

Monthly Fact Sheet June 2023

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	1.32	11.99	6.19	3.02	7.84
S&P/ASX Small Ordinaries Accumulation Index	-0.54	8.45	5.16	2.25	5.45
Active return	1.86	3.55	1.03	0.77	2.39
S&P/ASX Small Industrials Accumulation Index ³	2.35	9.47	3.43	1.73	4.13
Active return	-1.03	2.52	2.76	1.29	3.71

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	\$225.7M
Distribution frequency	Half-yearly

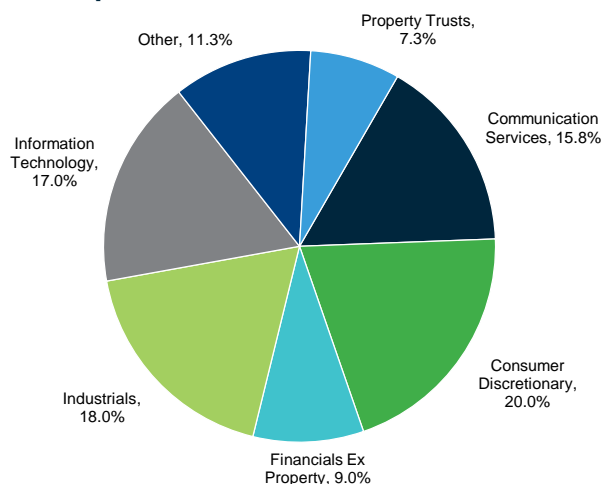
Top 3 active positions (alphabetical)
Corporate Travel Management Limited
GQG Partners Inc
Kelsian Group Ltd

Stock attribution
Top 3
Collins Foods Ltd
NRW Holdings Ltd
Kelsian Group Ltd
Bottom 3
Corporate Travel Management Limited
Flight Centre Travel Group Limited
Alliance Aviation Services Limited

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	98.37	80-100
Cash	1.63	0-20

Sector exposure



Fund highlights

The Fund returned 1.44% (after fees) for the month of June, while the S&P/ASX Small Ordinaries Accumulation Index returned 0.03% and the S&P/ASX Small Industrials Accumulation Index returned 0.50% (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 fast food operator Collins Foods, transportation company Kelsian and family security software company Life360. Shares in Collins Foods added 17.0% for the month as the company released its full year results, with revenues and profit ahead of expectations and positive commentary around early FY24 trading. Kelsian grew 6.8% as the company announced the completion of its All Aboard America! acquisition. Life360 gained 11.6% in June as share price momentum in the stock continued following a strong first quarter update released in May.

The largest detractors from performance included overweight positions in travel company Corporate Travel Management, travel company Flight Centre and charter flight company Alliance Aviation. Corporate Travel Management shares fell 13.7% as travel exposed names were broadly weak, despite the company announcing a material contract win. Flight Centre shares declined 9.8% as the company hosted a strategy session, with no notable changes to outlook. Shares in Alliance Aviation dropped 8.6% off no company specific news.

During the month, Lennox topped up EBOS as the market reacted to the loss of the Chemist Warehouse wholesale supply arrangement.

Market overview

Financials was the best performing sector in June, up 6.5%, followed by Energy (+4.8%) and Industrials (+2.6%). Materials was the worst performing sector over the month, down 2.0%, followed by Consumer Discretionary (-2.0%) and Consumer Staples (-1.9%).

The top performers for the month were betting platform operator PointsBet, uranium miner Paladin Energy and utilities contractor Service Stream. PointsBet gained 36.6% for the month as Fanatics Betting and Gaming upped their previous bid for PointsBet's US business by 50% to US\$225m. Shares in Paladin Energy added 33.9% as the company rebounded following a heavy sell down into the end of May driven by media reports that the Namibian Government was wanting to take minority equity positions in mining and petroleum companies operating in the country. Service Stream grew 30.7% following the announcement of the receipt of a \$50.2m tax refund.

The worst performers for the month were battery metal miner Lake Resources, miner Bowen Coking Coal and technology company Weebit Nano. Lake Resources lost 43.4% following the release of an operational update in which it stated expectations for its Kachi project to begin production in 2027 vs earlier expectations of 2024. Shares in Bowen Coking Coal dropped 28.9% following it raising \$50m of capital to fund capital expenditure and working capital. Weebit Nano fell 24.9% as the company was temporarily suspended from trading following the resignation of one of its directors leading it to breach section 201A (2) of the Corporations Act.

What's making waves

Despite a relatively strong year across global and local markets, under the surface FY23 was a game of two halves. Persistent global inflation drove a sharp hawkish shift across global reserve banks near the start of FY23, with rapid rate hiking pushing investors into value companies with nearer-term cash flows. With the rapid rate of change, investors began to invest in broad themes (as opposed to stock-specific investing) which drove stock correlations higher. Economically sensitive names saw euphoric sentiment through 1H23 (eg. New Hope Coal +83.8%, Qantas +34.5%), while investors shunned quality structural growth companies (eg. Reliance Worldwide -26.7% and NextDC -14.5%). This sentiment rapidly shifted in the second half as evidence of slowing economic growth mounted as a result of higher inflation and interest rates. Beneficiaries in the first half were impacted in the second as that sentiment shifted – New Hope Coal -23.7% and Qantas only +3.2%, while Reliance Worldwide +38.5% and NextDC +39.5%. The second half has also seen stock correlations revert lower, offering a more attractive environment for stock picking which Lennox welcomes as a conviction active manager.

For further information, please contact:

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