

Monthly Fact Sheet March 2024

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	10.44	26.33	5.10	7.71	10.43
S&P/ASX Small Ordinaries Accumulation Index	7.55	13.83	2.72	5.43	6.92
Active return	2.90	12.50	2.38	2.28	3.52
S&P/ASX Small Industrials Accumulation Index ³	9.58	20.45	1.67	4.90	6.15
Active return	0.87	5.88	3.44	2.81	4.29

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	\$217.8M
Distribution frequency	Half-yearly

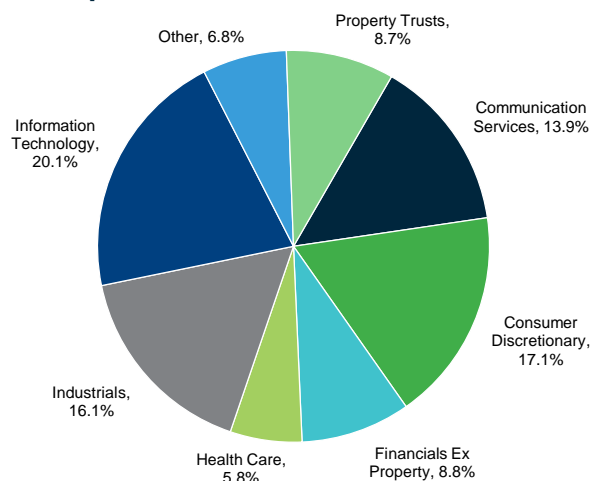
Top 3 active positions (alphabetical)	
Flight Centre Travel Group Limited	
GQG Partners Inc	
Siteminder Ltd	

Stock attribution	
Top 3	
Superloop Ltd	
Universal Store Holdings Ltd	
MMA Offshore Ltd	
Bottom 3	
Aussie Broadband Pty Ltd	
Collins Foods Ltd	
Life360 Inc	

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	97.19	80-100
Cash	2.81	0-20

Sector exposure



Fund highlights

The Fund returned 2.3% (after fees) for the month of March, while the S&P/ASX Small Ordinaries Accumulation Index returned 4.8% and the S&P/ASX Small Industrials Accumulation Index returned 3.5% (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 telco services provider Superloop youth fashion retailer Universal Stores and marine services provider MMA Offshore. Superloop surged 30.4% after winning the Origin wholesale contract of fellow NBN competitor Aussie Broadband. Shares in Universal Stores rose 20.5% as the market continued to digest a strong 1H24 result which demonstrated strong gross margin outcomes and tight cost control. MMA Offshore received an all-cash bid at \$2.60/share from Singapore based PE firm Cyan Renewables, shares finished the month up 22.0%.

The largest detractors from performance included overweight positions in telco service provider Aussie Broadband, QSR operator Collins Foods and location services app provider Life360. Shares in Aussie Broadband retreated 21.3% following the loss of the Origin Energy contract to competitor Superloop. Shares in Collins continued to retrace, ending the month down 7.8% following several slowing data points from poultry supplier Inghams and fellow KFC franchisee Restaurant Brands. Life360 delivered a stronger than expected FY23 result and announced the prospects of new advertising revenue streams, sending the shares 60.4% higher for the month.

During the month, the fund opened a position in Charter Hall Retail REIT. We are attracted to the stock's revenue stability, which is derived from tenants on very long term, broadly CPI linked deals. The Company also carries a healthy level of debt, an attractive discount to NTA and compelling yield support.

Market overview

Energy was the best performing sector in March, up 7.3%, followed by Financials (+7.1%) and Materials (+6.9%). Communication Services was the worst performing sector over the month, down 2.8%, followed by Industrials (+0.3%) and Consumer Staples (+2.9%).

The top performers for the month included stem cell technology company Mesoblast, location services app provider Life360 and oil and gas explorer Cooper Energy. Shares in Mesoblast surged 88.1% following a positive update from the FDA, notifying that the clinical data from previous phase 3 trials appear to be sufficient to support the approval submission. Life360 delivered a stronger than expected FY23 result and announced the prospect of new advertising revenue streams, sending the shares 60.4% higher for the month. Shares in Cooper Energy rose 51.7% following a general re-rate in the energy sector due to strong market conditions.

The worst performers for the month included lithium explorers Lake Resources and Core Lithium, along with industrial technology company Calix. Lake Resources retreated 39.2% in March following a \$20m placement and removal from the ASX300 index. Shares in Core Lithium fell 26.2% following a soft HY result that was negatively impacted by deteriorating conditions for lithium demand and pricing. Calix continued to de-rate post project delays, pushing the pipeline for product development further to the right, shares closed the month down 23.1%.

What's making waves

Equity markets strengthened further in March, with the Small Ords index (+4.2%) outperforming the large cap ASX100 index (+2.4%). Resilient macro data and stronger than expected company updates continued to buoy expectations of a soft landing, reducing consensus expectations for the probability of a recession from 65% last June to 35% currently. The consumer discretionary sector has been a key battleground for small cap investors over the past 18-months. Following a prolonged period of underperformance and negative positioning which began in June '22, the sector performed strongly in the March quarter (+12.4%) due to a surprisingly resilient backdrop for the consumer. Stocks that were able to combine the benefits of this consumer strength and deliver strong outcomes on the cost front generated material outperformance. Universal Stores and Lovisa are two retail stocks held by the Lennox portfolios that rallied +30.4% and 38.6% respectively across the March quarter, both companies are run by experienced management teams that we rate highly.

For further information, please contact:

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