

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)	8.39	51.01	10.88	12.98	16.24
S&P/ASX Small Ordinaries Accumulation Index	7.44	39.78	10.07	9.10	11.35
Active return	0.95	11.23	0.81	3.88	4.89
S&P/ASX Small Industrials Accumulation Index ³	7.17	37.95	8.70	10.10	10.54
Active return	1.22	13.06	2.18	2.88	5.70

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 28 April 2017

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	28 April 2017
Investment objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (before fees)
Management fee	1.10% p.a.
Performance fee	15% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark
Buy/sell spread	+0.39% / -0.39%
Fund size	\$331.3M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Bapcor Ltd
Collins Foods Ltd
oOh!media Ltd

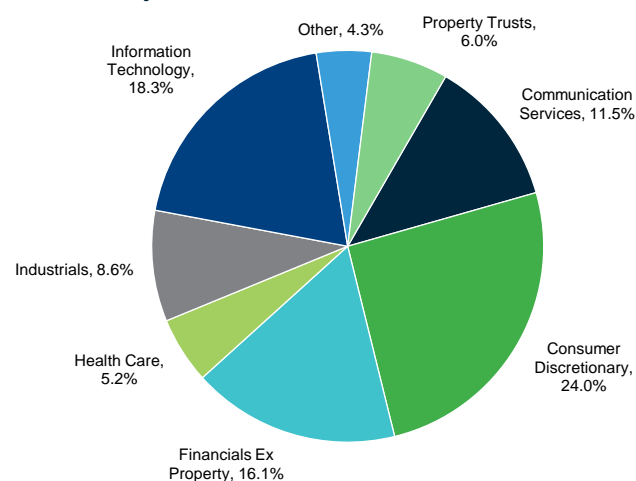
Stock attribution
Top 3
Sezzle Inc
Megaport Ltd
HUB24 Ltd
Bottom 3
Corporate Travel Management Limited
Nuix Ltd
oOh!media Ltd

Data Source: Fidante Partners Limited, 30 April 2021.

Fund features
An actively managed portfolio of small companies: Lennox invests using both qualitative screening and in-depth fundamental research to identify investment opportunities.
Experienced investment team: The investment team has a long and successful history investing in Australian small and micro-cap 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.

Asset allocation	Actual %	Range %
Security	94.02	80-100
Cash	5.98	0-20

Sector exposure



Fund highlights

The Fund returned 6.75% (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 buy-now pay-later provider Sezzle, networking company Megaport and fund administration platform HUB24. Shares in Sezzle rallied 30.8% for the month as the company released its first quarter cash flow report. Here it announced significant growth, with merchant sales up 214% on the year and revenue up 216%. The company also lodged its intention to file a registration statement to IPO in the United States. Megaport was up 29.7% in April following the release of its quarterly cash flow report. Monthly recurring revenue and port growth was strong at 26% and 31% respectively relative to the prior comparable period. HUB24 shares rose 21.8% for the month as the company updated the market on its third quarter performance. In the March quarter the company experienced record net inflows of \$1.9b, up 41% on the prior comparable period. This brings the platform to \$51.4b under administration.

The largest detractors from performance included overweight positions in corporate travel company Corporate Travel, software company Nuix and media company oOh!media. Corporate Travel shares fell 5.6% in April after being swept up in a broad selloff across businesses exposed to the travel sector. The resurgence of COVID in India, combined with several new clusters in Australia and concerns over the progress of the Australian vaccination program have weighed heavily on the sector. We believe Corporate Travel is well placed to face these issues, with an overweight exposure towards domestic and essential travel relative to its peers. Nuix dropped 19.8% in April as the company downgraded its prospectus revenue figure. The company has moved revenue expectations to between \$180m and \$185m, down from \$193.5m initially forecast in the prospectus. oOh!media fell 1.7% in April off the back of no company specific news.

During the month, the fund entered a position in software solutions company Technology One. Technology One has demonstrated high quality, resilient earnings through COVID, with top and bottom line earnings growing in FY20. We believe the company's high level of recurring revenue provides a solid base for earnings in coming years.

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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