

Monthly Fact Sheet June 2022

| Performance ¹ | 3 month % | 1 year % | 3 years % p.a | 5 years % p.a | Inception % p.a ² |
|---|-----------|----------|---------------|---------------|------------------------------|
| Fund return (net) | -19.11 | -23.91 | -0.67 | 6.42 | 7.05 |
| S&P/ASX Small Ordinaries Accumulation Index | -20.39 | -19.52 | 0.38 | 5.07 | 4.88 |
| Active return | 1.27 | -4.39 | -1.05 | 1.34 | 2.17 |
| S&P/ASX Small Industrials Accumulation Index ³ | -18.44 | -23.99 | -2.19 | 3.33 | 3.12 |
| Active return | -0.67 | 0.08 | 1.51 | 3.09 | 3.93 |

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 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 | \$262.7M |
| Distribution frequency | Half-yearly |

| Top 3 active positions (alphabetical) |
|---------------------------------------|
| Collins Foods Ltd |
| GQG Partners Inc |
| Technology One Limited |

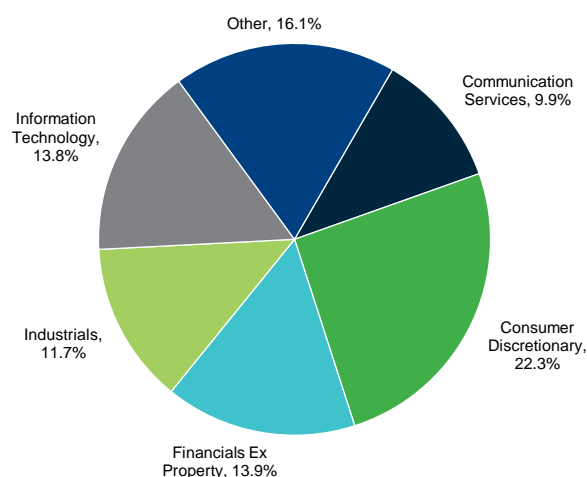
| Stock attribution |
|--------------------------|
| Top 3 |
| Collins Foods Ltd |
| Technology One Limited |
| Viva Energy Group Ltd |
| Bottom 3 |
| Kelsian Group Ltd |
| SmartGroup Corp Ltd |
| Aussie Broadband Pty Ltd |

Data Source: Fidante Partners Limited, 30 June 2022.

| 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 | 87.73 | 80-100 |
| Cash | 12.27 | 0-20 |

Sector exposure



Fund highlights

The Fund returned -11.1% (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 fast food retailer Collins Foods, ERP platform specialist Technology One and fuel retailer Viva Energy. Collins Foods was up 7.5% after both its FY22 result and FY23 LFLs were ahead of market expectations. Technology One rallied 2.4% as the market rewarded the defensive nature and perceived quality of its earnings. Finally, shares in Viva Energy advanced 1.8% in anticipation of a strong operating result for the period to 30 June.

The largest detractors from performance included tourism and transport provider Kelsian, employee finance provider SmartGroup and broadband retailer Aussie Broadband. Shares in Kelsian were down 24.3% as the company confirmed it was in talks to acquire UK transport operator Go-Ahead which is expected to require equity funding. SmartGroup fell 27.2% after it lost a material contract held with the Victorian Department of Education to a competitor. Shares in Aussie Broadband were down 20.8% in June as a follow on from the downgrade to FY22 earnings management delivered in May.

During the month, Lennox topped up its position in PEXA Group as we believe market weakness presented an attractive entry point for a high-quality business. We expect volumes in the domestic business to soften with the uncertainty surrounding the housing market but believe this is broadly priced in, whilst the optionality on success in the UK market remains well advanced and therefore underappreciated by the market in our view.

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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