

# Monthly Performance Report

## May 2020

### Monthly Update

For the month of May the portfolio was up 13.71 % (after fees). This compares to the S&P/ASX200 which was up by 4.36%, and the Small Ords, which was up by 10.59%.

This brings the financial year performance for the portfolio to 11.25% (after fees) compared to S&P/ASX200 down by -10.03%, and the Small Ords, which is down by -3.80%.

During May, listed company share prices continued to normalise somewhat as uncertainty around COVID-19 impacts reduced. A number of companies surprised the market with the strength of their sales, which further benefitted the portfolio.

There were some large moves in stock prices again in May. So much so that six stocks contributed more than 1% each to the portfolio return. The top three of these are discussed below.

### Monthly Portfolio Metrics

<b>Outlook Stocks (Long)</b>	22 Positions: 84%
<b>Outlook Stocks (Short)</b>	1 Positions: -2%
<b>Event, Pair and Group (Long)</b>	2 Positions: 8%
<b>Event, Pair and Group (Short)</b>	0 Positions: 0%
<b>Cash</b>	9%
<b>Gross Exposure</b>	94%
<b>Net Exposure</b>	91%
<b>Beta</b>	0.47

### Return Summary Since Inception<sup>1</sup>(after all fees)

<b>Since Inception (p.a.)</b>	9.98%
<b>1 Month</b>	13.71%
<b>3 Months</b>	9.74%
<b>6 Months</b>	1.29%
<b>FYTD</b>	11.25%
<b>1 Year</b>	12.51%
<b>3 Years</b>	11.91%
<b>5 Years</b>	6.92%
<b>Cumulative</b>	112.15%

### Portfolio Analytics Since Inception<sup>2</sup>

<b>Sharpe Ratio</b>	0.51
<b>Sortino Ratio</b>	0.84
<b>Standard Deviation (p.a.)</b>	15.60%
<b>Positive Months</b>	63%
<b>Maximum Drawdown</b>	-29.10%
<b>Avg. Gross Exposure</b>	90.10%
<b>Avg. Net Exposure</b>	78.30%
<b>Avg. Beta</b>	0.59
<b>Avg. VAR</b>	1.20%

<sup>1</sup> Inception date is 2 July 2012. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

<sup>2</sup>Glossary of terms can be found on the Fund's website at [www.monashinvestors.com/glossary/](http://www.monashinvestors.com/glossary/)

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We usually find that portfolio activity correlates with strong performance, and this was once again the situation in May. As many stocks got closer to our price targets, we started to do some selling to keep stock weights under control, reduce some absolute weights, or even sell out completely. However, we found new stocks to add, or added to some existing stocks. The net result was that our cash weight rose from 2% to 9%.

### **AfterPay** (ASX: APT) +52%

Afterpay was boosted by two announcements this month. First, the Hong Kong listed internet-based business Tencent Holdings bought APT shares on market to become a substantial shareholder<sup>3</sup>. This provided a strong endorsement from industry at a time when many in the market were voicing concerns about AfterPay's outlook and valuation. Second, APT positively surprised the market, by reaching 5m active customers in the USA<sup>4</sup>, a 30-40% increase in the weekly run rate from January and February.

We took the opportunity to cut our weight back by about 2% after each of those announcements but it still remains one of our largest holdings.

### **Kogan** (ASX: KGN) +41%

We had sold out of Kogan in late February on COVID-19 concerns about its supply chain. The stock subsequently fell and rebounded. These concerns kept us out of the stock until mid April, even though we were quite confident about how strong its sales were during the lockdown, and its acceleration in on-line sales penetration. Once it was clear to us there supply chain issues were limited we bought back into the stock.

A week after we rebuilt our position it had a positive business update and the stock price continued run. It ran all the way through May too and we started to take profits. In late May the stock reached our price target and we sold out, having made about 50% on our April entry price.

### **EML Payments** (ASX: EML) +30%

EML was also a stock that we had sold down somewhat in February, following which the share price collapsed, reaching its low point not long after EML withdrew guidance, as did many firms. This was despite it stating at the time that business trends remained favourable.

With EML however, we managed to rebuild our position close to that low point, in mid March. A strong rally started soon after when EML announced a renegotiated outcome for its PFS acquisition<sup>5</sup>, resulting in a strong capital position. A further business update later in May was well received by the market<sup>6</sup>. We sold a modest amount in May, to control our portfolio weight.

<sup>3</sup> <https://www.asx.com.au/asxpdf/20200501/pdf/44hhl29jmt6b50.pdf>

<sup>4</sup> <https://www.asx.com.au/asxpdf/20200521/pdf/44hzy5fythnacd2.pdf>

<sup>5</sup> <https://www.asx.com.au/asxpdf/20200401/pdf/44glxf8yp4drgb.pdf>

<sup>6</sup> <https://www.asx.com.au/asxpdf/20200522/pdf/44j1fg9s1w50g4.pdf>

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