

Monthly Fact Sheet September 2023

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	9.68	11.24	-0.52	5.57	5.82
S&P/ASX Small Ordinaries Accumulation Index	-1.94	6.85	2.57	1.63	2.56
Active return	11.61	4.39	-3.09	3.94	3.26
S&P/ASX Small Industrials Accumulation Index ³	-1.94	8.41	0.49	0.66	2.03
Active return	11.62	2.83	-1.00	4.91	3.79

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	\$29.0M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Aussie Broadband Pty Ltd
Gentrack Group Ltd
Monash IVF Group Limited

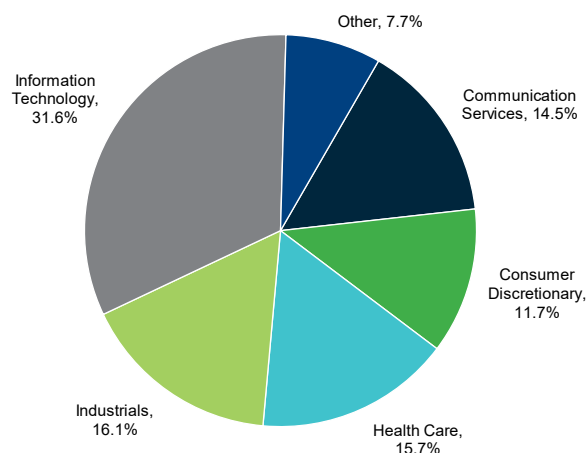
Stock attribution
Top 3
Aussie Broadband Pty Ltd
Gentrack Group Ltd
MMA Offshore Ltd
Bottom 3
Paladin Energy Ltd
Pro Medicus Limited
Liontown Resources Ltd

Data Source: Fidante Partners Limited, 30 September 2023.

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	97.23	70-100
Cash	2.77	0-30

Sector exposure



Fund highlights

The Fund returned -1.17% (after fees) for the month of September, while the S&P/ASX Small Ordinaries Accumulation Index returned -4.04% and the S&P/ASX Small Industrials Accumulation Index returned -5.04% (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 internet service provider Aussie Broadband, billing software provider Gentrack and marine services company MMA Offshore. Shares in Aussie Broadband lifted 15.1% for the month as the company continued to surge following the release of a strong FY23 result. Gentrack gained 7.5% after the Board released a proposed Long Term Incentive (LTI) structure which reflected Earnings Per Share (EPS) growth ahead of the market's expectations and rich share price hurdles. MMA Offshore added 4.5% on no company specific news.

The largest detractors from performance included underweight positions in uranium miner Paladin Energy, imaging software provider Pro Medicus and lithium developer Liantown Resources. Paladin Energy gained 30.2% due to ongoing strength in the uranium price. Pro Medicus rallied 14.0% following the announcement of a 10-year contract with a large Texas based hospital. Liantown Resources shares rose 10.7% as takeover interest intensified from multiple parties.

The Fund added to its position in diagnostic imaging provider Capitol Health. After a period of below average growth across the industry, we believe the combination of elevated price and volume recovery will see the company deliver a period of above average organic growth from FY24.

Market overview

Communication Services was the best performing sector in September, up 3.0%, followed by Health Care (-0.8%) and Energy (-1.2%). Consumer Discretionary was the worst performing sector over the month, down 7.9%, followed by Information Technology (-6.6%) and Industrials (-6.1%).

The top performers for the month included miner Bowen Coking Coal, and uranium miners Deep Yellow and Boss Energy. Shares in Bowen Coking coal rose 50.0% due to ongoing strength in the met coal price. Deep Yellow had another strong month, gaining a further 48.6% as rising gas prices continued to drive the rally in uranium prices. Boss Energy also benefited from strength in uranium prices, putting on 39.8% for the month.

The worst performers for the month included West African lithium miner Leo Lithium, software developer Brainchip and precious metals developer Chalice Mining. Shares in Leo Lithium dropped 55.7% due to ongoing issues with the Mali Government before going into trading halt. Brainchip closed the month down 40.6% following its removal from the ASX200. Chalice Mining continued to de-rate post the release of an underwhelming scoping study for the Gonneville project, dropping a further 35.0% in September.

What's making waves

Following an interesting August reporting season which presented a fruitful environment for bottom-up stock pickers, macro factors again took charge of markets in September. The Small Ordinaries Index closed the month down 4.0% with small caps and industrials underperforming compared to large caps and resources. The key driver of this shift was the market's increased conviction in the higher for longer rate scenario which saw bond yields surge. As we move through what has been a difficult year for small cap equity returns and oscillate between various macroeconomic outcomes, our focus is firmly pointed towards the upcoming AGM period in Australia which has become a mini reporting season. We view this period as another opportunity to generate alpha with share price volatility and uncorrelated returns spiking in-line with company specific trading updates. At Lennox, our active high conviction strategy and obsession with underlying earnings drivers leaves us well placed to capitalise on this environment on behalf of our investors.

For further information, please contact:

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