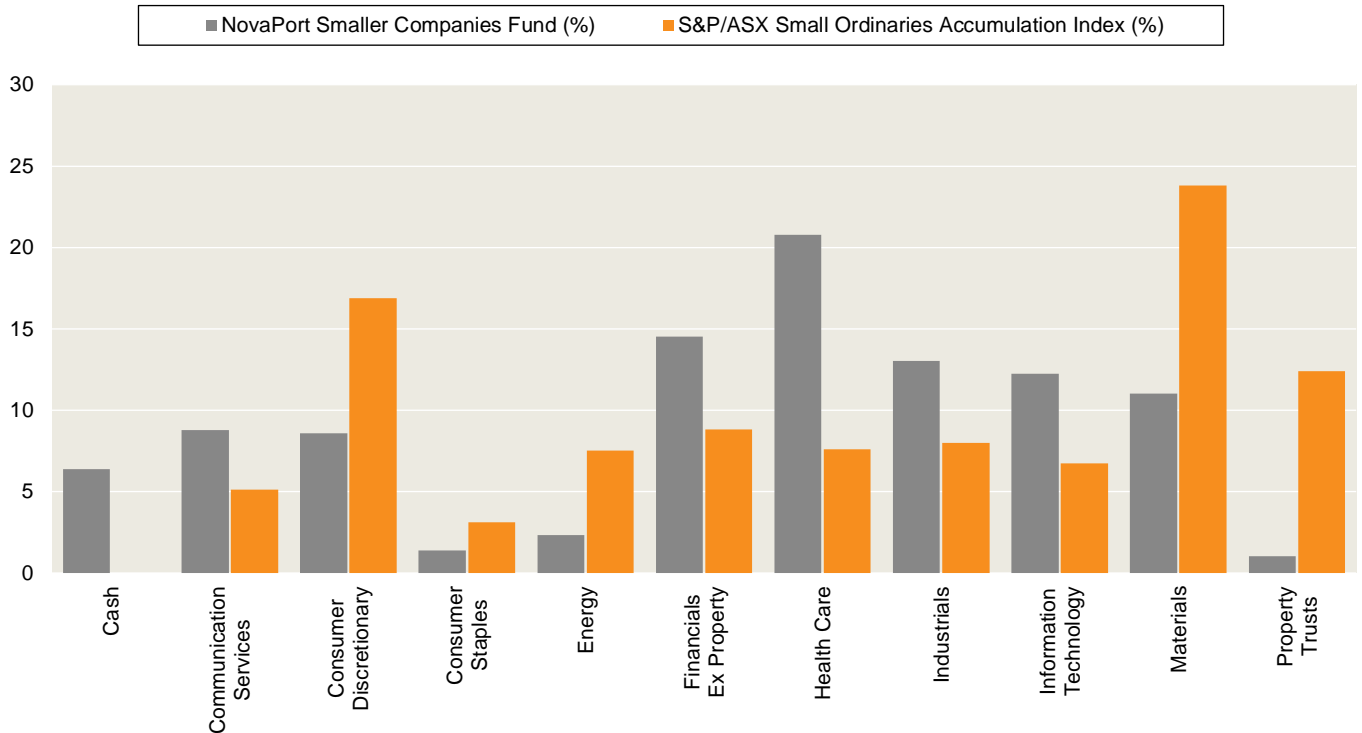
Fees	
Entry fee	Nil
2022-2023 ICR	0.90%
Management fee ¹	0.90% p.a.
Performance fee ²	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation Index). The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

Data Source: Fidante Partners Limited, 30 November 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, 30 November 2023.

Market overview

The Australian share market surged higher last month on renewed confidence that interest rates have peaked and inflation may normalise without a recession. The ASX Small Ordinaries (Accumulation) Index jumped 7% in November, comfortably outperforming local large cap stocks (+4.8%). Investor optimism was reflected across global markets, with strong rallies in US and European equities as well as in bond markets. The tech-heavy NASDAQ soared 10.7% while yields on US 10-year bonds rallied from almost 5% to around 4.3%.

The rally was sparked by softer than expected US inflation data, which precipitated dovish commentary from US Fed chair Jerome Powell. In Australia, the Reserve Bank hiked interest rates, but subsequent inflation data also proved a little softer than expected, lending some support to the peak rates narrative. While high inflation is receding, there remains a tension between very strong employment and calls for interest rate cuts.

In aggregate, trading updates at annual general meetings were solid, suggesting the economy remains healthy. Pricing power is waning as some cohorts tighten spending amid higher rates and cost of living pressures. The tight labour market has eased, but some businesses, notably in the healthcare sector, are having difficulty managing employee costs. Early feedback suggests that Black Friday sales were strong, but Christmas trading remains a critical snapshot of consumer health and sales may well have been pulled forward. Record high migration is undoubtedly supporting sales growth for many companies and remains a buttress for house prices.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +7.04% for November. The fund underperformed the market and delivered a +5.65% return over November.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Data#3 Ltd	Information Technology	3.50	0.28
Healius Ltd	Health Care	0.55	0.27
Netwealth Group Ltd	Financials Ex Property	2.63	0.24

Data Source: Fidante Partners Limited, 30 November 2023.

Data#3 Ltd

Data#3 continues to gain investor attention as an IT exposure with a strong balance sheet, established customer relationships and growth options based on material trends including cyber security, data analytics and continued migration to the cloud.



Healius Ltd

Healius's share price bounced in late November on a company update which flagged some relief from the company's debt providers for FY24. Further, the announcement of an equity raise provides additional balance sheet support to manage the post COVID decline in volumes as well as internal cost pressures.

Netwealth Group Ltd

Netwealth performed strongly over the month with a recent update highlighting signs of an improvement in flows for the asset manager. In addition, as market perception pivots to the view interest rate rises are coming to an end, the appeal of other asset classes, especially equities, grows in appeal.

Key detractors

Security name	Sector	Active weight %	Value added %
Experience Co Ltd	Consumer Discretionary	1.30	-0.43
Monash IVF Group Limited	Health Care	4.63	-0.35
Kathmandu Holdings Ltd	Consumer Discretionary	1.95	-0.27

Data Source: Fidante Partners Limited, 30 November 2023.

Experience Co Ltd

Experience Co has been posting better than expected trading updates across its diversified tourism and leisure divisions. However, and with some justification, doubts remain in the short term as economic conditions harden and domestic travel loses some share to overseas destinations. Nevertheless, on a medium term basis Experience Co remains materially undervalued.

Monash IVF Group Limited

Monash IVF lagged behind a very strong market rally last month. The business has performed well but the share price took a breather on the back of some soft industry data. Demand for MVF's services remains very strong and the company continues to win market share and add new service lines.

Kathmandu Holdings Ltd

While KMD is one of the listed retailers that hasn't seen its share price bounce recently, likely due to what was a warmer than normal winter for its Kathmandu outdoor apparel range, the company remains materially undervalued. The company now includes the Rip Curl label which is not only a global brand but offers summer diversification to a business historically heavily dependent on winter trading.

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.

