

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)	5.05	18.82	2.52	3.94	8.35
S&P/ASX Small Ordinaries Accumulation Index	-1.94	6.85	2.57	1.63	4.91
Active return	6.99	11.97	-0.06	2.31	3.44
S&P/ASX Small Industrials Accumulation Index ³	-1.94	8.41	0.49	0.66	3.65
Active return	6.99	10.41	2.03	3.28	4.70

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	\$207.0M
Distribution frequency	Half-yearly

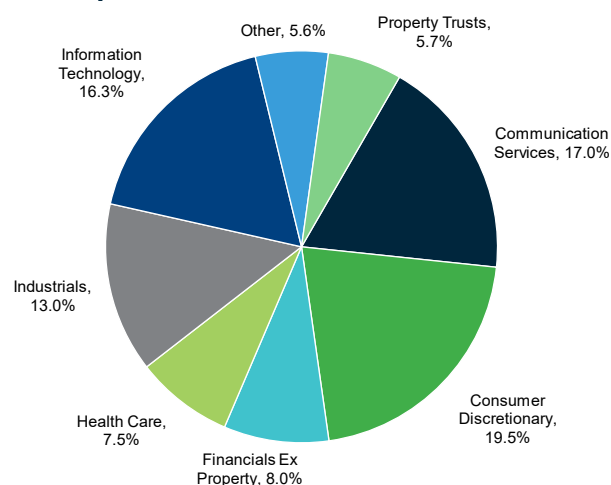
Top 3 active positions (alphabetical)
Aussie Broadband Pty Ltd
Collins Foods Ltd
GQG Partners Inc

Stock attribution
Top 3
Aussie Broadband Pty Ltd
Leo Lithium Ltd
HUB24 Ltd
Bottom 3
Paladin Energy Ltd
GQG Partners Inc
Pro Medicus 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	92.50	80-100
Cash	7.50	0-20

Sector exposure



Fund highlights

The Fund returned -3.87% (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 an overweight position in internet service provider Aussie Broadband, an underweight position in West African lithium miner Leo Lithium and an overweight position in wealth platform provider HUB24. Shares in Aussie Broadband lifted 15.1% for the month as the company continued to surge following the release of a strong FY23 result. Shares in Leo Lithium dropped 55.7% due to ongoing issues with the Mali Government before going into trading halt. HUB24 gained 1.3% due to ongoing support from the Company's on market buy-back announced at the FY23 result.

The largest detractors from performance included an underweight position in uranium miner Paladin Energy, an overweight position in GQG Partners and an underweight position in imaging software provider Pro Medicus. Paladin Energy gained 30.2% due to ongoing strength in the uranium price. Shares in GQG Partners weakened in-line with the general market performance, closing the month down 11.1%. Pro Medicus rallied 14.0% following the announcement of a 10-year contract with a large Texas based hospital.

During the month, the fund added to its position in Kelsian as a weaker than expected FY23 result that was negatively impacted by labour availability headwinds presented an attractive entry price to add to the funds existing overweight position.

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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