

NET ASSET VALUE (NAV) PER UNIT as at 30 September 2020

Share series	Previous NAV	NAV per share	1 month	3 month
Benchmark	-	-	-3.7%	-0.4%
Wholesale	\$0.897	\$0.867	-3.3%	+11.0%
Retail	\$0.891	\$0.861	-3.4%	+10.0%

TOP PORTFOLIO HOLDINGS at 30 September 2020

Company	ASX Code
Mesoblast	MSB
Lynas	LYC
Bluescope	BSL
Charter Hall Wales	CLW
ALS	ALQ

KEY INFORMATION

Responsible Entity	Burman Investment Management Limited
Manager	Burman Invest
Portfolio Manager	Julia Lee
Fund Inception	15 January 2020
Number of Stocks	15-25
Cash Distributions	Semi Annually

MARKET COMMENTARY

September was a month of correction. After 6 consecutive months of gains, the sharemarket took a step back.

Aiding the volatility was a delay in an agreement on additional US stimulus. The first US Presidential debate was held on 29 September with the market warming to a Biden win.

Iron ore prices fell US\$5/ton to \$120US/t, \$A fell 2.3c to 71.7USc and gold prices continued to fall.

All sectors except Healthcare ended the month lower. Healthcare was the best performing sector with a rise of 0.4%.

Cyclical sectors underperformed as expected in a risk-off environment. The worst sector was once again the Energy sector which fell 11.6% for the month and is down 44.5% for the year to date.

Looking to October, the Australian government is scheduled to release a huge spending Budget on 6th October. The markets are now pricing in another rate cut down to 0.1% by November this year.

STRATEGY

During corrections, cyclical sectors underperform. In early September, our asset allocation model indicated a move to cash due to an increase in volatility. We ended the month 25% cash which helped to cushion the impact of the correction.

With cyclicals expected to underperform, we took profits in mining stocks.

At Burman, we remain optimistic that this is a normal market correction which generally occurs 1-2 times a year.

PORTFOLIO COMMENTARY

The fund beat the benchmark but still fell 3.3%/3.4% for the month. For the quarter, the Fund rose 11%/10% beating the ASX 200 accumulation index which fell 0.4%.

The best performing stock in the benchmark and our portfolio in September was Boral (+13.7%).

We sold APT (+22%) on the first day of the month after Paypal announced that it will start offering Pay in 4 to its US users from the 4th quarter of 2020. By the end of the month, APT shares had fallen 12.5%.

With cyclicals expected to underperform and valuations starting to look stretched, the Fund sold positions in Mineral Resources and Oz Minerals at a profit.

The Fund entered new positions: ALQ, LYC & BSL.

A quick comment around MSB which went into a trading halt at the end of the month. MSB was not granted FDA approval for use of Ryoncil in Pediatric Acute Graft vs Host. As a result, shares saw a substantial fall in October. At the time of this report, the portfolio is trading higher for the month to date despite the fall in MSB shares with other positions performing well.

- Julia Lee.