Monash Investors Small Companies Fund

(APIR MON0001AU)

High Conviction Fund

Australian Small Companies

Proven Track Record[1]

June 2024 Fund Update

The Fund fell -2.3% after fees for the month of June which was lower than the S&P/ASX Small Ords return of -1.4%. The unit price for 30 June was $1.6846. The unit price is before the annual distribution of 6.9c which will occur during July, amounting to a 4% yield.

The Fund rose 1.0% after fees in the June quarter, strongly outperforming the S&P/ASX Small Ords which fell -4.5%. For the financial year the Fund return was 12.0% after fees compared to the Small Ords at 9.3%. Our longer term numbers are consistently strong, with the 3 year, 5 year, 7 year and since inception (now 12 year) returns beating the Small Ords by between 3.5% and 6.5% pa after fees.

Unsurprisingly, in what was a negative quarter for the market, many of our holdings detracted from our returns. On this occasion, these stocks were for the most part consumer related or were mining stocks. On the other hand, the stocks that drove our outperformance have businesses that are doing particularly well regardless of the mildly fluctuating economic conditions.

The largest contributors to performance this quarter were:

Botanix (ASX: BOT) +53% for the quarter, despite undertaking a capital raise. Botanix is an early stage company focusing on dermatology pharmaceuticals. In June Botanix received FDA approval for their anti-hyperhidrosis medication. The product is already sold in Japan where it has a large market, and is distributed by an unrelated company.

Telix (ASX: TLX) + 44%. Telix's cancer imaging drug sales continued growing at extraordinary rates and are in excess of $500m after two years. The main piece of news this quarter was additional positive data from the clinical trial of its prostate cancer therapy.

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

Unit Price
$1.6846

Return Summary[1] (after all fees)

1 Month	1 Year	3 Years
-2.3%	+12.0%	+1.9% 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.

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Catapult (ASX: CAT) +22% is a sports technology company that provides hardware and software for elite athletes and teams to analyse their performance during training and on the field. Catapult has a March year end so it reported its full year results in May. Sales, profit margin and cash flow were all well ahead of market and analyst expectations.

Austin (ASX: ANG) +18%. Austin makes replacement truck trays and buckets for mining companies. It's now delivering scale economies as it grows its volumes and revenues which is also resulting in significantly expanding margins.

The largest detractors to performance this quarter were:

Pilbara Minerals (ASX: PLS) -19%. Pilbara owns the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, it produces spodumene and tantalite concentrates. Over the quarter the price of Lithium fell, with the Wuxi Lithium Carbonate Index down -15%.

Credit Corp (ASX: CCP) -19%. Credit Corp makes its money mostly by buying portfolios of doubtful debts from businesses with large consumer bases such as banks. It makes a profit by recovering a greater amount of the debts than the price it pays for them. The share price typically falls with weaker consumer spending, anticipating that it will become harder to recover the debts.

Temple and Webster (ASX: TPW) -13%. Temple & Webster is Australia's largest on-line furniture retailer and is demonstrably growing its market share by consistently delivering sales growth well above competitors such as Nick Scali and Harvey Norman (ASX: NCK & HVN) each half. We sold out in late April, as consumer weakness began to gather pace. If we hadn't exited, our holding would have lost -28% for the quarter instead of limiting it to -13%.

The stocks that have driven our outperformance over the years come from across the market, but they have some attributes in common. They are typically undergoing a step change in their future results which we can confidently expect, having being able to identify, in each company, business situations similar to that we have seen in the past. We invest in these companies before the share price fully reflects the opportunity and then we exit once it does. It is our ability to consistently identify these opportunities and apply price discipline when investing and exiting, that creates our long term outperformance.

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

Return Summary Since Inception (after fees)[2]

	MAIF	Small Ords
CYTD	10.91%	2.75%
FYTD	11.95%	9.34%
1 month	-2.28%	-1.39%
3 Month	1.04%	-4.46%
6 Month	10.91%	2.75%
1 Year	11.95%	9.34%
2 Years pa	8.93%	8.89%
3 Years pa	1.90%	-1.55%
4 Years pa	11.24%	6.19%
5 Years pa	10.18%	3.70%
7 Years pa	10.44%	6.15%
10 Years pa	7.82%	6.45%
Since Inception pa	9.87%	5.91%

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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