

# Monthly Performance Report

## December 2019

### Monthly Update

For the month of December, the portfolio was down -0.11% (after fees) compared to the S&P/ASX200 down -0.17% and the Small Ords which was down -0.29%.

Financial year 2020 has been going well. For the six months since 30 June, the portfolio is up 9.71% (after fees) compared to the S&P/ASX 200 up 3.06% and the Small Ords, which was up 3.89%.

Calendar year 2019 was an outstanding year for returns. The portfolio was up 36.98% (after fees) compared to the S&P/ASX 200 up 23.40% and the Small Ords which was up 21.36%.

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

<b>Since Inception (p.a.)</b>	10.35%
<b>1 Month</b>	-0.11%
<b>3 Months</b>	-1.13%
<b>6 Months</b>	9.71%
<b>FYTD</b>	9.71%
<b>1 Year</b>	36.99%
<b>3 Years</b>	8.24%
<b>5 Years</b>	7.57%
<b>Cumulative</b>	109.22%

### Monthly Portfolio Metrics

<b>Outlook Stocks (Long)</b>	20 Positions: 83%
<b>Outlook Stocks (Short)</b>	1 Positions: -3%
<b>Event, Pair and Group (Long)</b>	3 Positions: 12%
<b>Event, Pair and Group (Short)</b>	0 Positions: 0%
<b>Cash</b>	7%
<b>Gross Exposure</b>	98%
<b>Net Exposure</b>	93%
<b>Beta</b>	0.58

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

<b>Sharpe Ratio</b>	0.81
<b>Sortino Ratio</b>	1.50
<b>Standard Deviation (p.a.)</b>	10.15%
<b>Positive Months</b>	62%
<b>Maximum Drawdown</b>	-15.21%
<b>Avg. Gross Exposure</b>	89.80%
<b>Avg. Net Exposure</b>	78.20%
<b>Avg. Beta</b>	0.58
<b>Avg. VAR</b>	1.18%

<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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### Highlights of calendar year 2019 – Six of the portfolio stocks that doubled<sup>3</sup>

**Lovisa (ASX: LOV) +105%**The global roll out of Lovisa “fast fashion” jewellery stores continues. This will continue to enable double digit earnings growth for many years to come, which will justify a much higher price for LOV in the future. However, we are mindful that there are limits to what price-to-earnings (P/E) the market will pay for a retailer’s near term earnings, so we cut the portfolio weight in October at \$13.80. We bought some of that stock back a month later at \$11.25.

**Telix (ASX: TLX) +116%**Telix uses nuclear medicine to image and treat prostate, kidney and brain cancers. It has 8 clinical trials in progress but also has revenue, having delivered 12,000 patient doses in 2019. The good news kept coming for Telix in 2019, and the share price rose. Biotech stock prices are notoriously volatile, so we have trimmed over the year, into strength.

**Kogan (ASX: KGN) +127%**Kogan’s low cost business model and clever use of technology have driven its sales and profit growth. But it hasn’t been all plain sailing for the business or the stock, with changes to GST collection around imports and a sell down by management.

The stock began the year at \$3.40 and we sold down holdings in May around \$5.70 as it approached our price target. In August, following its full year result we increased our price target and rebuilt holdings at around \$5.85, as Kogan Market Place began to demonstrate traction and the potential scale of its success became evident. The stock closed the year at \$7.59

**Afterpay (ASX: APT) +136%** Such is the impact of Afterpay’s achievement in creating a new form of credit, it is closely scrutinised by regulators and rarely seems to be out of the news. So more often than not, there is something for shareholders to worry about. We sold down the stock around risk events, such as the Senate inquiry and the disclosure of an Reserve Bank of Australia (RBA) review of payment surcharges. We also increased holdings in price weakness, and with the evidence of surging sales in the USA.

**Electro Optic Systems (ASX: EOS) +203%**EOS’s near term profit growth is driven by sales of its Remote Weapon Systems. During the year EOS upgraded its guidance a couple of times. It also announced contract wins that will lead to longer term growth.

With analysts raising their FY2020 NPAT<sup>1</sup> forecasts by 80% over the year, the stock price trended up strongly. We had increased our position up early in the year, and had to trim it due to the rising price, as the year went on.

**EML Payments (ASX: EML) +208%**

It was an eventful year for EML with acquisitions, capital raises and significant new contract announcements. Due to conservative guidance EML also surprised positively when announcing results in 2019. Analyst increased their FY21 and FY22 earnings per share estimates (eps) steadily over the year and this was reflected in a strong share price. As a result we were consistent sellers of EML over the year to moderate its weight in the portfolio.

<sup>3</sup> Includes dividends

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<sup>i</sup> Net profit After Tax

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