

Monthly Commentary

The Totus Alpha Strategy was flat during June and finished the financial year up 11.5%. This return was delivered with minimal market risk (average net exposure of 41%) and, as usual, with no correlation to the market (beta of -0.5).

In a quiet month for company reporting, the new news during June was the stubbornly high reading for Australian inflation which remains well above the RBA's comfort zone. This may necessitate another rate rise in Australia which could prove painful for highly leveraged borrowers and stocks exposed to the consumer which are already facing top-line pressure (challenging comparable sales from the Covid boom) and higher costs (wages, rent, freight) which is pressuring margins.

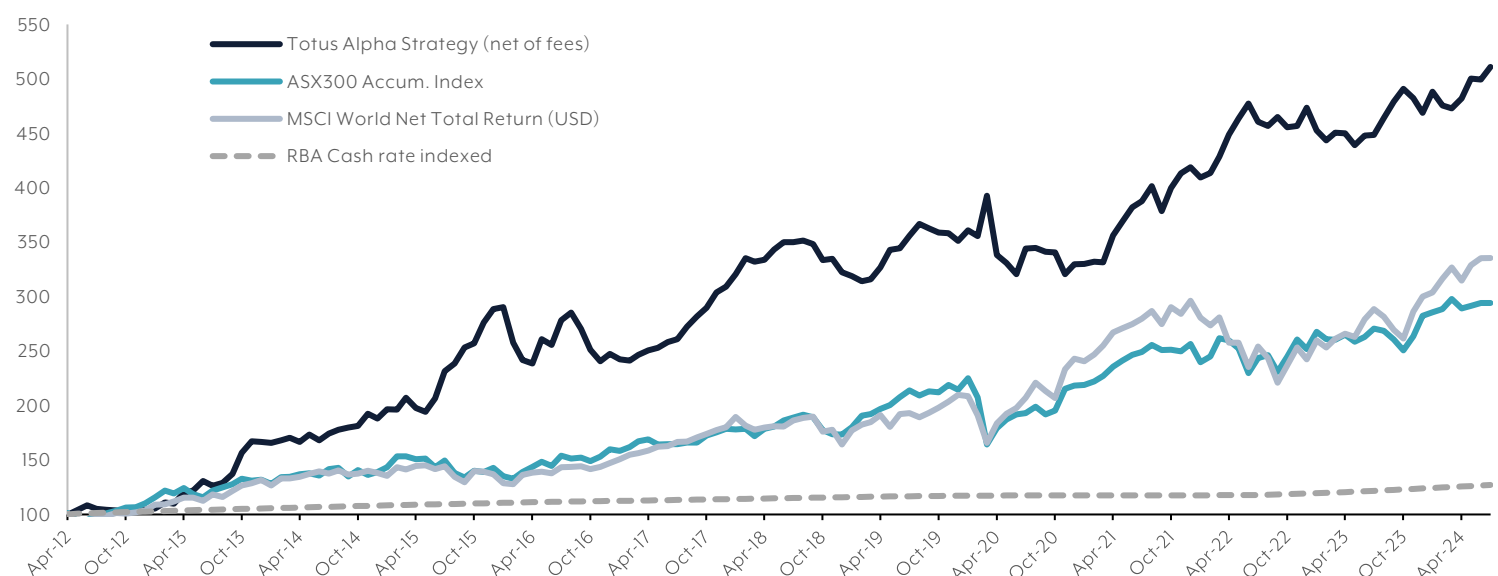
As we learn more about the market's current favourite thematic, Artificial Intelligence (AI), it is becoming apparent that for all but a handful of companies AI is looking like an upfront cost with little to no potential for revenue upside near term. The AI theme has been a big driver of equity performance so far in 2024. With Nvidia now the world's largest company by market cap and bulls for the thematic getting increasingly breathless about the opportunities in areas such as robotics we sold out of our (unfortunately small position) in Nvidia and the ASX's AI proxy play Goodman Group. We also trimmed exposure to Alphabet and Microsoft which have also been big winners on the AI theme. We tend to agree with the bulls about AI's transformational potential, but experience tells us that nothing goes up in a straight line and we hope to be able to revisit these companies as longs if there is a reset that provides us with a better entry point.

In June we took advantage of tax loss selling to add to our position in met coal producer, Coronado Coal. This stock has underperformed its met coal peers due to a range of operational issues which we believe are now in the rear-view mirror.

Monthly Stock Contribution

Contributors		
Amazon	Long	+0.7%
Stanmore Resources	Long	+0.6%
Hemnet	Long	+0.5%
Detractors		
Arch Resources	Long	-0.3%
Whitehaven	Long	-0.3%
Alpha Metallurgical Resources	Long	-0.3%

Performance Since Inception (base = 100)



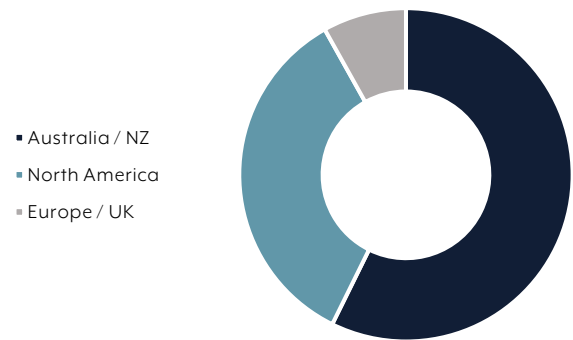
Performance Summary (net of all fees)

	Totus Alpha Fund	ASX 300 Accum. Index
1 month	-0.1%	0.9%
3 months	5.6%	-1.2%
Calendar year to date	6.5%	4.2%
1 year	11.5%	11.9%
3 years p.a.	9.3%	6.1%
5 years p.a.	7.7%	7.2%
10 years p.a.	11.5%	8.0%
Total since inception	399.4%	194.3%
Since inception p.a.	14.0%	9.2%

Portfolio Exposure (regional breakdown)

Geography	Long	Short	Net	Gross
Australia / NZ	53%	53%	-1%	106%
North America	48%	16%	32%	64%
Europe / UK	15%	0%	15%	15%
TOTAL	115%	69%	46%	184%

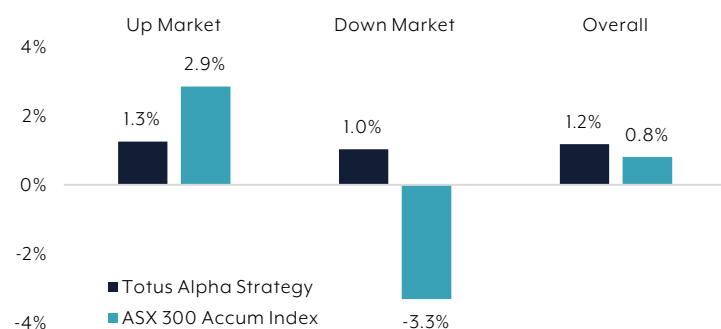
Gross Exposure as % of Total Exposure



Month-end Positions & Theme Exposures

Long	Short
43 positions	47 positions
Undersupplied Commodities 29%	Banks 13%
Bricks to Clicks 17%	Market Hedge 13%
Financial Asset Ticket Clippers 13%	Consumer Slowdown 11%

Average Monthly Performance



Performance Metrics (since inception)

Outperformance (p.a.) ¹	4.8%
Alpha ²	14.2%
Beta / Correlation ¹	-0.15 / -0.15
Sharpe Ratio	0.88
Sortino ratio	1.70
Average Exposure - Net / Gross	35% / 208%

Historical Monthly Performance³

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2012				-0.08%	4.13%	4.07%	-2.77%	-1.04%	-0.34%	-1.92%	1.02%	1.26%	4.17%
2013	1.13%	5.31%	-1.06%	9.21%	1.84%	7.21%	-3.49%	2.10%	6.49%	14.16%	6.69%	-0.39%	59.91%
2014	-0.59%	1.44%	1.43%	-2.15%	3.99%	-3.02%	3.70%	2.02%	1.02%	0.87%	6.13%	-2.31%	12.83%
2015	4.60%	-0.20%	5.61%	-4.53%	-1.76%	6.33%	12.14%	3.00%	6.15%	1.52%	7.37%	4.50%	53.54%
2016	0.67%	-11.27%	-6.15%	-1.37%	9.36%	-1.98%	8.82%	2.58%	-5.31%	-7.08%	-4.12%	2.74%	-14.26%
2017	-2.00%	-0.46%	2.18%	1.59%	1.01%	2.05%	0.99%	4.45%	3.42%	2.83%	4.88%	1.78%	25.01%
2018	3.68%	4.61%	-0.99%	0.48%	2.81%	2.03%	-0.02%	0.40%	-0.94%	-4.21%	0.41%	-3.76%	4.20%
2019	-1.10%	-1.42%	0.54%	3.48%	4.94%	0.42%	3.36%	3.04%	-1.15%	-1.07%	-0.14%	-1.94%	9.00%
2020	2.71%	-1.41%	10.42%	-13.88%	-2.20%	-3.04%	7.31%	0.13%	-0.95%	-0.23%	-5.89%	2.89%	-6.12%
2021	0.04%	0.69%	-0.21%	7.47%	3.57%	3.54%	1.48%	3.61%	-5.73%	5.60%	3.35%	1.37%	27.03%
2022	-2.25%	0.96%	3.64%	4.78%	3.23%	3.01%	-3.52%	-0.82%	1.81%	-2.00%	0.22%	3.70%	13.06%
2023	-4.45%	-1.97%	1.60%	-0.14%	-2.46%	2.03%	0.15%	3.49%	3.19%	2.47%	-1.75%	-2.81%	-1.02%
2024	4.11%	-2.55%	-0.55%	1.95%	3.72%	-0.14%							6.53%

Notes:

¹ compared to the ASX 300 Accum. Index.

² Alpha - the difference between the Fund's expected returns based on its beta and actual returns. $\text{Alpha} = R - [R_f + \beta(R_m - R_f)]$ where R = Realised Fund return; R_f = the risk-free rate; R_m = Market/index return; β = Fund's beta.

³ Post the unit conversion and removal of series performance accounting that took place on 1 November 2019, all performance numbers from 30 November 2019 are for Platform Class (APIR TOT7316AU) units, net of all fees. All performance numbers quoted prior to this time are for Founder Series Main (APIR TOT0006AU) units, net of all fees. Past performance should not be taken as an indicator of future performance.

Fund Information

Investment Strategy	Absolute return global developed market equity long short
APIR Code	TOT7316AU
Inception date	2 April 2012
Domicile / Currency	Australia / AUD
Management Fee	1.5% p.a. (excl. GST and any RITC)
Performance Fee	20% outperformance of hurdle, HWM
Hurdle	RBA Cash Rate
Minimum Investment	\$250,000
Liquidity	Monthly
Prime Broker	Morgan Stanley
Fund Administrator	Citco
Fund Auditor	EY
Platform availability	Netwealth, BT Panorama, HUB24, Mason Stevens, Powerwrap, Praemium, AMM

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