

Monthly Fact Sheet June 2022

Performance ¹	3 month %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a ²
Fund return (net)	-24.18	-33.34	4.50	7.50	4.08
S&P/ASX Small Ordinaries Accumulation Index	-20.39	-19.52	3.55	0.38	1.87
Active return	-3.79	-13.82	0.95	7.12	2.22
S&P/ASX Small Industrials Accumulation Index ³	-18.44	-23.99	0.54	-2.19	0.97
Active return	-5.74	-9.35	3.96	9.68	3.11

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	\$29.6M
Distribution frequency	Half-yearly

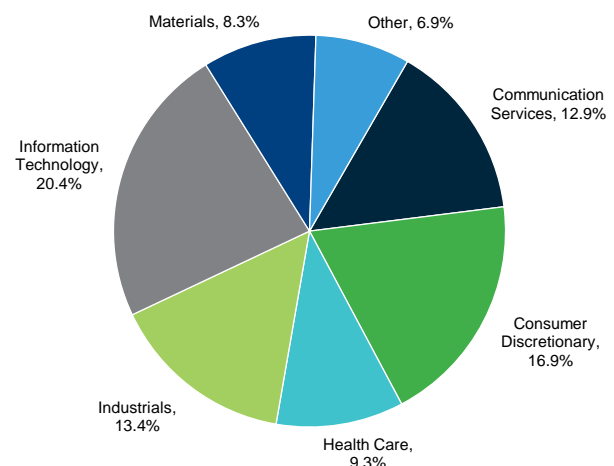
Top 3 active positions (alphabetical)
Autosports Group Ltd
Big River Industries Pty Ltd
SRG Global Ltd

Stock attribution
Top 3
SRG Global Ltd
Nitro Software Ltd
Cmint Holdings Limited
Bottom 3
Airtasker Ltd
Keypath Education International Inc
Trajan Group Holdings Ltd

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	88.08	70-100
Cash	11.92	0-30

Sector exposure



Fund highlights

The Fund returned -12.0% (after fees) for the month of June, while the S&P/ASX Small Ordinaries Accumulation Index returned -13.1% and the S&P/ASX Small Industrials Accumulation Index returned -10.0% (the Small Industrials index excludes mining and energy companies, which the Fund does not invest in).

The largest contributors to performance for the month of June included overweight positions in contractor SRG Global, productivity software provider Nitro and dentist operator Pacific Smiles. Shares in SRG Global were down 2.4% in a tough market after it delivered several positive contract announcements which bodes well for the Company's FY23 pipeline. Nitro was flat across the month of June which primarily reflected a recovery following a weak trading period through Apr-May. Finally, Pacific Smiles rallied 15.8% as its patient fee performance update for the month of May was ahead of expectations despite ongoing Covid-related absenteeism.

The largest detractors from performance included service marketplace provider Airtasker, education service provider Keypath and medical device distributor Trajan. Airtasker shares dropped 38.3% after the company completed a capital raise to acquire Oneflare. Shares in Keypath Education were down 28.6% on the back of negative sentiment towards unprofitable businesses that remain focused on top-line growth. Whilst Trajan fell 28.3% in June following the completion of the ~\$30m capital raise to acquire CRS.

During the month, Lennox did not add any new positions or add to existing positions.

Market overview

Communication Services was the best performing sector in June, down 4.7%, followed by Consumer Staples (-7.2%) and Health Care (-7.6%). Materials was the worst performing sector over the month, down -23.6%, followed by Information Technology (-12.8%) and Financials (-12.7%).

The top performers for the month were salmon and prawn producer Tassal, pharmaceutical retailer Sigma and audio software provider Audinate. Tassal was up 30.2% on the back of a non-binding indicative bid from Cooke Inc. Shares in Sigma rallied 16.0% as HMC Capital Partners increased their stake in the Company to 13.5%. Audinate continued to outperform after it delivered a stronger than expected sales update for FY22, resulting in a rise of 13.7% across the month.

The worst performers for the month were personal care company BWX, BNPL player Zip Co and mineral explorer Firefinch. Shares in BWX were down 53.2% after it downgraded guidance and conducted a highly dilutive emergency capital raising at the end of June. Zip Co. Ltd fell 51.9% across June as the BNPL sector remained under pressure due to slowing growth rates, funding concerns as well as rising bad debts. Finally, Firefinch was down 51.1% in June following the resignation of its MD.

What's making waves

Equity markets are pricing in the prospect of larger near-term interest rate hikes and an economic recession. Feedback Lennox gathered from meetings with companies across June was broadly positive suggesting the operating environment for many businesses was yet to be impacted by central bank action and a deteriorating consumer. We saw this optimism reinforced by the announcement of several on-market share buy-backs from companies we own, such as Eagers Automotive and DDH1. This suggests management teams remain more constructive on the outlook for earnings and see recent share price volatility as an opportunity to utilise their strong balance sheet and improve shareholder returns. Conversely, with BWX, we have seen the first cyclical business with a stretched balance sheet be forced into a deeply discounted equity raise. We don't expect BWX to be last and will continue our long-held focus on strong management teams, quality business models with robust balance sheets.

For further information, please contact:

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