

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)	15.14	25.09	-0.72	11.48	8.44
S&P/ASX Small Ordinaries Accumulation Index	7.55	13.83	2.72	5.43	4.95
Active return	7.59	11.26	-3.44	6.05	3.49
S&P/ASX Small Industrials Accumulation Index ³	9.58	20.45	1.67	4.90	4.93
Active return	5.56	4.64	-2.38	6.58	3.51

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	\$35.0M
Distribution frequency	Half-yearly

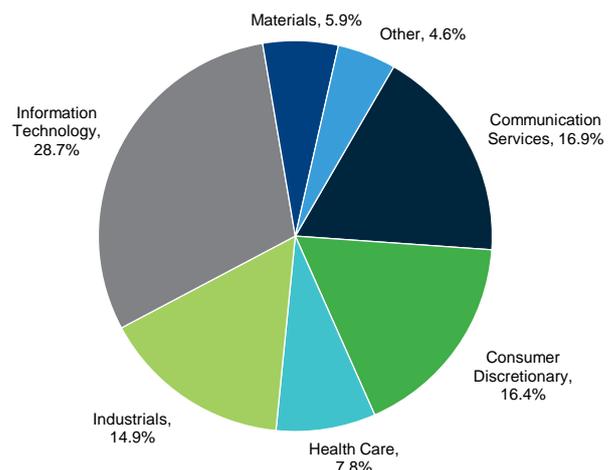
Top 3 active positions (alphabetical)
Infomedia Ltd
MMA Offshore Ltd
Superloop Ltd

Stock attribution
Top 3
Superloop Ltd
MMA Offshore Ltd
Universal Store Holdings Ltd
Bottom 3
Aussie Broadband Pty Ltd
Capitol Health Ltd
Tyro Payments Ltd

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	95.11	70-100
Cash	4.89	0-30

Sector exposure



Fund highlights

The Fund returned 4.1% (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, marine services provider MMA Offshore and youth fashion retailer Universal Stores. Superloop surged 30.4% after winning the Origin wholesale contract of fellow NBN competitor Aussie Broadband. 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%. 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.

The largest detractors from performance included overweight positions in telco service provider Aussie Broadband, diagnostic imaging company Capitol Health and digital payments provider Tyro. Shares in Aussie Broadband retreated 21.3% following the loss of the Origin Energy contract to competitor Superloop. Capitol Health fell 11.1% across the month on no company specific news. Shares in Tyro were down 8.0% on the back of concerns around the Company's medium term growth outlook driven by increased competition and a softening outlook for small to medium business operators.

During the month, the fund added to its position in global education technology company Keypath Education. Keypath continues to drive the strong growth of its OPM (Online Program Management) offering with its university partners, with particular focus across various healthcare verticals which remain less competitive compared to the more mature programs in the business vertical.

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.

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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 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.