

# NovaPort Smaller Companies Fund

## Monthly report - January 2024

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)	0.93	10.65	9.73	2.97	5.86	5.76	11.45	11.50
Growth return	0.93	9.92	6.56	-2.47	1.50	0.95	7.13	3.85
Distribution	0.00	0.73	3.17	5.44	4.36	4.81	4.31	7.64
S&P/ASX Small Ordinaries Accumulation Index	0.90	15.80	2.10	1.33	5.44	6.40	7.12	6.72
Active return <sup>3</sup>	0.04	-5.15	7.63	1.63	0.42	-0.64	4.33	4.77

**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	93.04	80-100
Cash	6.96	0-20

Top 5 active positions	Fund weight %	Index weight %	Active weight %
Monash IVF Group Limited	4.96	0.00	4.96
Regis Healthcare Ltd	4.69	0.00	4.69
Technology One Limited	4.07	0.00	4.07
Monadelphous Group Limited	3.95	0.53	3.42
Brickworks Limited	4.42	1.01	3.41

Fund facts	
Inception date	31 December 2002
Fund size	\$167.0M
APIR code	HOW0016AU

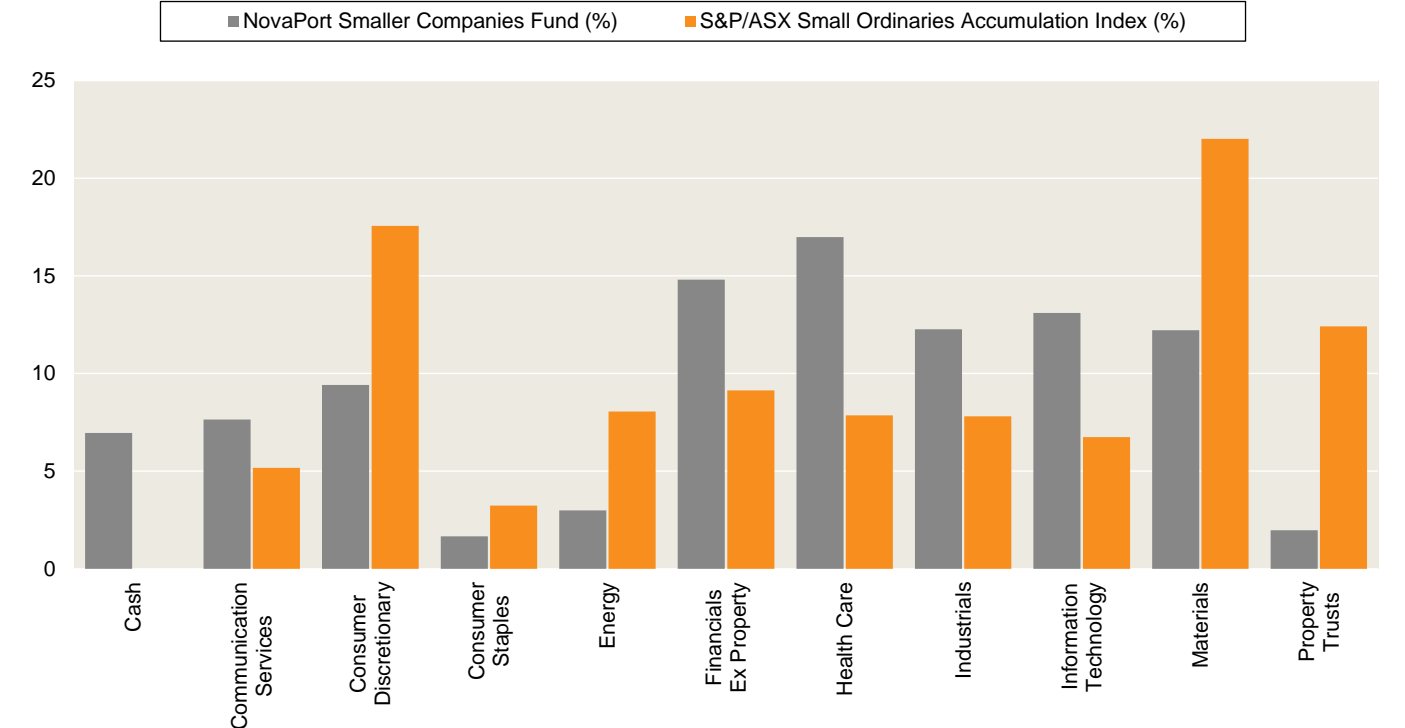
Fees	
Entry fee	Nil
2022-2023 ICR	0.90%
Management fee <sup>1</sup>	0.90% p.a.
Performance fee <sup>2</sup>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of the S&P/ASX Small Ordinaries Accumulation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

**Data Source: Fidante Partners Limited, 31 January 2024.**

<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, 31 January 2024.

Market overview

Interest rate optimism drove equities higher for a third consecutive month as the local market gears up for reporting season. The ASX Small Ordinaries (Accumulation) Index rose 0.9% in January, consolidating huge rallies in November (+7%) and December (+7.2%). Market consensus has firmed that inflation will continue to ease and open the door to US Fed rate cuts later this year, while the Reserve Bank of Australia is expected to be on hold and possibly commencing its own easing cycle in the next 12 months.

While several companies issued profit warnings last month, the Australian economy is broadly strong and labour markets are gradually easing without any sign of major job losses. Notwithstanding the general health of the economy, pockets of the market are facing real headwinds. The rout in some battery metals prices, for example, has prompted production curtailments in lithium and nickel and driven large sell offs in those sectors. Conversely, strong oil and uranium prices drove rallies in the energy sector amid conflict in the Red Sea and concerns over uranium supply.

Small resources shed 2% for the month while small industrials rose 1.9%. Investors remain focused on company earnings as the interim reporting season looms. Resilient earnings will be needed to sustain the rally sparked by changed macro conditions.

Fund performance summary

The S&P/ASX Small Ordinaries Accumulation Index returned +0.90% for January. The fund outperformed the market and delivered a +0.93% return over January.

Performance of key securities

Key contributors

Security name	Sector	Active weight %	Value added %
Data#3 Ltd	Information Technology	3.39	0.47
Monash IVF Group Limited	Health Care	4.96	0.42
Paladin Energy Ltd	Energy	1.45	0.33

Data Source: Fidante Partners Limited, 31 January 2024.

Data#3 Ltd

Data#3 has continued to rerate as investors seek out companies offering earnings growth with lower exposure to weaker segments of the economy in a higher interest rate environment. This view was validated last month by a company issued earnings upgrade for the December half.

Monash IVF Group Limited

Sustained strength in the market for IVF services saw Monash IVF trade higher last month. The company is well placed to win market share and poised to benefit from increased government funding for some tests.

## Paladin Energy Ltd

Paladin Energy is making steady progress restarting the Langer Heinrich uranium mine, most recently reporting that the project is 93% complete. Stronger uranium prices and investor interest in the sector has also supported the share price.

## Key detractors

Security name	Sector	Active weight %	Value added %
Gold Road Resources Ltd	Materials	3.10	-0.94
Nanosonics Limited	Health Care	0.84	-0.88
Monadelphous Group Limited	Industrials	3.42	-0.27

Data Source: Fidante Partners Limited, 31 January 2024.

## Gold Road Resources Ltd

Gold Road's (50% owned) Gruyere mine reported lower production than expected due to slower progress moving tonnes in the pit. As a result, the mine plant processed lower grade, stockpiled ore at a weaker margin. The mining contractor has taken remedial action to improve productivity; however, the market has taken a wait and see approach to valuing the success of these actions.

## Nanosonics Limited

Nanosonic's price fell over the month with the release of a trading update showing revenue growth for the December half materially below expectations. Management flagged budget constrained hospitals as a headwind to unit sales in its August results presentation last year, however the extent of the impact announced in the update surprised investors.

## Monadelphous Group Limited

Monadelphous shed some of its recent gains as the sharp sell-off in lithium and nickel prices sparked concerns about demand for mining services providers. The outlook for Monadelphous remains strong with minimal risk to its order book. A broad base of demand means revenues are not dependent on any one commodity.

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### For further information, please contact:

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