

# Monthly Performance Report

## March 2018

### Monthly Update

The portfolio decreased 1.58% (after fees) for the month of March, during which the S&P/ASX200 fell 3.77% and the Small Ords 2.29%.

The net cash weight in the portfolio currently stands at around 30%, which is higher than usual, but it has helped the portfolio given that it has reduced our exposure to a falling market.

We noted the increased market volatility early in February, following many months of a consistently rising US stock market, which had been buoying the ASX. This led us to undertake a risk control measure whereby we trimmed/exited some positions in the portfolio and cash holdings were increased from 15%.

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

Since Inception (p.a.)	10.00%
1 Month	-1.58%
3 Months	-3.15%
6 Months	6.43%
FYTD	11.95%
1 Year	10.14%
3 Years	4.27%
5 Years	8.09%
Cumulative	72.96%

### Monthly Portfolio Metrics

Outlook Stocks (Long)	17 Positions: 62%
Outlook Stocks (Short)	2 Positions: -5%
Event, Pair and Group (Long)	3 Positions: 12%
Event, Pair and Group (Short)	0 Positions: 0%
Cash	30%
Gross Exposure	79%
Net Exposure	70%
Beta	0.46

### Portfolio Analytics Since Inception

Sharpe Ratio	0.89
Sortino Ratio	1.76
Standard Deviation (p.a.)	9.11%
Positive Months	65%
Maximum Drawdown	-15.21%
Avg. Gross Exposure	88.40%
Avg. Net Exposure	76.60%
Avg. Beta	0.58
Avg. VAR	1.17%

<sup>1</sup> Inception date is 2 July 2012

# Monthly Performance Report

## March 2018

While there was a continuation of the increased “macro” risk in March, due to the international trade and tariff posturing, stock specific news for the Fund holdings was uneventful. Of course, there are always outliers, so this month we highlight two of the best contributors, and two of the worst detractors to the month’s performance.

The top two performing stocks were Lovisa (LOV) and Electro Optic Systems (EOS), which were both up 9% during the month. The bottom two performing stocks were EML Payments (EML) and NetComm (NTC), which were down 18% and 17% respectively.

### **Lovisa Holdings (ASX: LOV)**

LOV is a fast fashion jewellery retailer that is expanding rapidly both in Australia and offshore. LOV continued its strong momentum since its result. We believe that in a period in which retailing is facing headwinds, LOV is a standout in this sector. The continued share price momentum is a reflection of this as it is in a discovery phase by other managers.

Early in April, the CEO Steve Doyle announced he would be leaving the business at the end of the month. Sudden departures of senior management is always a major concern, however in this case the Managing Director and Founder Shane Fallscheer will take back the role, both men were operating in an effective joint CEO capacity. The trading update provided with this announcement was strong with like for like sales well above market expectations. We will be monitoring this position very carefully.

### **Electro Optics Systems Holdings (ASX:EOS)**

EOS is a new addition to the portfolio. EOS has developed an extremely accurate laser based tracking system. Due to its high degree of accuracy, the company has been a pioneer in Remote Weapons Systems (RWS). However, the technology has other applications that are currently being developed including Space Surveillance Data. This a laser based sensor network that will be offered as a low cost, highly accurate space object tracking solution with commercial applications. EOS hosted an investor day in Canberra during the month. This was an extremely well attended event and highlighted the strength of the company.

### **EML Payments (ASX: EML)**

The downwards share price momentum in EML was a continuation from their result. We are still bullish about the long-term prospects for EML. However, we are cognisant of the timing of contracts and the concern that these may be pushed out. We therefore took steps to lower the weighting of our position in EML to mitigate for these short-term timing risks.

### **Netcomm Wireless (ASX: NTC)**

During the month, the share price retraced its gains from the previous month. The NTC share price is likely to be in a holding pattern until management announces new contract wins / existing contract extensions. There is little doubt in our minds that NTC is the global leader in fixed wireless broadband having won the two largest contracts in this space. It also developed, and is the first to supply hardware for, fibre to the curb. We understand they are trialing with a number of other players and expect that new contracts will be forthcoming.

#### Important Information

This document is issued by Monash Investors Pty Limited ABN 67 153 180 333, AFSL 417 201 (Monash Investors) as authorised representatives of Winston Capital Partners Pty Ltd ABN 29 159 382 813, AFSL 469 556 (Winston Capital) for the provision of general financial product advice in relation to the Monash Absolute Investment Fund ARSN 606 855 501 (Fund). Monash Investors is the investment manager of the Fund.

The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 (Perpetual) is responsible entity of, and issuer of units in, the Fund. The inception date of the Fund is 2nd July 2012.

The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. Monash Investors, Winston Capital and Perpetual do not accept liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. A product disclosure statement (PDS) issued by Perpetual dated 9 January 2017 is available for the Fund. You should obtain and consider the PDS for the Fund before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS.

Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Comparisons are provided for information purposes only and are not a direct comparison against benchmarks or indices that have the same characteristics as the Fund.

Monash Investors, Winston Capital and Perpetual do not guarantee repayment of capital or any particular rate of return from the Fund and do not give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of Monash Investors as at the date of this document and are subject to change without notice. Perpetual is not responsible for this document.

# Monthly Performance Report

## March 2018

For all business development enquiries,  
please contact Winston Capital partners  
(Acting on behalf of Monash Investors):

**SA, WA, NT:**

Andrew Fairweather

☎ +61 401 716 043 ✉ [andrew@winstoncapital.com.au](mailto:andrew@winstoncapital.com.au)

**VIC, TAS:**

Stephen Robertson

☎ +61 418 387 427 ✉ [stephen@winstoncapital.com.au](mailto:stephen@winstoncapital.com.au)

**NSW, ACT, QLD:**

Rory MacIntyre

☎ +61 434 669 524 ✉ [rory@winstoncapital.com.au](mailto:rory@winstoncapital.com.au)

For all investor enquiries, please contact

Link Fund Solutions Pty Ltd (Acting on behalf of the Fund)

☎ +61 2 9547 4311 ✉ [LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com)

Monash Absolute Investment Fund Unitholder Services,  
GPO Box 5482, Sydney NSW 2001

For all other enquiries

E. [contactus@monashinvestors.com](mailto:contactus@monashinvestors.com)

### Important Information

This document is issued by Monash Investors Pty Limited ABN 67 153 180 333, AFSL 417 201 (Monash Investors) as authorised representatives of Winston Capital Partners Pty Ltd ABN 29 159 382 813, AFSL 469 556 (Winston Capital) for the provision of general financial product advice in relation to the Monash Absolute Investment Fund ARSN 606 855 501 (Fund). Monash Investors is the investment manager of the Fund.

The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 (Perpetual) is responsible entity of, and issuer of units in, the Fund. The inception date of the Fund is 2nd July 2012.

The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. Monash Investors, Winston Capital and Perpetual do not accept liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. A product disclosure statement (PDS) issued by Perpetual dated 9 January 2017 is available for the Fund. You should obtain and consider the PDS for the Fund before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS.

Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Comparisons are provided for information purposes only and are not a direct comparison against benchmarks or indices that have the same characteristics as the Fund.

Monash Investors, Winston Capital and Perpetual do not guarantee repayment of capital or any particular rate of return from the Fund and do not give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of Monash Investors as at the date of this document and are subject to change without notice. Perpetual is not responsible for this document.