

Monthly Fact Sheet June 2021

Performance ¹	3 month %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a ²
Fund return (net)	9.22	40.50	13.44	10.83	16.18
S&P/ASX Small Ordinaries Accumulation Index	8.50	33.23	12.06	8.59	11.75
Active return	0.72	7.27	1.38	2.24	4.43
S&P/ASX Small Industrials Accumulation Index ³	7.29	32.98	10.91	9.39	10.95
Active return	1.93	7.52	2.52	1.44	5.23

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	\$344.8M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Corporate Travel Management Limited
Megaport Ltd
oOh!media Ltd

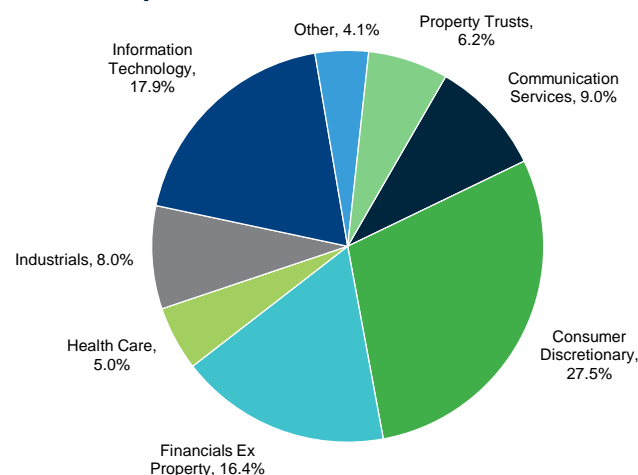
Stock attribution
Top 3
Megaport Ltd
Aussie Broadband Pty Ltd
Sezzle Inc
Bottom 3
Collins Foods Ltd
Adairs Ltd
NRW Holdings Ltd

Data Source: Fidante Partners Limited, 30 June 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	94.16	80-100
Cash	5.84	0-20

Sector exposure



Fund highlights

The Fund returned 3.42% (after fees) for the month of June, while the S&P/ASX Small Ordinaries Accumulation Index returned 3.08% 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 technology company Megaport, internet service provider Aussie Broadband and buy-now pay-later operator Sezzle. Megaport shares rallied 23.0% following its investor briefing, providing increased confidence to the market. Aussie Broadband was up 19.0% following the release of a market update late in May. The update announced an

earnings before interest, tax, depreciation and amortisation (EBITDA) guidance upgrade to between \$17m and \$20m excluding IPO costs, up from a previous range of \$16m to \$19m. Sezzle shares rose 17.9% as the company announced a three-year agreement with Target in the US.

The largest detractors from performance included overweight positions in restaurant operator Collins, homewares retailer Adairs and service station operator Viva Energy. Collins shares withdrew 9.0% in June following the release of its results. The company announced revenue and EBITDA growth of 12.4% with KFC Australia delivering a strong performance, as well as a 12.7% decrease in net debt as cash flows were strong. We believe this was a strong result with the share price decline being driven by short term profit taking, and continue to hold confidence in the company's ability to execute. Shares in Adairs pulled back 11.1% for the month as the company brought forward the settlement for its acquisition of Mocka. Viva Energy fell 4.9% in June off no company specific news. We believe Viva offers attractive defensive earnings over the medium term.

During the month, the fund topped up its 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

Health Care was the best performing sector in June, up 7.4%, followed by Energy (+6.3%) and Real Estate (+4.3%). Materials was the worst performing sector over the past month, returning -0.1%, followed by Industrials (+0.9%) and Communication Services (+2.5%).

The top performers of the month were biotechnology company Telix, food product provider Bubs and home food provider Marley Spoon. Telix shares rallied 35.3% following the release of several clinical trial updates. Shares in Bubs rose 29.9% following the announcement of provision of its products in Walmart in the US. Marley Spoon shares were up 29.0% as various states returned to lockdown.

The worst performers of the month were miner De Grey, technology company Nuix and mortgage insurance provider Genworth. De Grey shares fell 20.6% as gold weakened in June. Shares in Nuix dropped 20.2% following the downgrade of its prospectus forecasts being released in late May. Genworth shares fell 19.7% following the announcement that Commonwealth Bank intends to issue a Request for Proposal after its current exclusivity deal with Genworth expires.

What's making waves

Following a sharp sentiment rebound in late FY20, the ASX Small Ordinaries Index continued its momentum through FY21 delivering a return of 30.2%. This was the second highest return for the benchmark in a financial year since the turn of the century and comfortably ahead of the 24.0% return delivered by the ASX200 Index. Cyclical stocks were the dominant driver of performance for the year as the market built confidence around a strong consumer recovery driven by Government stimulus. Another key narrative to develop over the period was sentiment regarding inflation. Driven by concerns of rampant inflation, the market rotated away from growth companies towards the more immediate cash flows delivered by value stocks. While the US Federal Reserve – as a proxy for global economies – has allayed these fears leading sentiment to shift towards transitory inflation, we have yet to observe a transition away from value companies. Despite numerous sentiment and narrative shifts through the year, we continue to maintain focus on our investment process identifying companies that we view as undervalued regardless of these short-term market machinations.

For further information, please contact:

Fidante Partners Investor Services | p: 13 51 53 | e: info@fidante.com.au | w: www.fidante.com.au

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is provided by Lennox Capital Partners Pty Ltd ABN 19 617 001 966 AFSL 498 737 (Lennox), the investment manager of the Lennox Australian Small Companies Fund ARSN 617 995 918 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) is the responsible entity and issuer of interests in the Fund. The information in this publication should be regarded as general information and not financial product advice, and has been prepared without taking into account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain and consider the Product Disclosure Statement (PDS) and any additional information booklet (AIB) for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. A copy of the PDS and AIB can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website www.fidante.com.au. Please also refer to the Financial Services Guide on the Fidante Partners website. Past performance is not a reliable indicator of future performance. Neither your investment nor any particular rate of return is guaranteed. The information contained in this document is not intended to be relied upon as a forecast and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy, nor is it investment advice. If you acquire or hold the product, we, Fidante Partners or a related company will receive fees and other benefits which are generally disclosed in the PDS or other disclosure document for the Fund. Neither Fidante Partners nor a Fidante Partners related company and its respective employees receive any specific remuneration for any advice provided to you. However, financial advisers (including some Fidante Partners related companies) may receive fees or commissions if they provide advice to you or arrange for you to invest in the Fund. Lennox, some or all Fidante Partners related companies and directors of those companies may benefit from fees, commissions and other benefits received by another group company.