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 it's 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.

SEPTEMBER COMMENTARY

The Fund lost 1.92% in September and has returned 46.3% since inception (21.94% annualised vs 12.98% for the index). After a strong run since April, markets reversed in September with the S&P losing 3.7%, and the NASDAQ losing 5.7%. The Fund was 85% invested on average during the month, lost 4.52% on its stockholdings, and gained 2.6% on currency movements. The Fund moves into October 90% invested.

After our first down move in some months, it seems a good time to review our risk management framework. As investors, we face 2 major risks:- 1 – A permanent loss of Capital, and 2 – Poor returns (which can lead to risk 1 over a long period).
To eliminate risk 1 we would simply be 100% in cash, and to eliminate risk 2 we would be 100% invested in stocks at all times. And so we need to walk the knife's edge between the 2 options, continually evaluating how best to position the portfolio. The risks can be addressed in numerous ways, a Value investor would use a "Margin of Safety" to safeguard the portfolio, a "balanced" investor would construct a 60% stocks/40% bond portfolio, and so forth.
We use a methodology called trend following, which has been documented back to the early 19'th century. Essentially what we are doing is letting our profits run and cutting our losses short – or another way of putting it is we have an asymmetrical risk/reward profile, with unlimited upside, and limited downside. It is by no means a perfect system, and can be frustrating to execute, but it does an excellent job of limiting your downside when markets fall a long way, such as the GFC. Historically it results in portfolios experiencing roughly half the losses of a long only portfolio during severe sell offs. For instance, in the GFC when markets fell approximately 50%, we would expect our portfolio to fall 25%. In smaller selloffs losses will be similar to the markets.
Our risk system has 2 modes, described below:-
Appreciation mode – When economic conditions are improving or stable, we want to be as fully invested as possible. We are quicker to buy and slower to sell, and generally give our investments more room to move before selling them and moving to cash. These conditions occur 90% of the time.
Preservation mode – When economic conditions are stressed (such as now), we are more risk averse. We are quicker to sell, and slower to buy. Losses are cut quickly, but winners are still left to run. These conditions occur the remaining 10% of the time.

As said above, this system is not perfect, and will sometimes cost money (as does insurance…), but it works very well over the long term in controlling risk. It is systematic and does not rely on forecasts or intuition and fits very nicely into our systematic framework.

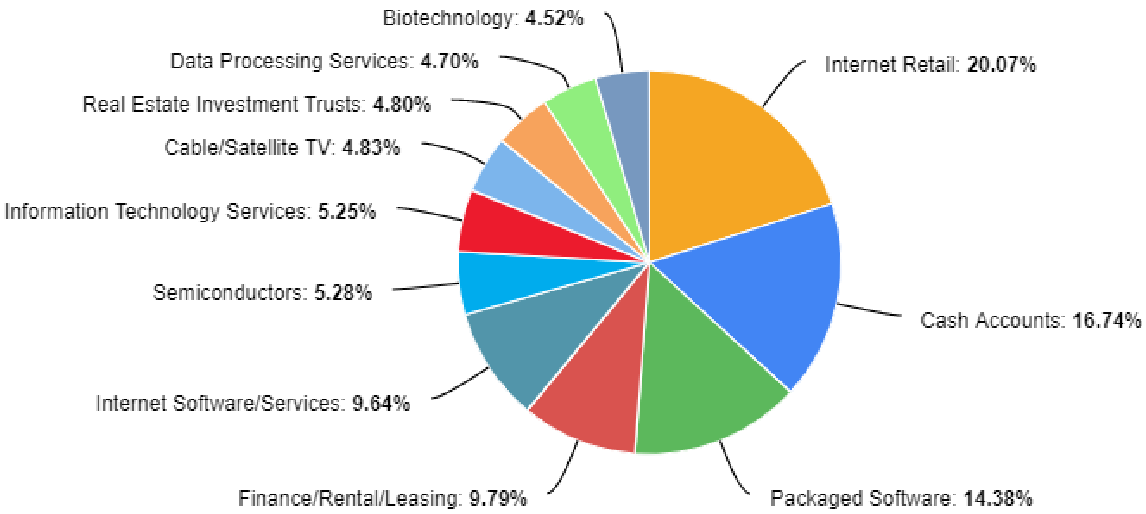
Please see next page for Charts and tables.

FUND FACTS

Inception	01 November 2018	Sharpe ratio	1.57*
Fund Size	2.851mm	Sortino Ratio	3.87*
Minimum Investment	AUD 50,000	Mid-Price	1.4013
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	Sep-20				
	1 Month	Year to Date	1 year	3 Year(p.a.)	Inception(p.a.)
GANE CAPITAL	-1.92%	25.90%	35.9%	N/A	21.94%
BENCHMARK - Index	-0.77%	3.25%	8.0%	N/A	12.98%
BENCHMARK - Hedge Fund	1.02%	-0.31%	0.6%	N/A	3.83%