

Monash Absolute Investment Fund

(APIR MON001AU)



6% p.a Target
Distribution



Double Digit returns
since inception



Long/Short
Australian Equities



Proven Track
Record¹

October 2022 Fund Update

In October, the Fund rose 7.17% (after fees). This compares to an increase of 6.04% for the S&P/ASX200 and a rise of 6.46% for the Small Ords.

There have been large swings, up and down, in the market over the last 6 months, but it has generally trended down. Smaller stocks have been particularly disappointing. During this volatile period, the Fund's flexible mandate showed its strength. It allowed us to establish a significant cash weight and proactively adjust our long and short positions when markets reached extremely overbought and oversold levels. Over this time the Fund rose 0.94% (after fees) compared to a fall of -5.41% for the S&P/ASX200 and a drop of -14.36% for the Small Ords.

In last month's update we reported that our biggest detractor was Telix Pharmaceuticals Limited (Telix, ASX: TLX) which fell 23% on its decision to withdraw its marketing authorisation application for investigational product Illuccix in Europe. The price drop was an exaggerated response during a time of market weakness.

This month TLX rose 47%, more than making back last month's fall, with the release of its September quarter business update. Total revenues for the period were \$55.3m, up 168% on the previous quarter. The next catalyst is likely to be the headline data from the pivotal trial of TLX-250-CDx for the imaging of renal cancer, due early November. Telix has always been a stock with lots of news flow. This is not surprising as its products are currently involved in about 20 clinical trials covering both company sponsored and investigator led programs.

While Telix was the star last month, positive contributions to performance from the Fund's stocks was broad based. Aside from meaningful gains in our Energy exposure, notable mentions include Lovisa Holdings Limited (ASX: LOV) and QBE Insurance (ASX: QBE). Healthia Limited (ASX: HLA) and Calix (ASX: CXL) were detractors to the portfolio, but we remain positive on both companies' outlooks.

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¹ Inception date 2 July 2012. Past performance is not indicative of future performance.

Return Summary¹ (after all fees)

1 Month	3 Months
+7.20%	+1.50%
1 Year	3 Years
-9.30%	+10.30%



Our Investment team: Sebastian Correia, Simon Shields and Shane Fitzgerald

This fund is appropriate for investors with "High" and "Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

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In a generally quiet month, portfolio turnover was pretty typical for the Fund. We exited two stocks due to early warning triggers, and closed two short positions that were close enough to our price targets. We established 5 new short positions based on stock specific reasons including emerging structural challenges to their businesses, solvency concerns and abrupt management exits.

Overall the portfolio's net exposure (adjusted for a couple of stocks held under cash take-over) remains around its long term average.

The portfolio remains positioned with a long bias to quality. Key long positions are in companies resilient to inflationary pressures and oversold cyclicals with dominant competitive positions. Our short book has risen slightly above its long term average weight as we continue to find compelling shorting opportunities. The portfolio's cash weight of ~20% will allow us to patiently take advantage of any continued market volatility in the upcoming months².

Monthly Portfolio Metrics

Outlook Stocks (Long)	13 Positions: 68%
Outlook Stocks (Short)	3 Position: -5%
Event, Pair and Group (Long)	5 Positions: 28%
Event, Pair and Group (Short)	3 Positions: -4%
Cash	14%
Gross Exposure	105%
Net Exposure	86%

Return Summary Since Inception (after fees)¹

CYTD	-12.66%
FYTD	7.53%
1 Month	7.17%
3 Month	1.47%
6 Month	0.94%
1 Year	-9.25%
2 Years (p.a.)	10.35%
3 Years (p.a.)	10.27%
4 Years (p.a.)	13.89%
5 Years (p.a.)	10.44%
7 Years (p.a.)	7.91%
Since Inception (p.a.)	10.50%

Portfolio Analytics Since Inception²

Sharpe Ratio	0.55
Sortino Ratio	0.97
Standard Deviation (p.a.)	16%
Positive Months	61%
Maximum Drawdown	-29%
Avg. Gross Exposure	91%
Avg. Net Exposure	79%
Avg. Beta	0.67

² Inception date 2 July 2012. Past performance is not indicative of future performance.

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For more information about MAIF and the strategy, please refer to the Monash Investors website at www.monashinvestors.com. You can also [follow us on Livewire here](#) or [subscribe to our updates here](#)

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