

## AUGUST COMMENTARY

The Fund made 3.46% in August and has returned 72.3% since inception (21.1% annualised vs 20.3% (S&P) and 18.4% (MSCI World)). Stocks in the Fund were up 3.13%, and a slightly weaker AUD added a further 0.33% to results giving a net gain of 3.46% for the month.

The Risk Management system was put to work in August, with 3 stocks in the portfolio being sold, and that portion of the portfolio being moved to cash. The Fund ends the month being 85% invested. The 3 stocks sold were Alibaba, Peloton, and Uber. As is always the case, we err on the side of caution and Capital Preservation – if these stocks come back, we will re-enter and have lost a bit of return – We will have paid our “Insurance” to ensure our Capital remains intact. If those stocks remain weak, we will be glad to be out of them.

In stark contrast to the weak stocks, our outperformers for the month were Mercadolibre (the Amazon of South America) +19%, and Workday (A software company specialising in “Human Capital Management”), +16.5%. In addition our old school favourites had a good month, Amazon +4.2%, Facebook +6.4% and Google +7.4%.

We continue with our summary of Morgan Housel’s excellent book “The Psychology of Money”. Psychology plays a huge role in investing, and any effort in this area is time well spent. We will break down the book chapter by chapter.

### Chapter 4 – “Confounding Compounding”

Warren Buffet’s net worth is \$84.5Billion – of that , \$84.2Billion was accumulated after his 50’tth Birthday!

This amazing stat to me illustrates the 2 most important things about compounding:-

- 1 – It is incredibly effective at generating wealth.
- 2 – It takes a VERY long time before you see the results.

Thousands of books have been written analysing Buffet’s investing prowess – What they fail to mention is that he started at age 10, and was consistent from that point on. His returns are great (22% pa), but not outrageous (like Jim Simons, 60% pa). The secret sauce is the application of those returns over long periods of time. Have a guess as to what he’d be worth if he started compounding at age 30, and stopped at 60???

Not 84.5Bn, not 30Bn, not even 1Bn, but 11.9 million – THAT’S the power of compounding over long periods of time – hard to comprehend. We find it much harder to think exponentially , rather than linearly.

I believe that is the main reason why property is such an effective generator of long term wealth. It’s not the returns, but when you buy a property you buy it for the long term, and forget about it – you don’t look at the price every day, you don’t sell it when the market is down – you simply let compounding run its course.

Which is a strange thing to say when I am writing a report about an equities Fund – but I believe the results can be even better with equities, provided you go into it with the same mindset.

**“The best strategy is the one you can stick with long enough to reap the benefits of compounding”.**

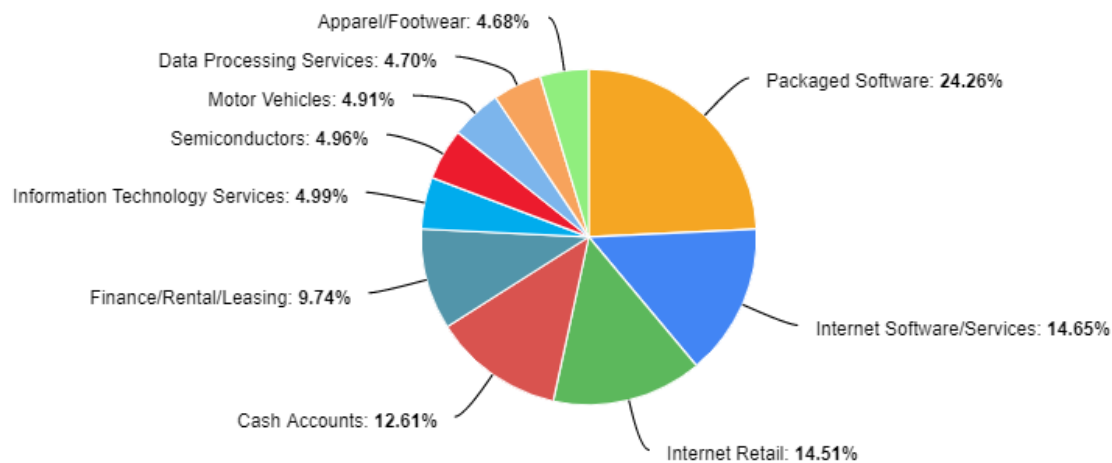
Please see next page for Charts and tables.

### FUND FACTS

Inception	01 November 2018	Sharpe ratio	1.53*
Fund Size	4.425mm	Sortino Ratio	4.04*
Minimum Investment	AUD 50,000	Mid-Price	1.5358
Management Fee	Nil	Best Month	9.98%
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

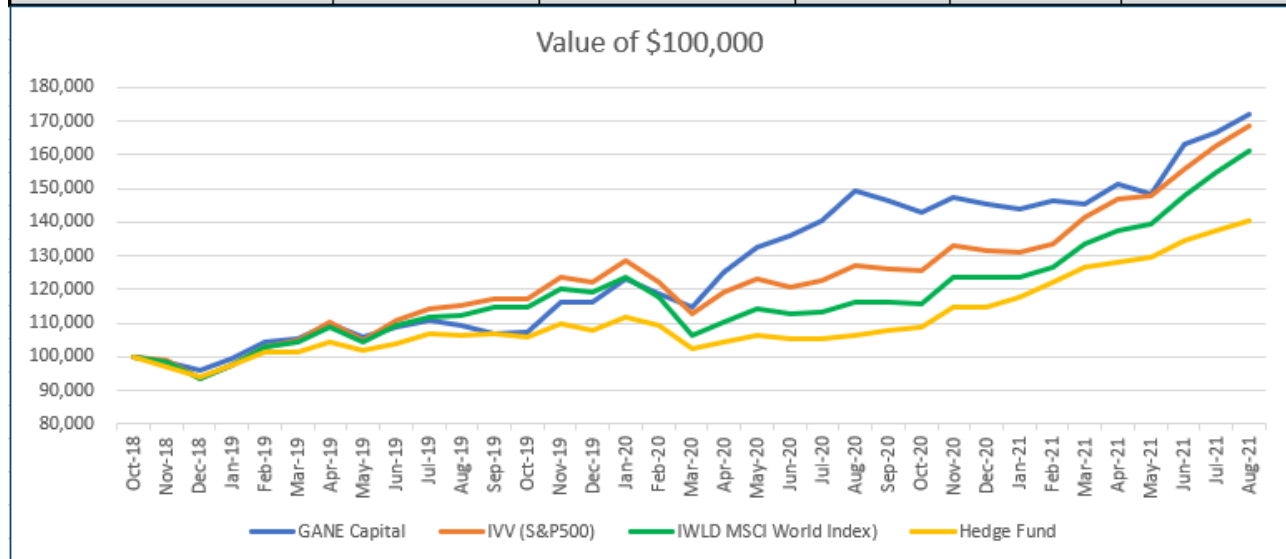
\*ratios are calculated before Fees & Expenses.

### PORTFOLIO BREAKDOWN



### PERFORMANCE SUMMARY

GANECAPITAL International Equity Fund	1 Month	Year to Date	1 year	Aug-21	Inception(p.a.)
GANECAPITAL	3.5%	18.3%	15.5%	25.5%	21.1%
BENCHMARK - S&P 500	3.6%	28.3%	32.5%	21.1%	20.3%
BENCHMARK - MSCI World	4.1%	30.6%	38.7%	20.0%	18.4%



Disclaimer – Information provided in this report is for general information purposes only and is not a recommendation to invest in the Fund. Any person wishing to invest in the Fund should review the Information Memorandum and seek legal, financial and taxation advice. The trustee and manager of the Fund is GANE Capital Pty Ltd (ABN 48 625 273 449, and AFSL No 525368). Only investors who are wholesale clients (as defined in s761G and s761GA of the Corporations Act 2001) may invest in the Fund. Past performance is no indicator of future performance. An investment may achieve a lower than expected return, and investors risk losing some or all of their principal investment.