

# Monash Investors Small Companies Trust

## Hedge Fund (ASX : MAAT)



High Conviction  
Fund



Australian Small  
Companies



Proven Track  
Record<sup>1</sup>



Buy and Sell on  
the ASX or direct

### July 2023 Fund Update

In the month of July, the Fund rose 0.6% (after fees). This compares to the Small Ords returns of 3.5% for the month.

The Fund continued the monthly pattern of outperforming then underperforming the Small Ords by a few percent that we have seen over the last four months. This has been driven by how we differ in our sector exposures to the market rather than stock specific news, which has been quiet.

For example, our largest exposure is to healthcare which was the worst performing sector this month. On the other hand we were underweight Consumer Discretionary, which was the best performing sector.

The surprising outperformance of ASX listed consumer discretionary stocks in July was due to them following the rally in US listed retail stocks driven by the US consumer, rather than what is going on in Australia with Australian consumers.

While interest rate rises have been significant in both countries, mortgage holders in the USA are overwhelmingly on long-term (often 30 years) fixed rate loans, and so are relatively insulated from the rise in rates. In Australia, the rise in rates flows through directly into home repayments and consequently rents, which have also been impacted by high immigration. Australia has also seen a far more dramatic increase in electricity and gas prices than the USA.

The result is that in Australia we have a “cost of living crisis” which is dramatically worse than that being experienced by US consumers. When the Australian retailers report their full year results in August, they provide a trading update which usually covers the first 6 or 7 weeks since 30 June, which will continue to be weak.

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

1 Month	3 Months
+0.6%	-2.8%
1 Year	Since Inception
+0.0%	-1.0% <sub>pa</sub>



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.

<sup>1</sup> Inception date is 28 May 2021. Past performance is not indicative of future performance.

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If history is any guide, company outlook statements will also be weak and/or vague, as management and boards will have little confidence to forecast much growth, leading to broker earnings downgrades. As such we remain underweight the consumer discretionary sector as compared to the Small companies index.

This is the first month that the Fund is trading under its new name, positioning it as a Small Cap exposure. Monash Investors was established in 2012, and since inception 91% of the stocks in our portfolio have been Small Companies in that they have been outside the S&P/ASX 100. While this Fund has only been going for a little over two years, the strategy has been going for 12 years, through our unlisted fund. To better reflect to investors what we actually do, we have narrowed the very wide risk limits of the portfolio to ranges to be

consistent with how the portfolio has actually operated. And we will limit our cash holdings to a maximum of 10% at any time, compared to the 20% they have averaged since our inception. For more information on these changes please refer to the [notice](#) sent to unitholders on 5 June 2023.

Return Summary Since Inception (after fees) <sup>2</sup>		
	MAAT	Small Ords
CYTD	2.19%	4.91%
FYTD	0.55%	3.54%
1 month	0.55%	3.54%
3 Month	-2.79%	0.20%
6 Month	-2.18%	-1.54%
1 Year	0.02%	0.77%
2 Years pa	-2.60%	-5.26%
Since Inception pa	-1.01%	-3.24%

Return Summary Since Inception (after fees) <sup>2</sup>		
	MAIF	Small Ords
CYTD	2.58%	4.91%
FYTD	0.57%	3.54%
1 month	0.57%	3.54%
3 Month	-3.06%	0.20%
6 Month	-1.81%	-1.54%
1 Year	0.59%	0.77%
2 Years pa	-1.65%	-5.26%
3 Years pa	9.96%	5.89%
4 Years pa	8.60%	2.10%
5 Years pa	9.38%	3.18%
7 Years pa	7.05%	5.11%
Since Inception pa	9.67%	5.89%

<sup>2</sup>Due 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/](http://www.monashinvestors.com/glossary/)

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### **For MAAT Unit Registry enquiries, please contact**

Apex Fund Services Pty Limited  
P: 1300 133 451 (in Australia)  
+61 2 8259 8888 (international)  
E: [registry@apexgroup.com](mailto:registry@apexgroup.com)

### **For all business development enquiries, please contact**

Cameron Harris  
P: +61 400 248 435  
[cameron@gsmcapital.com.au](mailto:cameron@gsmcapital.com.au)

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

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