



**6% p.a Target  
Distribution**



**Buy and Sell on the  
ASX or direct**



**Long/Short  
Australian Equities**



**Proven Track  
Record**

## ASX announcement – 4 November 2021

### October 2021 Fund Update

During October, the Fund rose 2.67% (after fees). This compares to a decrease of -0.10% for the S&P/ASX200 and an increase of 0.92% for the Small Ords.

Since inception on 28 May the Fund has returned 9.64% (after fees) compared to 3.65% for the S&P/ASX200 and 7.51% for the Small Ords.

October was a relatively flat month for the market and it was a quiet month for stock specific news flow. Nonetheless the Fund's stocks managed a few surprises which the portfolio tended to be on the right side of.

The biggest news was the lifting of COVID-19 lockdown restrictions in Sydney and on travel in Australia more generally. This meant at a sector level the Australian "re-opening trade" drove investor appetite into some retail and travel stocks, but it was by no means uniform.

### Monthly Portfolio Metrics

<b>Outlook Stocks (Long)</b>	18 Positions: 84%
<b>Outlook Stocks (Short)</b>	1 Positions: -2%
<b>Event, Pair and Group (Long)</b>	3 Positions: 7%
<b>Event, Pair and Group (Short)</b>	2 Positions: -5%
<b>Cash</b>	16%
<b>Gross Exposure</b>	98%
<b>Net Exposure</b>	84%

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

<b>Since Inception (p.a.)</b>	9.64%
<b>1 Month</b>	2.67%
<b>3 Months</b>	6.41%
<b>6 Months</b>	
<b>FYTD</b>	4.53%
<b>1 Year</b>	
<b>Cumulative</b>	9.64%

### Portfolio Analytics Since Inception<sup>2</sup>

<b>Sharpe Ratio</b>	0.69
<b>Sortino Ratio</b>	1.23
<b>Standard Deviation (p.a.)</b>	16%
<b>Positive Months</b>	63%
<b>Maximum Drawdown</b>	-29%
<b>Avg. Gross Exposure</b>	90%
<b>Avg. Net Exposure</b>	79%
<b>Avg. Beta</b>	0.65
<b>Avg. VAR</b>	1.2%

<sup>1</sup> Inception date is 28 May 2021. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

<sup>2</sup> Due to lack of MAAT history, data from Monash Absolute Investment 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/)



**6% p.a Target  
Distribution**



**Buy and Sell on the  
ASX or direct**



**Long/Short  
Australian Equities**



**Proven Track  
Record**

We continue to identify stocks that meet our high payoff requirements, with a new long and a new short added to the portfolio this month. A number of the stocks were trimmed that had increased their weight through share price appreciation. A couple of short positions had also been closed out that had been profitable, against the trend of a rising market.

### Major Contributors

The best contributor was Lovisa Holdings Ltd (ASX: LOV). You may recall from last month's update that Lovisa's share price increased by 32% over the September quarter. Well this month it did another 14%. Lovisa is a vertically integrated jewellery retailer with a strong store roll out program. It is a beneficiary of economies re-opening after COVID lockdowns, and we are certainly seeing that in its like-for-like sales numbers.

During October LOV announced that Shane Fallscheer, its CEO of 12 years, would be leaving the company<sup>3</sup>. Rather than this being a drag on the share price, the price of LOV actually rose on the news. This was not because the market was pleased to see the back of Shane, but rather because it was so pleased with his replacement, Victor Herrero. Victor comes from Inditex Group, one of the world's largest fashion retailers with 8 store formats such as Zara, Pull & Bear and Massimo Dutti.

The Inditex group, with over 6,000 stores in 80 markets and sales over US\$25 billion pioneered fast fashion retailing growing numerous brands, including Zara, around the world. During Victor's time at Inditex, he held numerous roles including Head of Asia Pacific and Managing Director Greater China and led the company's expansion through this region rolling out 800 stores across multiple countries including China and India.

It was not previously anticipated that Lovisa would be rolling out their stores in China or India, but with Victor at the helm the entry of Lovisa's successful format into these large markets becomes a likelihood, and the share price rose.

Coincidentally, the next best contributor for the month also announced a new CEO<sup>4</sup>. People Infrastructure (ASX: PPE) PPE is a workforce management business. It sits on a modest valuation multiple but has good underlying organic growth (ex COVID) and has also been achieving growth by acquisition. We expect a strong recovery in PPE as the Australian economy emerges from lockdowns.

PPE replaced its CEO (Declan Sherman, who had returned to managing the business in an interim capacity) with another executive who seems to be a good fit. The stock price rose 15% over the month.

### Major Detractors

The biggest detractor by far was EML Payments (ASX: EML) which fell 24% over the month. It provided an update to its ongoing correspondence with the Central Bank of Ireland (CBI) relating to its Prepaid Financial Services (PFS) business<sup>5</sup>. CBI has asked for "certain limits to be applied to programs" that could "materially impact the European operations", with EML's proposed growth targets "higher than what the CBI would want to see".

<sup>3</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02434609-3A578028?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02434609-3A578028?access_token=83ff96335c2d45a094df02a206a39ff4)

<sup>4</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02434027-2A1330217?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02434027-2A1330217?access_token=83ff96335c2d45a094df02a206a39ff4)

<sup>5</sup> [https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02432753-2A1329570?access\\_token=83ff96335c2d45a094df02a206a39ff4](https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02432753-2A1329570?access_token=83ff96335c2d45a094df02a206a39ff4)



**6% p.a Target  
Distribution**



**Buy and Sell on the  
ASX or direct**



**Long/Short  
Australian Equities**



**Proven Track  
Record**

At face value this would seem to be negative news. However EML noted “the nature of those potential directions is more limited than those originally foreshadowed by the CBI in May 2021”. Furthermore, we expect that the proportion of EML’s PFS business that this will apply to will fall sharply over time. While EML has to be careful in how it responds publically to the regulator, we do not think that this outcome will have much effect on EML’s future earnings apart from increasing compliance costs somewhat.

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

**Mainstream Fund Services Pty Limited**

P: 1300 133 451 (in Australia)

+61 2 8259 8888 (international)

E: [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)

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

**Cameron Harris (Acting on behalf of Monash Investors)**

P: +61 400 248 435

E: [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](#)

This document is prepared and authorised for release by Monash Investors Pty Limited ABN 67 153 180 333, AFSL 417 201 (“Monash Investors”) as authorised representatives of Sanlam Private Wealth Pty Ltd ABN 18 136 960 775, AFSL 337 927 (“Sanlam”) for the provision of general financial product advice in relation to the Monash Absolute Active Trust (Hedge Fund) ARSN 642 280 331 (“Fund”).

The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. Monash Investors, Sanlam and Perpetual do not accept liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. A Product Disclosure Statement (“PDS”) issued by Perpetual dated 14 April 2021 together with a Target Market Determination (“TMD”), both issued by Perpetual, is available for the Fund. You should obtain and consider the PDS and TMD for the Fund before deciding whether to acquire, or continue to hold, an interest in the Fund. A copy of the PDS and TMD is available at [www.monashinvestors.com](http://www.monashinvestors.com).

You should not base an investment decision simply on past performance. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall. Total returns shown have been calculated using NAV prices after taking into account all ongoing fees and assuming reinvestment of distribution. No allowance has been made for taxation. Past performance is not a reliable indicator of future performance. Comparisons are provided for information purposes only and are not a direct comparison against benchmarks or indices that have the same characteristics as the Fund. Reference to Target Distributions, is a target return only. There is no guarantee MAAT will meet its investment objective. The payment of a quarterly distribution is a goal of the Fund only and neither Monash Investors or Perpetual provide any representations or warranty (whether express or implied) in relation to the payment of any quarterly cash income. The Fund reserves the discretion to amend its distribution policy.

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person’s particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

Independent Investment Research (IIR) has awarded a Recommended rating for the Monash Absolute Active Trust (Hedge Fund) (ASX: MAAT). To access the IRR report, please refer to our website at [www.monashinvestors.com](http://www.monashinvestors.com)