

Monthly Performance Report

September 2020

Monthly Update

For the month of September, the portfolio increased by +0.10% (after fees). This compares to the S&P/ASX200 that fell by -3.66% and the Small Ords by -2.82%.

Despite the impact of COVID-19 on the markets, the Fund is having a good year. For the calendar year to date the Fund is up +10.16% (after fees) while the S&P/ASX200 is down -10.82%, and the Small Ords is down -4.06%.

Many of the stocks held in the Fund made material announcements during September.

When a stock is about to make an announcement to the stock exchange, trading in its shares is temporarily halted until the disclosure is posted and some time has passed, in order to allow people to understand what they are reading. For fund managers who hold the stock, this is a heart in the mouth moment, and Monash Investors are all too familiar with that knot in the stomach.

Monthly Portfolio Metrics

Outlook Stocks (Long)	18 Positions: 81%
Outlook Stocks (Short)	0 Positions: 0%
Event, Pair and Group (Long)	3 Positions: 17%
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.)	10.66%
1 Month	0.10%
3 Months	14.01%
6 Months	49.11%
FYTD	14.01%
1 Year	8.92%
3 Years	12.34%
5 Years	7.77%
Cumulative	130.48%

Portfolio Analytics Since Inception²

Sharpe Ratio	0.55
Sortino Ratio	0.93
Standard Deviation (p.a.)	15.76%
Positive Months	62%
Maximum Drawdown	-29.10%
Avg. Gross Exposure	90.30%
Avg. Net Exposure	78.80%
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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While good news is welcome, bad news is felt more keenly. The effect of the news, for good or bad, and depending on the portfolio weight in the stock, can have a dramatic effect on returns. Bad news in particular often requires a response that is unpalatable, such as selling into a falling price and locking in a loss. But not all good news is received well, or bad news received poorly.

The Monash Investors investment strategy biases the portfolio towards stocks that are overwhelmingly likely to deliver good news. And we are happy to report that this month, as usual for the portfolio, we received mostly good news.

Here is a list of the major announcements that affected the portfolio this month, whether they were good or bad and what the stock returned for the month.

In summary, 8 were good and 2 were bad - which is a good hit ratio. The arithmetic average of the 11 events (one was neither good nor bad) was 0%, which was about what the portfolio did for the month overall.

Date	Stock	News	Good/Bad	Monthly Return
10-Sep	Nearmap	Capital Raise	Bad Dilutive and unexpected	-23%
14-Sep	Citadel	Takeover Offer Received	Good Unexpected	25%
15-Sep	Uniti Wireless	Takeover Progressing	Good Had been in doubt	1%
16-Sep	Kogan	Market Update	Good Continued strong sales and margins	-3%
17-Sep	City Chic	Takeover Offer Failed	Good It allowed us to buy in weakness	-11%
22-Sep	Jumbo Interactive	TABCORP Exit	Bad Arguably negative	-8%
23-Sep	Kathmandu	Result	- Result in line	0%
24-Sep	Telix	FDA submission	Good An expected milestone	1%
29-Sep	BidEnergy	Significant Contract	Good Demonstrating growth on track	13%
30-Sep	Jumbo Interactive	Lottery West Contract	Good An expected outcome	-8%
30-Sep	Electro Optic	Army Contract	Good Guidance on track	-2%

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