

Monthly Fact Sheet April 2021

Performance ¹	3 month %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a ²
Fund return (net)	7.50	86.32	30.19	23.03	19.65
S&P/ASX Small Ordinaries Accumulation Index	7.44	39.78	10.07	9.10	8.54
Active return	0.06	46.54	20.12	13.93	11.11
S&P/ASX Small Industrials Accumulation Index ³	7.17	37.95	8.70	10.10	9.18
Active return	0.33	48.37	21.49	12.93	10.47

Past performance is not a reliable indicator of future performance. Numbers may not add due to rounding.

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 January 2018

³ The benchmark for the Fund is the S&P/ASX Small Ordinaries Accumulation Index. For comparison purposes, the S&P/ASX Small Industrials Accumulation Index is displayed as the Fund does not typically invest in resource securities.

Fund facts	
Portfolio managers	James Dougherty, Liam Donohue
Inception date	31 January 2018
Investment objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees)
Management fee	1.30%
Performance fee	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark
Buy/sell spread	+0.50% / -0.50%
Fund size	\$23.7M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Booktopia Group Ltd
Capitol Health Ltd
Pentanet Ltd

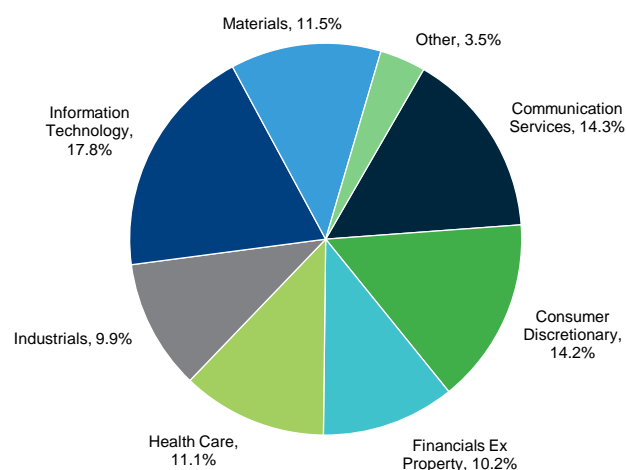
Stock attribution
Top 3
Pentanet Ltd
Rhipe Ltd
Ansarada Group Ltd
Bottom 3
Duratec Ltd
Sovereign Cloud Holdings Ltd
MACA Ltd

Data Source: Fidante Partners Limited, 30 April 2021.

Fund features
An actively managed portfolio of microcap companies: Lennox invests using in-depth fundamental research coupled with selective quantitative screening to identify investment opportunities.
Experienced investment team: The investment team has a long and successful history investing in Australian small and microcap companies.
A refined and tested investment process: Lennox have a robust investment process which is combined with key insights gained through deep-dive research 'on the ground'.
Risk aware: Lennox embed risk management at the centre of their investment philosophy and portfolio construction. This is considered a critical function given the inherent volatility in microcap equities.

Asset allocation	Actual %	Range %
Security	92.50	70-100
Cash	7.50	0-30

Sector exposure



Fund highlights

The Fund returned 6.36% (after fees) for the month of April, while the S&P/ASX Small Ordinaries Accumulation Index returned 4.98% and the S&P/ASX Small Industrials Accumulation Index returned 3.91% (the Small Industrials index excludes resources and energy companies, which the Fund does not invest in).

The largest contributors to performance included overweight positions in internet service provider Pentanet, cloud software company Rhipe and legal and financial software company Ansarada. Pentanet was up 43.8% in April following the release of its third quarter report, which demonstrated strong growth on all key metrics. Rhipe shares were up 26.9% for the month as the company announced its acquisition of cyber security specialist emt Distribution and released a strong set of numbers in its third quarter report. Shares in Ansarada rose 23.8% as it released its third quarter report, with material contract wins and revenue growth being a key feature.

The largest detractors from performance included overweight positions in contractor Duratec, cloud infrastructure provider Sovereign Cloud and mining services company MACA. Duratec was down 11.6% in April off the back of no company specific news. We believe the company offers compelling value after navigating COVID shutdowns well. Sovereign Cloud fell 17.5% in the month as the company released its third quarter result. The company continues to grow its contracted revenue base, giving it a strong platform for future operational performance. MACA shares dropped 9.8% in April off no company specific news. MACA continues to win material contracts, as evidenced in late March, giving us confidence in its ability to execute.

During the month, the fund topped up its position in online book retailer Booktopia. Booktopia has been consistently demonstrating strong operational performance since its IPO in late 2020. We believe the company has a significant opportunity to consolidate the book industry as people continue to transition their shopping habits towards online, while trading at a compelling valuation.

Market overview

The S&P/ASX Small Industrials Index was up 3.91% during the month, underperforming the Small Resources Index which was up 9.5% in April. The S&P/ASX Small Ordinaries Index was up 4.98% in April, outperforming the S&P/ASX100 by 1.5%.

Information Technology was the best performing sector in April, up 7.6%, followed by Financials (+6.4%) and Communication Services (+3.5%). Consumer Staples was the worst performing sector over the past month, returning -1.6%, followed by Health Care (-1.1%) and Materials (+0.7%).

The top performers of the month were retailer Accent, networking company Megaport and funds management company Australian Ethical. Accent shares rallied 30.7% in April as it acquired retailer Glue Store. Megaport shares rose 29.7% as it released its quarterly results, with strong quarter-on-quarter growth in revenue and ports being a key feature. Shares in Australian Ethical grew 23.3% following the announcement of FUM at \$5.4b, up from \$5.05b at the end of the previous quarter.

The worst performers of the month were online retailer Redbubble, software company Nuix and biotech company Starpharma. Redbubble shares fell 22.8% for the month as it released a third quarter update, with results in line but margin commentary much weaker than expected. Nuix shares fell 19.8% for the month as it downgraded prospectus revenue guidance. Shares in Starpharma pulled back 12.0% as pharmaceuticals were weak for the month, with no company specific negative news.

What's making waves

During April, we witnessed a significant divergence in how countries coped with the COVID pandemic and rollout of their vaccination programs. A few months ago, the second and third waves of the virus in the US and the UK triggered severe lockdowns, however, both countries have made significant progress in their vaccination programs – almost 50% of the UK population and over 40% of the US population have received their first vaccinations. This is a stark contrast to the situation in India which recorded over 400,000 new cases and 3,500 deaths on the final day of April alone. Australia sits somewhere between these two extremes. The vaccination rollout has been slower than expected with less than 10% of the population having received their first vaccination and while there is little evidence of community spread of COVID, isolated outbreaks have caused some snap lockdowns. Whilst it is difficult to pinpoint the exact timing of macro matters like herd immunity in Australia or the end of the pandemic on a global scale, we invest based on our ability forecast a company's earnings over the medium term i.e. three years. As a result, our preferred stock picks are those that have leverage to the reopening of economies but are not solely reliant on unforecastable timeframes like the reopening of international borders in order to succeed.

For further information, please contact:

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