

# Monthly Performance Report

## October 2020

### Monthly Update

For the month of October, the portfolio decreased by -0.04% (after fees). This compares to the S&P/ASX200 that was up 1.93%, and the Small Ords up 0.46%.

Despite a flat month, the Fund's financial year to date return has been good. Since 30 June 2020, the portfolio is up 11.91% (after fees). This compares to the S&P/ASX200 that was up 1.48%, and the Small Ords up 6.15%.

Some of the Fund's stocks have done particularly well at times in this volatile market, which has led to a number recently having their weight trimmed or even exited. There were also a couple that were exited due to "Sign Post" misses.

While there have been opportunities to add to holdings, the net effect was an increase in the cash weight from 4% to 16%. As a result, the number of "Outlook Stocks" in the portfolio fell from 18 to 15.

### Monthly Portfolio Metrics

<b>Outlook Stocks (Long)</b>	15 Positions: 68%
<b>Outlook Stocks (Short)</b>	0 Positions: 0%
<b>Event, Pair and Group (Long)</b>	5 Positions: 18%
<b>Event, Pair and Group (Short)</b>	1 Positions: -2%
<b>Cash</b>	16%
<b>Gross Exposure</b>	87%
<b>Net Exposure</b>	84%

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

<b>Since Inception (p.a.)</b>	10.54%
<b>1 Month</b>	-0.04%
<b>3 Months</b>	10.13%
<b>6 Months</b>	23.49%
<b>FYTD</b>	13.96%
<b>1 Year</b>	10.10%
<b>3 Years</b>	10.51%
<b>5 Years</b>	6.95%
<b>Cumulative</b>	130.39%

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

<b>Sharpe Ratio</b>	0.55
<b>Sortino Ratio</b>	0.92
<b>Standard Deviation (p.a.)</b>	15.69%
<b>Positive Months</b>	62%
<b>Maximum Drawdown</b>	-29.10%
<b>Avg. Gross Exposure</b>	90.30%
<b>Avg. Net Exposure</b>	78.80%
<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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For example, Afterpay Ltd (ASX: APT) was last purchased in September. At that time, the stock's weight in the portfolio was increased from 4.5% to 7% at an average price of \$77. Now APT is a stock that is rarely out of the news. During the month, it had three announcements<sup>3</sup>:

- AUSTRAC was to take no action following its audit
- APT is working with Westpac to start offering savings accounts and cash flow tools
- Business update

All three of these announcements were positive, and the APT share price rose towards (but didn't reach) our price target. We took the opportunity to cut the APT weight back to 4%, which at a price of \$100 per share (our average selling price) had grown to an 8.5% weight in the portfolio. It is not that we don't like Afterpay as a business, or that we don't think it's still somewhat cheap. It's just that it now has less than 60% upside to our price target.

On the other hand, during the month Kogan.com Ltd (ASX: KGN) got quite close to our price target and was exited completely. Kogan had previously re-entered the portfolio with a 5% weight at a price of \$17.80 per share in August. Kogan had no significant announcements during October but its share price ran, and it had grown to a 6.5% holding in the portfolio. We took the opportunity to exit at an average price of \$23 per share.

During the month the portfolio took some hits too, here are the top three detractors.

Jumbo Interactive Limited (ASX: JIN) fell -13%. Jumbo's revenue benefits from customers chasing jackpot prize pools. This quarter there have been a comparatively low number of just 8 jackpots (OzLotto/Powerball draws with A\$15m+ Div 1 prize) vs 13 in the previous corresponding period<sup>4</sup>. Whilst it is a comparatively lower number of jackpots, this is within historic ranges as jackpot numbers rise and fall cyclically. We expect the JIN share price will recover strongly as the frequency of jackpots picks up.

Lovisa Holdings Ltd (ASX: LOV) fell 9%. Lovisa had a trading update in October<sup>5</sup>. Same store sales growth is improving however it is well behind the recovery rate of most ASX listed retailers, reflecting the reality that there are currently less women dressing up and going out to work or socialise, due to COVID-19. The proposed second lock-downs in France and the United Kingdom also placed some pressure on the share price during this period.

Uniti Group Limited (ASX: UWL) fell 17%. UWL is engaged in a takeover battle for Opticomm (ASX: OPC) and has had to increase its offer to match a competing bid<sup>6</sup>. Our price target for UWL is driven by its organic growth, but its price jumped when it first made the move to take-over OPC. While it claims the earnings per share (EPS)<sup>7</sup> accretion due to the takeover

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<sup>3</sup> <https://www2.asx.com.au/markets/company/apt>

<sup>4</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02301317-2A1259877?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02301317-2A1259877?access_token=83ff96335c2d45a094df02a206a39ff4)

<sup>5</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02295862-3A553016?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02295862-3A553016?access_token=83ff96335c2d45a094df02a206a39ff4)

<sup>6</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02297341-2A1258092?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02297341-2A1258092?access_token=83ff96335c2d45a094df02a206a39ff4)

<sup>7</sup> EPS is the earnings per share which indicates the profitability of a company

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would still be greater than 10% at the most recent bid, it's no longer as good a deal as it would have been. Accordingly the share price has softened to reflect a less accretive, but still attractive acquisition price for OPC.

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

SA, NT and WA Advisers	Andrew Fairweather	P: +61 401 716 043 andrew@winstoncapital.com.au
VIC, NSW and ACT Advisers	Stephen Robertson	P: +61 418 387 427 <a href="mailto:stephen@winstoncapital.com.au">stephen@winstoncapital.com.au</a>
VIC, QLD & NSW Advisers	Cameron Harris	P: +61 400 248 435 cameron@winstoncapital.com.au

### For all investors enquiries, please contact

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

+612 9547 4311

[LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com)

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