

## FUND OUTLINE

The Fund is a concentrated long only equity Fund, investing in US listed stocks chosen by the most successful Hedge Funds. The Fund's objective is to outperform its benchmark by 3-5% pa over any rolling 5-year period. Preservation of Capital is a key tenet of the Fund, and a strict dynamic risk control strategy is in place to control losses, to enable optimal long-term compounding within the Fund.

## AUGUST COMMENTARY

The Fund made 6.06% in August and has returned 49.16% since inception (24.34% annualised vs 14.08% for the index). Fund returns in August followed the same theme as the previous few months, with strong returns provided by the Funds stocks (9.37%), offset by a strong AUDUSD (-3.31%).

This means that since the Fund began trading in November 2018, the currency has appreciated, and in turn, cost the Fund, 4.2%. It could be argued that we should hedge currency risk. Our reasons for not doing so are as follows: -

- The Fund is a stock Fund, not a currency Fund. We do not believe we have an edge in currency trading and will not attempt to trade the currency. Any cash the Fund holds is held in AUD, and any stocks are held in their base currency, USD, giving rise to the exposure to USD.
- Over the long-term stocks enjoy an upward trend. With currencies this is not the case, they go through phases of weakness and strength, but over the long-term net movements are small (the exception to this rule are currencies backed by deteriorating economic fundamentals, such as Zimbabwe). A quick look at the AUDUSD chart shows the AUDUSD at 70.66c in 1994 (my first data), 73.75c now, with a high of \$1.11 and a low of 47c in between the 2 dates.
- Hedging currency risk incurs a cost. We are focussed on keeping costs down within the Fund (as all investors should be with their investments) and prefer to avoid this cost.
- When stocks go up, the AUDUSD tends to go up, and vice versa. This means that when the Fund makes money on stocks, we lose money on the currency, and vice versa. This has the fantastic effect of dampening volatility within the Fund, and as discussed in the May 2020 report, volatility is detrimental to compounded returns. It is also detrimental to the psyche!
- The Fund was set up with the aim of giving non US based investors the opportunity to diversify their investments. This is from an asset point of view (US stocks vs domestic stocks) AND a currency point of view (USD vs domestic currency).

Different Funds manage their currency exposures in different ways. We believe that for our objectives our methodology is well suited.

And as always....

***"Good investing isn't necessarily about earning the highest returns, because the highest returns tend to be one-off hits that kill your confidence when they end, invariably with large losses. It's about earning pretty good returns that you can stick with for a long period of time. That's when compounding runs wild." - unknown***

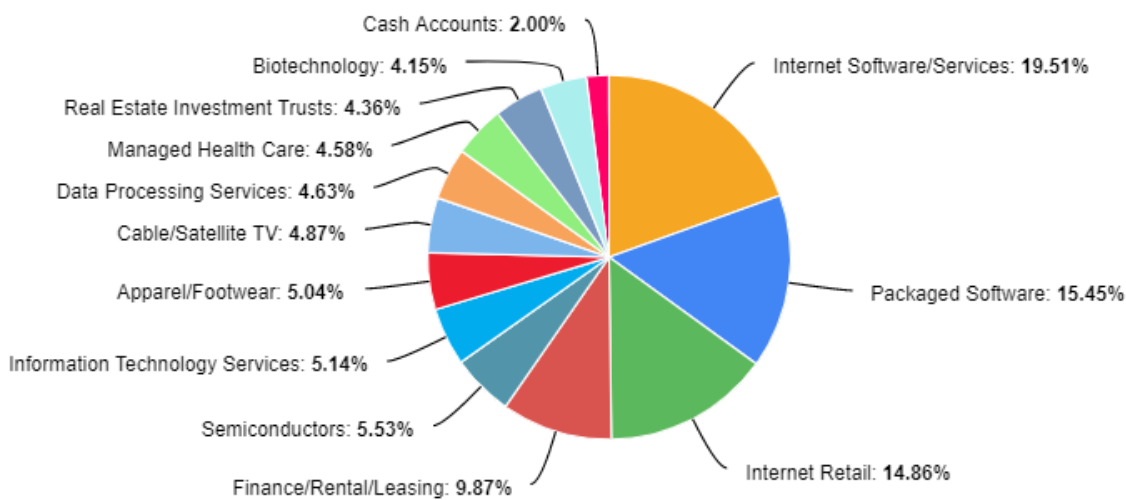
Please see next page for Charts and tables.

## FUND FACTS

Inception	01 November 2018	Sharpe ratio	1.73*
Fund Size	2.858mm	Sortino Ratio	4.34*
Minimum Investment	AUD 50,000	Mid-Price	1.4288
Management Fee	Nil	Best Month	8.95%
Performance fee	15% of any returns above 6% pa	Worst Month	-3.9%
Other Fees	Any direct costs + 0.4% Buy/Sell spread	Website	www.ganecapital.com

\*ratios are calculated before Fees & Expenses

## PORTFOLIO BREAKDOWN



## PERFORMANCE SUMMARY

GANE CAPITAL International Equity Fund	Aug-20				
	1 Month	Year to Date	1 year	3 Year(p.a.)	Inception(p.a.)
GANE CAPITAL	6.06%	28.37%	36.5%	N/A	24.34%
BENCHMARK - Index	3.76%	4.05%	10.6%	N/A	14.08%
BENCHMARK - Hedge Fund	0.75%	-1.35%	-0.1%	N/A	3.41%

