

### Monthly Fact Sheet December 2024

Performance <sup>1</sup>	3 month %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a <sup>2</sup>
Fund return (net)	2.54	30.50	2.58	10.33	9.44
S&P/ASX Small Ordinaries Accumulation Index	-1.01	8.36	-1.57	4.01	4.51
Active return	3.55	22.14	4.15	6.32	4.93
S&P/ASX Small Industrials Accumulation Index <sup>3</sup>	-0.39	12.10	-0.77	3.30	4.72
Active return	2.93	18.40	3.34	7.02	4.72

**Past performance is not a reliable indicator of future performance. Numbers may not add due to rounding.**

<sup>1</sup> Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

<sup>2</sup> The inception date for the Fund is 31 January 2018

<sup>3</sup> 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	
<b>Portfolio managers</b>	James Dougherty, Liam Donohue
<b>Inception date</b>	31 January 2018
<b>Investment objective</b>	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term (after fees)
<b>Management fee</b>	1.30%
<b>Performance fee</b>	20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Performance Benchmark
<b>Buy/sell spread</b>	+0.50% / -0.50%
<b>Fund size</b>	\$35.1M
<b>Distribution frequency</b>	Half-yearly

Top 3 active positions (alphabetical)
Botanix Pharmaceuticals Ltd
Integral Diagnostics Ltd
Monash IVF Group Limited

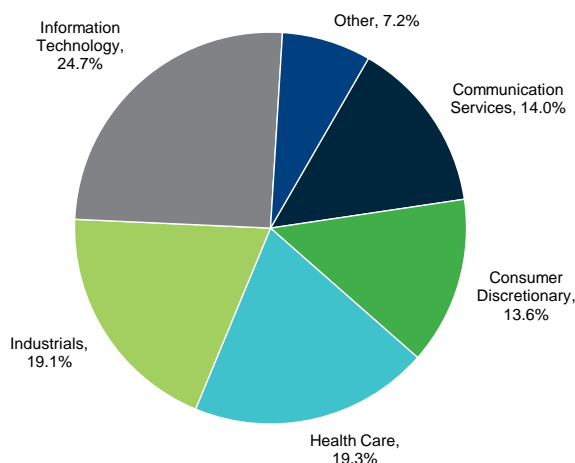
Stock attribution
<b>Top 3</b>
Botanix Pharmaceuticals Ltd
Bhagwan Marine Ltd
Universal Store Holdings Ltd
<b>Bottom 3</b>
Mesoblast Limited
Gentrack Group Ltd
Tyro Payments Ltd

Data Source: Fidante Partners Limited, 31 December 2024.

Fund features
<b>An actively managed portfolio of microcap companies:</b> Lennox invests using in-depth fundamental research coupled with selective quantitative screening to identify investment opportunities.
<b>Experienced investment team:</b> The investment team has a long and successful history investing in Australian small and microcap companies.
<b>A refined and tested investment process:</b> Lennox have a robust investment process which is combined with key insights gained through deep-dive research 'on the ground'.
<b>Risk aware:</b> 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	97.95	70-100
Cash	2.05	0-30

### Sector exposure



## Fund highlights

The Fund returned 1.9% (after fees) for the month of December, while the S&P/ASX Small Ordinaries Accumulation Index returned -3.1% and the S&P/ASX Small Industrials Accumulation Index returned -3.1% (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 pharmaceutical player Botanix, marine contract service provider Bhagwan and youth apparel retailer Universal Store Holdings. Shares in Botanix gained 20.8% as the market positioned for the commercial launch of the company's flagship sweat prevention drug Sofdra in the key US market. Bhagwan Marine jumped 12.5% after delivering a 1H25 earnings upgrade due to the successfully closing out a large-scale decommissioning project during the first quarter. Universal gained 10.0% on no company specific news flow.

The largest detractors from performance included an underweight position (ie. no holding) in biotech Mesoblast, along with overweight positions in utility billing software provider Gentrack and payment acquirer Tyro. Mesoblast surged 75.2% after receiving FDA approval for its stem cell therapy Ryoncil which is used to treat complications during bone marrow transplants for infants. Shares in Gentrack retraced 10.9% after surging on the back its FY24 result in the month of November. Tyro payments dropped 9.4% as the market awaits the impact of a potential ban to debit surcharging on the back of the RBA's review into card payment costs.

During the month, the fund made no material changes to positioning.

## Market overview

Energy was the best performing sector in December, up 2.2%, followed by Consumer Staples (+0.4%) and Health Care (-0.3%). Financials was the worst performing sector over the month, down 6.0%, followed by Information Technology (-4.4%) and Real Estate (-4.2%).

The top performers for the month included biotech Mesoblast, neural technology provider Brainchip and lithium explorer Patriot Battery Metals. Mesoblast surged 75.2% as outlined above. Shares in Brainchip jumped 52.9% following the announcement of a commercial license agreement for the Company's AI chip, Akida 1.0. Patriot Battery Metals gained 47.3% after signing an offtake agreement and strategic partnership with global automotive powerhouse Volkswagen.

The worst performers for the month included biotech Clarity Pharmaceuticals, lithium developer Liantown Resources and net zero lithium producer Vulcan Energy. Clarity Pharmaceuticals retreated 35.0% after the Company released the outcomes of their September meeting with the FDA regarding the steps required to get their prostate cancer diagnostic drug (64Cu-SAR-bisPSMA) to market. Shares in Liantown and Vulcan Energy retraced 28.1% and 24.7% respectively on the back of continued weakness in end market pricing for Lithium.

## What's making waves

Equity markets softened in the month of December with the Small Ords and ASX100 down 3.1% and 3.2% respectively. Despite this, 2024 was another strong year for equities with the Small Ordinaries (+8.4%) the large cap ASX100 index (+11.7%) both finishing the year in positive territory on the back of continued economic strength and the prospect of lower interest rates across 2025. There was significant divergence between the Small Industrials (+8.8%) and Small Resources (-3.5%) in 2025. At Lennox we are already preparing for the February reporting season which serves as the next major catalyst for the market as focus begins to shift away from macro headlines to stock specific earnings drivers – a move that suits our concentrated, bottom-up process and remains a key source of alpha.

**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](http://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. 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.