



6% p.a Target Distribution



Double Digit returns since inception



Long/Short Australian Equities



Proven Track Record

September 2021 Fund Update

During the September quarter, the Fund rose 2.97% (after fees). This compares to an increase of 1.71% for the S&P/ASX200 and 3.44% for the Small Ords.

It was quite a volatile quarter with the portfolio down in July and September, despite being up overall. The highlight of the quarter was the results season in August, where 5 of the top 10 positions earnings announcements were positive for the portfolio, and only one against.

As is typical for the portfolio, there were some significant changes made over the quarter with three of the Outlook² holdings exited, and seven new holdings established. Notably the portfolio no longer holds Uniti Group Ltd (ASX:UWL) which was exited for a 175% gain over a year and a half. Towards the end of the quarter the portfolio increased short positions having identified stocks expected to have earnings disappointments. The portfolio remains relatively concentrated and has little exposure to Resources or Financials.

For the September quarter, the distribution per unit was \$2.9c per unit and will be paid on 7 October 2021.

Return Summary Since Inception¹(after all fees)

Since Inception (p.a.)	12.66%
1 Month	-3.05%
3 Months	2.97%
6 Months	5.38%
FYTD	2.97%
1 Year	30.71%
3 Years (p.a.)	19.43%
5 Years (p.a.)	11.87%
7 Years (p.a.)	10.78%

Monthly Portfolio Metrics

Outlook Stocks (Long)	17 Positions: 76%
Outlook Stocks (Short)	1 Positions: -1%
Event, Pair and Group (Long)	2 Positions: 13%
Event, Pair and Group (Short)	2 Positions: -5%
Cash	18%
Gross Exposure	95%
Net Exposure	82%

Portfolio Analytics Since Inception²

Sharpe Ratio	0.67
Sortino Ratio	1.21
Standard Deviation (p.a.)	16%
Positive Months	63%
Maximum Drawdown	-29%
Avg. Gross Exposure	90%
Avg. Net Exposure	79%
Avg. Beta	0.65

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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Avg. VAR

1.2%

Major Contributors

The best contributor was Lovisa Holdings Ltd (ASX: LOV) which rose 18% on the day of its result³ and increased in price by 32% over the quarter. Lovisa is a vertically integrated jewellery retailer with a strong store roll out program. It is a beneficiary of economies re-opening after COVID lockdowns, and we are certainly seeing that in its like-for-like sales numbers.

One of the only exposures to resources in the portfolio is Australian Strategic Materials (Holdings) Ltd (ASX: ASM) which was a consistent performer, rising 31% over the quarter. ASM is a refiner of rare earths for metals which are the basis for important components in much modern technology. Importantly for Western economies, ASM will operate outside of Chinese rare earths supply chains which is of strategic value in the current geopolitical climate.

The next best contributor was the short position in AGL Energy Ltd (ASX: AGL) the energy generator and utility retailer. We had established the short following the announcement by AGL that it would separate its business, to exclude the coal based power stations. Over the course of the quarter AGL fell 36%. We have since covered this position.

Major Detractors

The biggest detractor was Electro Optic Systems Holdings Ltd (ASX: EOS) a business that uses lasers for tracking and communication. EOS fell 15% on the day of its result and 21% for the quarter⁴. We expect multiple positive announcements from EOS over the next 12 months regarding cash receipts, additional contract wins and progress on external funding of the SpaceLink project.

People Infrastructure Ltd (ASX: PPE) is a labour-hire company whose operations have been somewhat effected by COVID. While its result in August beat expectations it has been overshadowed by the impact of the Delta variant and was down 16% for the quarter. It sits on a modest valuation profile but has good underlying organic growth (ex COVID) and has also been achieving growth by acquisition. We expect a strong recovery in PPE as the Australian economy emerges from lockdowns given the reported vaccination rates.

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³ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02411832-3A573806?access_token=83ff96335c2d45a094df02a206a39ff4

⁴ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02414414-2A1319534?access_token=83ff96335c2d45a094df02a206a39ff4



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