

Monthly Fact Sheet September 2024

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	7 years % p.a	Inception % p.a ²
Fund return (net)	10.06	27.64	2.48	7.21	9.67	10.76
S&P/ASX Small Ordinaries Accumulation Index	6.53	18.79	-0.57	4.38	6.45	6.68
Active return	3.53	8.85	3.05	2.83	3.22	4.08
S&P/ASX Small Industrials Accumulation Index ³	7.54	23.26	-1.04	3.57	6.17	6.09
Active return	2.52	4.38	3.52	3.63	3.51	4.67

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	\$225.0M
Distribution frequency	Half-yearly

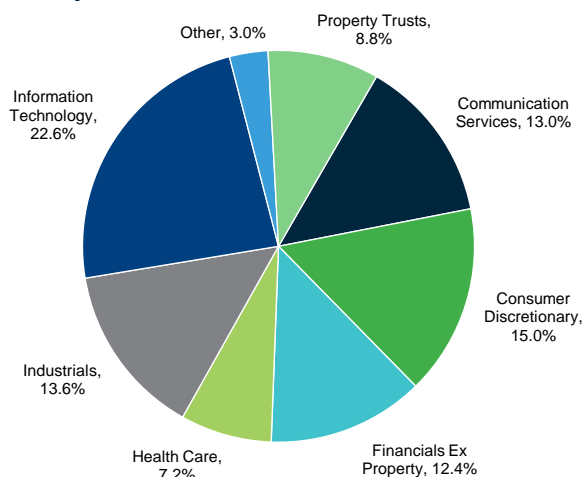
Top 3 active positions (alphabetical)
Flight Centre Travel Group Limited
GQG Partners Inc
Iress Limited

Stock attribution
Top 3
Siteminder Ltd
Aussie Broadband Pty Ltd
Light & Wonder Inc
Bottom 3
Infomedia Ltd
Tyro Payments Ltd
Alcoa Corp

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	95.68	80-100
Cash	4.32	0-20

Sector exposure



Fund highlights

The Fund returned 5.4% (after fees) for the month of September, while the S&P/ASX Small Ordinaries Accumulation Index returned 5.1% and the S&P/ASX Small Industrials Accumulation Index returned 4.3% (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 hotel software company Siteminder and telco services provider Aussie Broadband along with an underweight position (ie. no holding) in gambling machine company Light & Wonder. Shares in Siteminder surged 29.0% as the market gained confidence in the Company's execution of its new product suite developed through the Smart Platform strategy. Aussie Broadband gained 15.5% after selling its remaining 12% in NBN telco competitor Superloop. Light and Wonder sold off 16.4% on the back of receiving and preliminary injunction over the design of its Dragon Train game.

The largest detractors from performance included overweight positions automotive software player Infomedia and financial services company Tyro Payments along with an underweight position in Aluminium producer Alcoa. Infomedia sold off 9.4% after management confirmed one of its key US-based customers had churned from its e-commerce catalogue product, Simplepart. Tyro Payments retraced 7.4% on media speculation the federal Government was looking to make a change to card payment surcharging regulation. Shares in Alcoa gained 20.6% on the back of a strong month in spot Alumina pricing.

During the month, the fund increased its position in financial services software provider Iress. We are attracted to the significant transformation strategy undertaken by CEO Marcus Price. We believe there is more ground to be made on the cost out front and remain confident in management returning the business's top-line to sustainable growth.

Market overview

Energy was the best performing sector in September, up 9.6%, followed by Materials (+7.1%) and Health Care (+5.6%). Consumer Staples was the worst performing sector over the month, up 0.9%, followed by Information Technology (+2.5%) and Communication Services (+2.7%).

The top performers for the month included luxury e-commerce retailer Cettire, mineral developer Chalice and mining explorer Ioneer. Shares in Cettire surged 77.6% after the Company released audited FY24 accounts with no revenue recognition issues. Chalice Mining and Ioneer jumped 40.6% and 39.4% respectively on the back of positive policy announcements from China which drove a material rally across rare earth commodity markets (including lithium).

The worst performers for the month included casino operator Star Entertainment, biotech Imogene and miner Grange Resources. Star Entertainment ended the month of September down 34.4% after the company restructured its asset base and refinanced its balance sheet. Shares in Imogene were down 21.0% following an underwhelming set of trial data from its Azer-Cel product. Grange Resources retraced 20.2% after the Company was removed from the Small Ordinaries in the September rebalance.

What's making waves

Equity markets rallied hard in the month of September with the Small Ords (+5.1%) outperforming the large cap ASX100 index (+2.8%). Positive market sentiment was driven by the commencement of the US rate cutting cycle which saw the Fed cut 50bps along with stimulus from China that drove particularly strong returns in the energy and material sectors. There were several index announcements in September which impacted stocks held across the Lennox portfolios. This included the additional of Gentrack and Superloop to the ASX300 and HUB24 to the ASX100, all driven by their impressive growth performance and subsequent increase in market capitalisation. Index movements are not something considered at the stock selection stage of the Lennox process, however they play an important role in position sizing considering most of the portfolio sits in a relevant index.

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