

Monthly Fact Sheet April 2024

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	11.72	22.95	-3.20	8.99	8.07
S&P/ASX Small Ordinaries Accumulation Index	3.33	7.36	0.02	3.93	4.36
Active return	8.40	15.59	-3.23	5.06	3.71
S&P/ASX Small Industrials Accumulation Index ³	2.13	10.42	-1.34	2.56	4.00
Active return	9.59	12.54	-1.86	6.42	4.07

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	\$34.4M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
MMA Offshore Ltd
Superloop Ltd
oOh!media Ltd

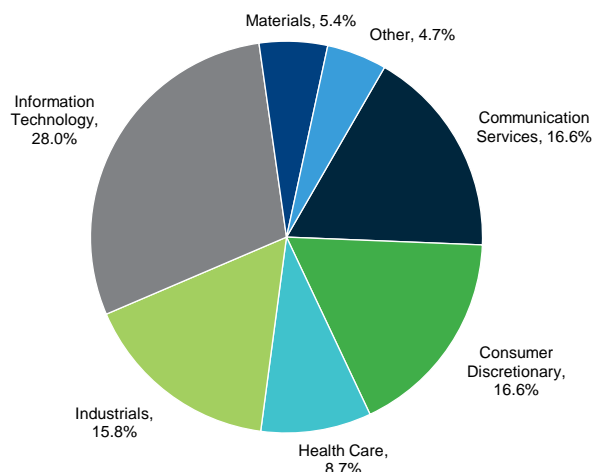
Stock attribution
Top 3
Universal Store Holdings Ltd
Alliance Aviation Services Limited
SRG Global Ltd
Bottom 3
Index Limited
Telix Pharmaceuticals Ltd
Infomedia Ltd

Data Source: Fidante Partners Limited, 30 April 2024.

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	95.81	70-100
Cash	4.19	0-30

Sector exposure



Fund highlights

The Fund returned -1.4% (after fees) for the month of April, while the S&P/ASX Small Ordinaries Accumulation Index returned -3.1% and the S&P/ASX Small Industrials Accumulation Index returned -5.0% (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 youth apparel retailer Universal Stores, regional airline Alliance Aviation and engineering services Company SRG Global. Universal advanced 7.9% on no company specific news. Shares in Alliance rallied 8.6% following a positive outcome refinancing the Company's balance sheet that had been expanded through a period of significant fleet investment. SRG added 5.0% on the back of being awarded \$150m worth of contracts across the Energy, Resources and Transport sector.

The largest detractors from performance included an overweight position in mining technology company Imdex, an underweight position in pharmaceutical company Telix and an overweight position in auto parts software player Infomedica. Imdex retreated 9.9% as the market pushed out the prospect of a cyclical recovery in exploration activity. Shares in Telix rallied 16.8% after delivering a stronger than expected Illuccix sales outcome in Q1. Infomedica fell 7.3% on no company specific news.

During the month, the fund added to its position in medical imaging provider Capitol Health. We are attracted to the Company's ability to drive volume growth through market share gains which remain critical to management delivering on its medium-term margin recovery story.

Market overview

Materials was the best performing sector in April, up 3.2%, followed by Health Care (+2.9%) and Information Technology (-2.4%). Consumer Discretionary was the worst performing sector over the month, down 8.9%, followed by Real Estate (-8.1%) and Financials (-4.8%).

The top performers for the month included stem cell technology company Mesoblast, specialty chemicals company Alpha HPA and lithium miner Loneer. Shares in Mesoblast rallied 78.4% following a positive update from the FDA, notifying the Company that the clinical data from previous phase 3 trials is sufficient to support the approval submission. Shares in Alpha HPA increased 23.3% on the back of receiving approval for a \$400m loan facility from Australian Government. Loneer bounced 21.9% as the Company's Rhyolite Ridge project progressed towards construction after successfully completing a US\$25m placement.

The worst performers for the month included online retailer Kogan.com, casino operator Star Entertainment and luxury e-commerce player Cettire. Kogan.com retraced 35.0% after delivering a softer than expected Q3 trading update that failed to demonstrate an improvement in sales despite lapping easier comps. Shares in Star Entertainment plunged 29.6% due to a softer than expected third quarter trading update and ongoing speculation the company could lose its license to operate its Sydney casino. Cettire dipped 26.2% following a mixed trading update that reflected positive top-line momentum but disappointed from an Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) margin perspective in the context of consensus earnings expectations.

What's making waves

Equity markets softened in April, with the Small Ords index (-3.1%) modestly underperforming the large cap ASX100 index (-2.9%). Markets grappled with the 'higher for longer' interest rate rhetoric as key inflation prints in the US and Australia surprised to the upside on the back of stubborn services inflation and persistent wage growth. Domestically, performance in the consumer space began to turn with a soft March retail sales print (-0.4% vs consensus +0.2%), followed by several negative updates from the supermarket majors as well as other consumer bellwethers Wesfarmers (owner of Bunnings, Kmart and Target) and Bapcor (Autobarn, Burson Auto Parts). Higher growth e-commerce retailers Kogan.com and Cettire also saw poor performance on the back of weaker than expected trading updates, finishing the month down 35% and 26% respectively. While the retail sector had traded well early in 2024 we were cautious of extrapolating the early-year surprise into a trend, and reduced our exposure there as a result. We are watching data points over coming months with interest as we aim to find a compelling entry point for our investors in order to capitalise over the medium term.

For further information, please contact:

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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.