

Monthly Performance Report

August 2020

Monthly Update

The Fund's performance during reporting season was very good. For the month of August, the Fund rose 10.06% (after fees). This compares to the S&P/ASX200 that was up 2.83%, and the Small Ords up 7.24%.

The Fund also continues to do very well relative to the markets for the calendar year to date with the Fund up 10.05% (after fees) while the S&P/ASX200 is down -7.43%, and the Small Ords is down -1.28%. The Fund's strong run of performance now extends over three years. On a rolling 3 year basis to 31 August, the Fund is up 13.62% pa (after fees) despite holding on average 18% cash over that time. This compares to the S&P/ASX200 that was up 6.10% pa, and the Small Ords which was up 8.02%

This month's positive return came from a wide cross-section of the Fund's holdings. Out of the top 20 stocks in the Fund's portfolio, 8 were major contributors to performance and no stock significantly detracted over the month.

Monthly Portfolio Metrics

Outlook Stocks (Long)	20 Positions: 85%
Outlook Stocks (Short)	0 Positions: 0%
Event, Pair and Group (Long)	3 Positions: 12%
Event, Pair and Group (Short)	1 Positions: -2%
Cash	4%
Gross Exposure	99%
Net Exposure	96%

Return Summary Since Inception¹(after all fees)

Since Inception (p.a.)	10.75%
1 Month	10.06%
3 Months	8.53%
6 Months	19.11%
FYTD	13.89%
1 Year	14.29%
3 Years	13.62%
5 Years	7.65%
Cumulative	130.24%

Portfolio Analytics Since Inception²

Sharpe Ratio	0.55
Sortino Ratio	0.93
Standard Deviation (p.a.)	15.84%
Positive Months	63%
Maximum Drawdown	-29.10%
Avg. Gross Exposure	90.20%
Avg. Net Exposure	78.60%
Avg. Beta	0.59
Avg. VAR	1.20%

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

²Glossary of terms can be found on the Fund's website at www.monashinvestors.com/glossary/

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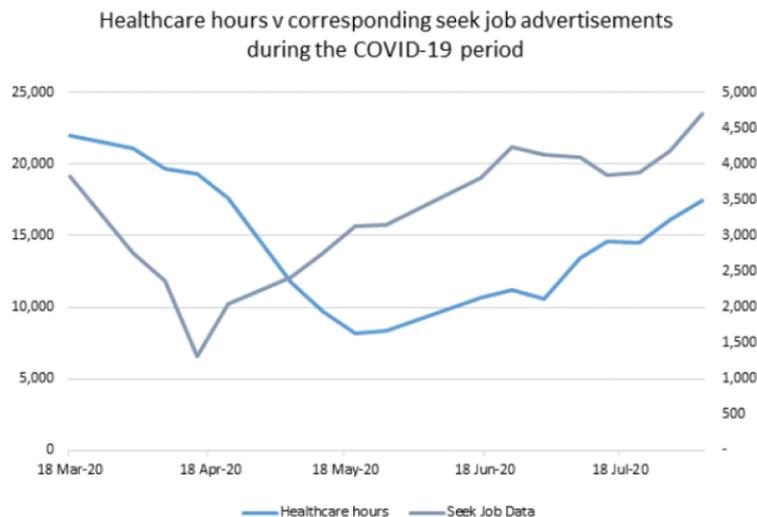
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In the commentary below we highlight a stock which had its weight increased in August and is now one of the Fund's major holdings.

People Infrastructure (ASX: PPE) rose 9% on the day of its full year result³, and 42% over the month.

PPE is a workforce management company providing staffing, business and operational services to organisations in Australia and New Zealand. It operates in sectors with strong economic tailwinds such as Healthcare, Community and Information Technology. PPE enjoys market leading profitability by focussing on sectors where it holds a demonstrable competitive advantage. Over the last five years it has achieved earnings growth of 20% p.a. The business outlook for PPE is strong. It utilises a scalable technology platform to service existing customers whilst expanding into high growth sectors with good margins. It maintains a resilient organic growth profile that is cash generative. It leverages its core capabilities and cash to pursue accretive acquisitions in key growth areas. PPE's acquisitions to date have performed well and we anticipate its acquisition focus to be a recurring strategy with clear opportunities for high-margin growth.

Like all businesses, PPE was adversely affected during the onset of the COVID-19 outbreak due to general business weakness from lockdowns and uncertainty in its operational environment. This led to a fall in the share price and a capital raise via private placement in early April to strengthen its balance sheet position. We participated in this placement. In particular, PPE's nursing business was negatively impacted by a significant reduction in hospital utilisation and operations as the government prepared for a large domestic outbreak. However, as shown in the chart below, a strong recovery ensued when hospitals reopened due to a large backlog of operations. The second wave in Victoria has actually resulted in an increase of 17% in PPE's Victorian nursing business as hospitals have opted not to restrict operations to the same degree.



Source: People Infrastructure Investor Presentation Fully Year Results FY20

³ <https://www.asx.com.au/asxpdf/20200825/pdf/44lvd65tdj0155.pdf>

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Since the initial lockdown, PPE's operations bounced back quickly. The business is performing well, winning national tenders across hospitals and aged care and growing into home care resource management. It reported above expectations for FY20 with revenue growth of 34.5% during a tough year.

Despite its good track record and strong outlook, PPE trades on only 13x its FY21 P/E. Historically labour hire companies do trade on lower multiples than the market average. However, we expect that PPE will re-rate over time with the demonstration of strong organic growth plus growth due to acquisitions. Based on our expectations of future cashflows generated by PPE our price target is more than 100% above the current share price.

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