

Monash Investors Small Companies Trust

Hedge Fund (ASX : MAAT)



High Conviction
Fund



Australian Small
Companies



Proven Track
Record¹



Buy and Sell on
the ASX or direct

April 2024 Fund Update

The market fell somewhat in April after rising strongly over the previous 5 months. The Fund fell -1.9% after fees outperforming the S&P/ASX Small Ords which fell -3.1%. This continues our recent pattern of monthly outperformance with the Fund up 7.8% after fees for the calendar year to date compared to the Small Ords 4.3% and also well ahead of the S&P/ASX 100 which was only up 2.1%.

Our mining and mining related exposures delivered positive returns in an otherwise weak month for other sectors. Drags on our performance came from holding Johns Lyng, Credit Corp and Lovisa (ASX: JLG, CCP & LOV) which all fell around 12% for the month.

Sandfire Resources (ASX: SFR) was up 7.4% with the copper price recently reaching all-time highs due to its use for power generation and transmission and an emergent supply deficit. Sandfire represents one of the few pure copper leveraged producers listed in Australia. The company operates two high quality assets in two robust mining jurisdictions – MATSA in Spain and Motheo in Botswana.

Boss Energy (ASX: BOE) was up 3.6% with uranium stabilising at about US\$90 /lb having fallen from trading above US\$100 in February. BOE is focused on the restart of the Honeymoon project in South Australia, which represents one of the few uranium projects globally that is ready to come on-stream in the early stages of the current uranium bull market. During April, Boss announced that it produced its first drum of uranium at Honeymoon.

Austin Engineering (ASX: ANG) was up 3.1%. Austin supplies replacement trays and buckets for heavy mining machinery. It is expanding its customer base because there is a quick pay back for purchasing its gear. The company is increasing its capacity as it seeks to keep up

Return Summary¹ (after all fees)

1 Month	3 Months
-1.9%	+7.6%
1 Year	Since Inception
+5.0%	+1.3% _{pa}



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.

¹ Inception date is 28 May 2021. Past performance is not indicative of future performance.

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with demand. It is also lowering its costs through greater scale, specialising its plants and group buying. We expect further upgrades to revenues and profit margins.

At Monash Investors our focus is to find and invest in high quality small cap stocks, with a particular focus on businesses likely to experience some sort of step change in outlook. The market tends to under appreciate these step changes in the short term. However, sooner or later share prices reward such stocks. We continually assess stock valuations, and exit when a share is being priced by the market for its future business success.

The market has taken longer than usual to reward such stocks over the last 2 years, given its lower risk tolerance because of the upward momentum in inflation and interest rates. Against this background the large cap stocks tended to do well, due to their strong balance sheets, more stable businesses, and better share market liquidity. In particular, inflation has tended to benefit the revenue growth and profits of large companies, which are more likely than small companies to have the pricing power to pass on inflationary pressures to preserve, or even grow, their margins.

Return Summary Since Inception (after fees) ²		
	MAAT	Small Ords
CYTD	7.76%	4.25%
FYTD	8.61%	10.94%
1 month	-1.95%	-3.06%
3 Month	7.57%	3.33%
6 Month	22.50%	19.66%
1 Year	5.01%	7.36%
2 Years pa	3.84%	-1.39%
Since Inception pa	1.31%	-0.10%

However, now that inflation is moderating and the market is anticipating interest rate cuts, we are moving into a much more favourable environment for small caps. Looking forward the large cap stocks generally have modest growth outlooks, while the headwinds to small cap growth are abating. If history is any guide to the future, investors will increasingly look to invest in the smaller end of the market.

We are well positioned to benefit from this phase of the market cycle.

The Fund's major exposures continue to be to Healthcare, Consumer Discretionary, IT, Energy and Electrification (via Uranium, Copper and Lithium) and Mining Services.

Return Summary Since Inception (after fees) ²		
	MAIF	Small Ords
CYTD	8.63%	4.25%
FYTD	9.65%	10.94%
1 month	-1.03%	-3.06%
3 Month	8.36%	3.33%
6 Month	22.45%	19.66%
1 Year	5.69%	7.36%
2 Years pa	4.45%	-1.39%
3 Years pa	1.74%	0.02%
4 Years pa	12.91%	8.75%
5 Years pa	10.34%	3.93%
7 Years pa	10.29%	6.36%
10 Years pa	7.43%	6.49%
Since Inception pa	9.83%	6.13%

²Due to lack of MAAT history, data from Monash Small Companies Fund (MAIF) (inception date 2 July 2012) has been used. Glossary of terms can be found on the Fund's website at www.monashinvestors.com/glossary/

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For more information about MAAT 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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