

Monthly Fact Sheet June 2024

Performance ¹	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a ²
Fund return (net)	2.74	34.73	-1.86	12.00	8.55
S&P/ASX Small Ordinaries Accumulation Index	-4.46	9.34	-1.55	3.70	4.01
Active return	7.20	25.39	-0.31	8.30	4.54
S&P/ASX Small Industrials Accumulation Index ³	-4.50	12.40	-2.21	2.86	3.98
Active return	7.24	22.34	0.36	9.14	4.57

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	\$33.6M
Distribution frequency	Half-yearly

Top 3 active positions (alphabetical)
Capitol Health Ltd
Superloop Ltd
Tyro Payments Ltd

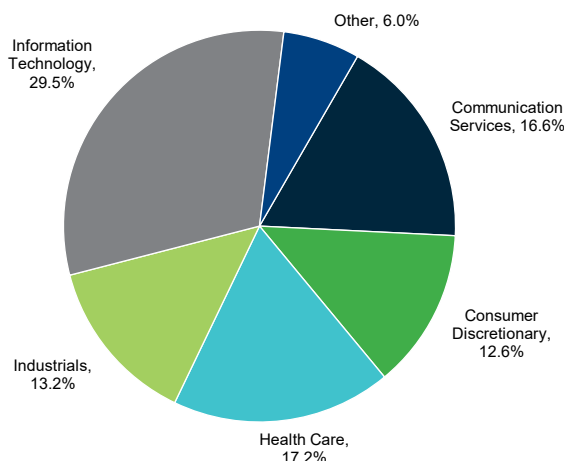
Stock attribution
Top 3
Capitol Health Ltd
Superloop Ltd
Tyro Payments Ltd
Bottom 3
Megaport Ltd
Monash IVF Group Limited
SRG Global Ltd

Data Source: Fidante Partners Limited, 30 June 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	95.00	70-100
Cash	5.00	0-30

Sector exposure



Fund highlights

The Fund returned 3.3% (after fees) for the month of June, while the S&P/ASX Small Ordinaries Accumulation Index returned -1.4% and the S&P/ASX Small Industrials Accumulation Index returned 1.4% (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 diagnostic imaging player Capitol Health, telco services provider Superloop and payment solution provider Tyro Payments. Capitol Health rallied 28.3% after it announced a merger with competitor Integral Diagnostics. Superloop advanced 13.8% due to a positive update around Origin's NBN subscriber base which continues to track ahead of expectations. Shares in Tyro bounced back following an aggressive sell off in May around general concerns around the health of the consumer, the stock rallied 23.6% in June.

The largest detractors from performance included overweight positions network technology company Megaport, fertility service provider Monash IVF and engineering & construction company SRG Global. Megaport drifted 13.6% as the market repositioned for what is set up to be an important 4Q24 update regarding the progress of management's new go-to-market strategy. Monash IVF retreated 9.5% on the back of no company specific news flow. Shares in SRG Global retraced 6.2% after giving back some of the solid gains made in the previous month.

During the month, the fund added Botanix Pharmaceuticals following US Food and Drug Administration (FDA) approval of its sweat prevention product Sofdra. The company has a highly capable board and management team with a strong track record of execution. We are attracted to the US market opportunity which offers limited competition and when combined with the Company's dermatologist centric go-to-market strategy, we anticipate rapid product adoption from those suffering from hyperhidrosis (excessive sweating).

Market overview

Financials was the best performing sector in June, up 4.9%, followed by Consumer Staples (+2.6%) and Consumer Discretionary (+1.8%). Energy was the worst performing sector over the month, down 9.6%, followed by Materials (-6.5%) and Real Estate (-1.6%).

The top performers for the month included oil & gas producer Strike Energy, litigation funder Omni Bridgeway and consumer lender Zip Co. Shares in Strike Energy rallied 40% after it announced the commencement of production testing programs at its Walyering-7 site located in the Perth Basin. Omni Bridgeway bounced 32.1% following a period of material share price weakness in May. Zip surged 28.1% on the back of softer yields in the US and news that Apple would open its payment eco-system to other BNPL providers.

The worst performers for the month included designer e-commerce player Cettire, lithium explorer Patriot Battery Metals and mineral exploration company Latin Resources. Cettire closed the month of June down 49.8% after delivering a weaker than expected Q4 update, which flagged intense discounting from competitors under significant financial stress. Patriot weakened 35.6% following the settlement of a C\$75m placement taken in response to measures announced in the 2024 Canadian Federal Budget which are expected to result in reductions in expected flow through premiums for exploration companies. Shares in Latin Resources fell 34.6% due to general weakness in the battery materials sector.

What's making waves

Equity markets capped off a strong financial year of performance with the Small Ordinaries index (-1.7%) underperforming the large cap ASX100 index (1.1%) in June. The US market continued to surge higher (S&P500 +3.6% & Nasdaq +6.0%) ahead of the highly anticipated interest rate cuts in second half CY24. After rounding out a strong 12-months for equity market returns, positive momentum returned to corporate activity the ASX across the month of June. Major transactions included APM Services entering a scheme of implementation with its largest shareholder, Bapcor receiving a non-binding indicative offer at \$5.40/share from Bain Capital, Capitol Health entering a merger agreement with imaging competitor Integral Diagnostics, Cyan Capital increasing its bid for MMA Offshore, and the exploration of potential merger between Myer and Premier's Apparel brands portfolio. The market was also buoyed by a slew of secondary capital raisings (Infratil, Immutep, Bannerman & Botanix) and the successful IPO of Mexican fast food chain operator Guzman y Gomez. At Lennox, we viewed Guzman as an attractively structured deal with a compelling long term growth opportunity but decided not to participate on valuation grounds. We will continue to monitor Guzman's near-term execution and remain hopeful its successful listing brings confidence to more corporate activity in FY25.

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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.