

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

March 2024 Fund Update

The market continued to rise in March with the Fund up 4.2% after fees for the month and 9.9% for the quarter. This compared to the S&P/ASX Small Ords up 4.8% for the month and 7.6% for the quarter.

We are seeing strength in small cap stocks after an extended period of lagging the returns of large cap stocks. The small cap index is now beating the large cap index over the last 3, 6 and 9 months.

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.

However, now that inflation is moderating and the market is anticipating interest rate cuts, we are moving

Return Summary¹ (after all fees)

1 Month	3 Months
+4.2%	+9.9%
1 Year	Since Inception
+14.1%	+2.0% _{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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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.

For example, the largest contributor to returns this month was Austin Engineering (ASX: ANG) a ~\$300m market cap company, which was up 19%. We anticipate more than 20% pa EPS over the next three years but it still only trades on 10x FY24 EPS. Its share price rose 48% over the quarter.

Other strong contributors over the quarter were:

- Lovisa (ASX: LOV) up 39% with forecast 3 year EPS growth of over 20% pa, and
- Temple & Webster (ASX: TPW) up 50% with forecast 3 year EPS to quadruple off a low base
- Telix (ASX: TLX) up 28% with forecast 3 year EPS growth also to quadruple off a low base

Our target prices for the above stocks, based on our expectations for their future business outlooks, all remain more than 60% above their current share prices.

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

	MAAT	Small Ords
CYTD	9.90%	7.55%
FYTD	10.77%	14.45%
1 month	4.18%	4.79%
3 Month	9.90%	7.55%
6 Month	12.69%	16.71%
1 Year	14.11%	13.83%
2 Years pa	4.36%	-0.60%
Since Inception pa	2.03%	1.00%

Return Summary Since Inception (after fees)²

	MAIF	Small Ords
CYTD	9.76%	7.55%
FYTD	10.79%	14.45%
1 month	4.02%	4.79%
3 Month	9.76%	7.55%
6 Month	11.95%	16.71%
1 Year	14.27%	13.83%
2 Years pa	4.58%	-0.60%
3 Years pa	2.33%	2.72%
4 Years pa	18.65%	13.32%
5 Years pa	11.92%	5.43%
7 Years pa	10.02%	6.79%
10 Years pa	7.40%	6.69%
Since Inception pa	10.00%	6.45%

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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