

Monthly Fact Sheet July 2021

Performance ¹	3 month %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a ²
Fund return (net)	0.02	50.60	27.77	20.22	18.14
S&P/ASX Small Ordinaries Accumulation Index	4.06	32.30	10.04	9.22	9.14
Active return	-4.04	18.30	17.73	11.00	9.00
S&P/ASX Small Industrials Accumulation Index ³	2.29	31.94	8.45	9.27	9.21
Active return	-2.27	18.66	19.32	10.96	8.93

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	\$26.0M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Big River Industries Pty Ltd
Booktopia Group Ltd
Capitol Health Ltd

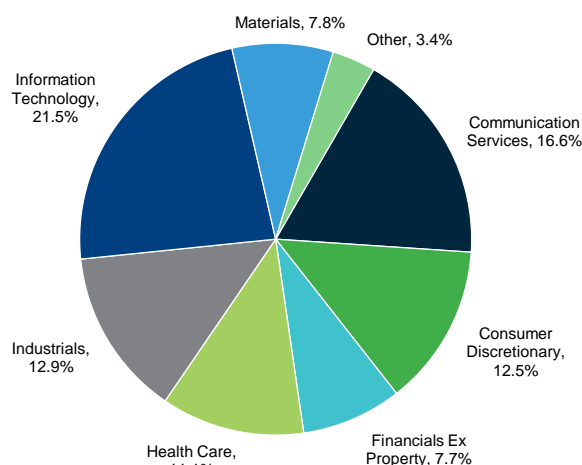
Stock attribution
Top 3
Trajan Group Holdings Ltd
Rhipe Ltd
Ansarada Group Ltd
Bottom 3
Laybuy Group Holdings Ltd
Catapult Group International Ltd
Airtasker Ltd

Data Source: Fidante Partners Limited, 31 July 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	93.51	70-100
Cash	6.49	0-30

Sector exposure



Fund highlights

The Fund returned 0.03% (after fees) for the month of July, while the S&P/ASX Small Ordinaries Accumulation Index returned 0.68% and the S&P/ASX Small Industrials Accumulation Index returned -0.93% (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 medical devices company Trajan, cloud licensing company Rhiper and legal cloud software company Ansarada. Trajan rallied 35.4% for the month off no company specific news. Rhiper was up 21.1% as it returned to trading following the announcement and subsequent recommendation to shareholders to vote in favour of a takeover initiated by Crayon Group. Shares in Ansarada rose 29.2% as the company released its quarterly results, with highlights including record new customer wins and 76% growth in deferred revenues.

The largest detractors from performance included overweight positions in buy-now pay-later operator Laybuy, sports technology company Catapult and online services marketplace Airtasker. Laybuy was down 18.9% in July despite the company releasing a strong set of quarterly results. The company suffered as the buy-now pay-later sector traded weaker through the month. Catapult shares dropped 14.0% for the month off no company specific news. We believe Catapult, as the leading elite wearables provider globally, is well positioned to capture the long-term industry growth of the sports technology market. Shares in Airtasker withdrew 10.5% despite the company releasing results comfortably ahead of its prospectus outlook. While lockdowns are demonstrating more challenging conditions for the company, the long-term growth story continues to remain compelling.

Market overview

Materials was the best performing sector in July, up 5.8%, followed by Energy (+5.8%) and Industrials (+4.5%). Health Care was the worst performing sector over the past month, returning -3.6%, followed by Consumer Staples (-2.3%) and Financials (-2.2%).

The top performers of the month were mining services company Perenti, miner Orocobre and miner Galaxy. Perenti shares rose 35.8% for the month as it secured multiple contract wins, taking its book to \$6.6bn. Shares in Orocobre rose 27.5% on the back of realised mineral pricing increases. Galaxy shares were up 27.0% as it produced record production numbers at Mt Cattlin, significantly ahead of forecasts.

The worst performers of the month were food kit company Marley Spoon, miner Piedmont Lithium and biotech company PolyNovo. Marley Spoon shares fell 30.7% following a cut in margin guidance. Shares in Piedmont Lithium dropped 28.3% as a class action lawsuit was filed against it. PolyNovo shares fell 20.2% as it reported book to market (BTM) revenue growth of 34%.

What's making waves

While July saw renewed lockdowns affecting various parts of Australia, markets continued to remain resilient. While industrials were weak, strength in materials offset the declines, likely driven by inflation coming in above expectations. Interestingly, the month witnessed a divergence between yields and inflation, with both Australian and US yields pulling back significantly. Australian 10-year bond yields had fallen 35 basis points down to 1.18% at month close. Despite declining risk-free rates and the pervasive view that the spike in inflation will be transitory, growth names lagged for the month. Overlaying this was an increase in corporate activity, with a step-change in M&A deals and other corporate activity showing no signs of slowing down. These deals skewed towards large caps, with the \$39b Afterpay takeover by Square just after the end of July coming in as the largest deal in Australia's corporate history. While takeovers typically offer compelling exits to investments, they do not form part of the Lennox process, which instead focuses on identifying fundamentally attractive businesses at compelling prices.

For further information, please contact:

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