

NET ASSET VALUE (NAV) PER UNIT as at 28 February 2022 (ex-distribution prices)

Share series	Previous NAV	NAV per share	1 month	FY to date
Benchmark	-	-	+2.1%	-0.7%
Wholesale	\$0.8672	\$0.8826	+1.8%	-2.8%
Retail	\$0.8649	\$0.8801	+1.8%	-3.0%

TOP PORTFOLIO HOLDINGS 28 February 2022

Company	ASX Code
BHP Group	BHP
Commonwealth Bank	CBA
Macquarie	MQG
Bank of Queensland	BOQ
Telstra	TLS

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

February is a month where dividends are paid hence the difference between the S&P/ASX 200 & the S&P/ASX 200 accumulation index. The S&P/ASX 200 index rose 1.1% and the S&P/ASX 200 accumulation index rose 2.1% with the inclusion of dividends.

The best sectors were energy (+5.8%) & staples (+5.6%).

The worst sectors were tech (-6.9%) & consumer discretionary (-5.8%).

When half-year reporting season closed, results were better than expected. Earnings expectations over the next 6-12 months rose and earnings growth expectations for the current financial years lifted from 13% to 14.9%.

The positive earnings backdrop was clouded by geopolitical factors with war breaking out between Russia & Ukraine. Russia is a major exporter of gas, nickel, fertilizer, and wheat. Fears that global supply would be impacted drove up the price of commodities. Uncertainty was added to the growth prospects for the global economy especially Europe due to its reliance on Russian gas.

PORTFOLIO COMMENTARY

The fund gained 1.8% for February compared to the benchmark which gained 2.1%.

The Fund's positioning remains overweight in commodities and financials. Exposure to select growth opportunities.

The Fund started February with 10% in cash and ended the month with 25% in cash.

The reporting season was a positive one. From the 20 companies that reported in the portfolio, 14 companies either beat expectations and/or upgrade outlook. 4 companies reported in line with expectations and 2 companies disappointed. Despite the positive results, share price action was dictated by geopolitical and macro factors.

The best performing company was Lynas (LYC +14.3%) and Woodside (WPL +13.8%).

Lynas (LYC) saw a record profit and record sales for the half-year. Net profit after tax rose from \$40.6 million to \$156.9 million for the half-year.

Woodside (WPL) reported for the full year and saw revenue +93% with net profit after tax +149%.

The following companies had negative share price performance for the month despite better-than-expected earnings reports and/or outlook: Macquarie (MQG -1.6%), Wisetech (WTC -3.8%), Goodman Group (GMG -4.1%) and James Hardie (JXH -5.1%).

With these companies showing strong underlying performance and an upgrade to outlook, we believe that the share price will reflect this over the next 6 months.

Additions: IDP Education (IEL)
 Sold: Nanosonics (NAN)

We sold Nanosonics (NAN) earlier in the month ahead of its result, after the company announced a revised sales model in North America. We believe that this model will be a negative for sales in the

short to medium term and sold the small parcel of NAN we held.

Reporting season also brings about opportunity. Markets tend to overreact to good news on the upside & bad news on the downside. IDP Education (IEL) was sold off after its result. It saw revenue +47%, net profit after tax up 70% & student placement +33%. The company missed market expectations. We believe that the companies growth prospects look strong and added the company to the portfolio.

LOOKING AHEAD

While the market is distracted by the war between Russia & Ukraine, we are trying to focus on the companies in the portfolio & the outlook for the next 6-12 months.

Our biggest positions are in the miners and financials. We are overweight in materials with commodities benefitting from rising inflation. Financials should benefit from rising interest rates with the Federal Reserve expected to hike interest rates in the US in March.

CONTACT US

The best way to reach us is by sending an email to: support@burmaninvest.com.au, with the best time/day/number to call.

- *Julia Lee*