

### Monthly Fact Sheet June 2023

Performance <sup>1</sup>	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a <sup>2</sup>
Fund return (net)	-4.61	5.26	4.75	3.64	4.30
S&P/ASX Small Ordinaries Accumulation Index	-0.54	8.45	5.16	2.25	3.05
Active return	-4.07	-3.19	-0.41	1.39	1.25
S&P/ASX Small Industrials Accumulation Index <sup>3</sup>	2.35	9.47	3.43	1.73	2.49
Active return	-6.96	-4.21	1.32	1.91	1.81

**Past performance is not a reliable indicator of future performance. Numbers may not add due to rounding.**

<sup>1</sup> Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

<sup>2</sup> The inception date for the Fund is 31 January 2018

<sup>3</sup> 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	
<b>Portfolio managers</b>	James Dougherty, Liam Donohue
<b>Inception date</b>	31 January 2018
<b>Investment objective</b>	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees)
<b>Management fee</b>	1.30%
<b>Performance fee</b>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark
<b>Buy/sell spread</b>	+0.50% / -0.50%
<b>Fund size</b>	\$27.8M
<b>Distribution frequency</b>	Half-yearly

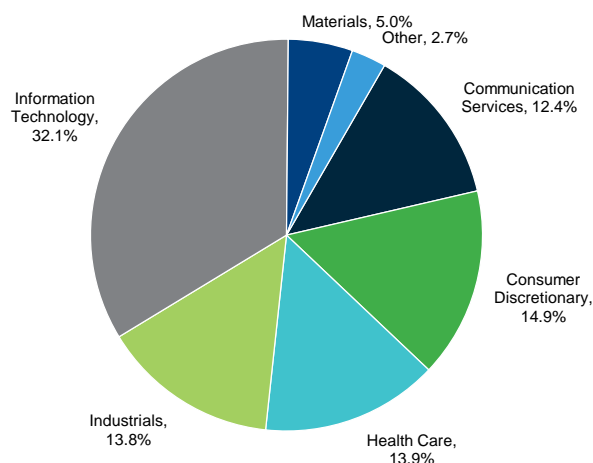
Top 3 active positions (alphabetical)
Megaport Ltd
SRG Global Ltd
Siteminder Ltd

Stock attribution
<b>Top 3</b>
ImpediMed Ltd
Collins Foods Ltd
Infomedia Ltd
<b>Bottom 3</b>
Superloop Ltd
Big River Industries Pty Ltd
Alliance Aviation Services Limited

Fund features
<b>An actively managed portfolio of microcap companies:</b> Lennox invests using in-depth fundamental research coupled with selective quantitative screening to identify investment opportunities.
<b>Experienced investment team:</b> The investment team has a long and successful history investing in Australian small and microcap companies.
<b>A refined and tested investment process:</b> Lennox have a robust investment process which is combined with key insights gained through deep-dive research 'on the ground'.
<b>Risk aware:</b> 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	94.75	70-100
Cash	5.25	0-30

### Sector exposure



## Fund highlights

The Fund returned 1.89% (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 for the month of June included overweight positions in biotech company ImpediMed, fast food operator Collins Foods and technology company Infomedia. ImpediMed shares were up 28.6% following a number of payor policy changes to include bioimpedance spectroscopy as medically necessary. 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. Infomedia gained 14.3% off no company specific news.

The largest detractors from performance included overweight positions in internet service provider Superloop, timber producer Big River Industries and charter flight company Alliance Aviation. Superloop fell 12.1% off no company specific news. Shares in Big River dropped 2.4% for the month off no company specific news. Shares in Alliance Aviation dropped 8.6% off no company specific news.

During the month, Lennox exited its position in Big River.

## 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 leaving 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:**

**Fidante Partners Investor Services** | p: 13 51 53 | e: [info@fidante.com.au](mailto:info@fidante.com.au) | w: [www.fidante.com.au](http://www.fidante.com.au)

This material has been prepared by Lennox Capital Partners Pty Ltd ABN 19 617 001 966 AFSL 498 737 (Lennox), the investment manager of the Lennox Australian Microcap Fund ARSN 623 308 869 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Lennox and Fidante Partners have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Lennox and Fidante Partners may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.