

Monthly Fact Sheet July 2022

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	-8.72	-14.70	1.52	8.20	8.79
S&P/ASX Small Ordinaries Accumulation Index	-9.94	-10.93	2.55	7.31	6.99
Active return	1.21	-3.77	-1.03	0.89	1.80
S&P/ASX Small Industrials Accumulation Index ³	-6.85	-14.24	0.29	5.71	5.28
Active return	-1.88	-0.46	1.23	2.49	3.51

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	\$274.7M
Distribution frequency	Half-yearly

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

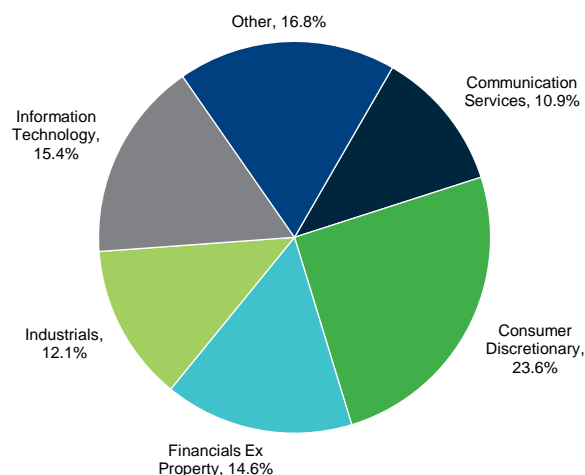
Stock attribution
Top 3
Lovisa Holdings Limited
FINEOS Corp Holdings PLC
AP Eagers Limited
Bottom 3
Viva Energy Group Ltd
Alliance Aviation Services Limited
GQG Partners Inc

Data Source: Fidante Partners Limited, 31 July 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	93.49	80-100
Cash	6.51	0-20

Sector exposure



Fund highlights

The Fund returned +9.4% (after fees) for the month of July, while the S&P/ASX Small Ordinaries Accumulation Index returned +11.4% and the S&P/ASX Small Industrials Accumulation Index returned +11.8% (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 July included overweight positions in jewellery retailer Lovisa Holdings, insurance software provider FINEOS Corp Holdings and car dealership Eagers Automotive. Lovisa added 28.9% as investors gained confidence on the US expansion strategy. FINEOS was up 36.5%. The business released its 4Q results in-line with expectations, however the stock rallied after being sold off significantly. Shares in Eagers Automotive advanced 28.9% after pre-releasing results ahead of guidance.

The largest detractors from performance included oil retailer Viva Energy Group, aviation services company Alliance Aviation Services and funds management business GQG Partners. Shares in Viva Energy Group were down 7.9% for the month of July despite a positive quarterly result as crack spreads retraced. Alliance Aviation Services were down 9.8% in July off no company-specific news, rather fear of reduced utilisation of the fleet. GQG Partners sold off 1% as it reported FUM for June with net inflows but decline overall due to market movements.

Market overview

The S&P/ASX Small Industrials Index was up 11.8% during the month, outperforming the Small Resources Index which was up 10.2% in July. The S&P/ASX Small Ordinaries Index was up 11.4% in July, outperforming the S&P/ASX100 by 6.1%.

Health Care was the best performing sector in July, up 22.7%, followed by Information Technology (+17.7%) and Financials (+14.5%). Consumer Staples was the worst performing sector over the month, down 2.8%, followed by Materials (+8.5%) and Communication Services (+9.2%).

The top performers for the month were buy-now-pay-later provider Zip Co, network platform Megaport and online retail marketplace Kogan.com. Zip Co Zip Co decided with Sezzle to terminate the merger agreement and was up 158%. Megaport added 77.8% after a well-received quarterly result – printing 12.6% sequential growth. Finally, Kogan.com was up 65.8% as it guided to FY22 EBITDA above consensus (better costs in 4Q).

The worst performers for the month were data company Nuix, payments software EML Payments and agriculture business Australian Agricultural Company. Nuix was down 19.7% after guiding to \$10-12m EBITDA for FY22 (vs \$66m in pcp). EML Payments lost 14.6% after the CEO resignation and announcement of additional CBI remediations needed. Australian Agricultural Company took away 14.4% off no company-specific news.

What's making waves

Through the month of July we started to see equity markets show tentative signs of warming to stocks that may have been disproportionately penalised over the last twelve months. A case in point was observed in the diagnostics sector which Lennox has held exposure to previously for some time via Capitol Health, and as a result we follow Integral Diagnostics (IDX). The expectation for IDX was that FY22 earnings would print below consensus due to cost escalation resulting from COVID – particularly staff costs – consistent with feedback we had received from multiple management teams in the healthcare space. While the business did in fact report a reasonable earnings miss as well as a muted outlook, the stock rallied higher on account of its significant pullback to that point. While a higher share price following an earnings miss is a good outcome for holders, we remain focussed on the medium-term prospects of the businesses we research and the ability of management to manage cost and grow earnings through the cycle. We believe the market may present more compelling opportunities over coming months so continue to watch monitor such businesses closely.

For further information, please contact:

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