

*"Fall seven times, stand up eight" Proverb*

## Monthly Performance Review

Totus Alpha Fund Founder's Series units fell 4.1% in November, the ASX 300 Accumulation Index was up 2.8% for the month.

The sell-off in high quality small and mid-cap growth stocks accelerated in November as the surprise Trump victory added fuel to the smouldering bond market selloff and turned it into an all-out rout. Contrary to pre-election expectations this in turn led to a large run up in materials and cyclical stocks (which may do well under a Trump fiscal stimulus scenario) and also in financial stocks (which are potential beneficiaries of rising interest rates). In Australia this led to a rush into Banks and Resources stocks and heavy selling in other sectors to fund this rotation. The fund did have some gains on its US\$ exposed positions (e.g. Wells Fargo) but they were not enough to offset the broad-based sell off in our mid cap industrial, tech and healthcare exposures.

We have been sceptical about the sustainability of the rally in resource shares (and wrong this year) but we are less so about the rally in financials. In recent weeks the fund has initiated positions in the Big 4 Banks and Suncorp. If bond yields continue to rise and fiscal stimulus does reignite growth then Banks should do well. In recent months regulators appear to have softened their language around bank capital requirements which potentially reduces the risk of further dilutive capital raisings from the sector. This had been a key concern of ours in the past.

2016 has been a difficult year for our style of investing and understandably painful for some of our recent investors however we feel that the fund is well positioned in profitable high quality businesses that are now trading at fundamentally attractive prices. If you are an investor in the fund and would like a call or meeting to discuss the fund, our process, markets or just to give us your feedback please do not hesitate to reach out to me directly. If I don't get a chance to talk to you directly I want to take this opportunity to thank all of our investors for their placing their trust, capital and patience with us this year and to wish you and your families all the very best for 2017.

Top contributors in November were long positions in Altium +0.53% (Online) and Wells Fargo + 0.46% (USD Beneficiaries). A short position in Boral contributed +0.40% (Housing). Biggest detractors were long positions in McMillan Shakespeare - 0.61% (Value), Shriro -0.57% (Value) and Appen -0.52% (Scarce Growth).

## Fund Facts

The Totus Alpha Fund is an Australian domiciled equity long/short absolute return fund with a minor futures and offshore equities component.

Inception date:	2 April 2012
Total return:	140.8% net of all fees
Minimum investment:	\$250,000
Redemption:	Monthly (post 12 month "soft lock-up")
Prime Broker:	Bank of America Merrill Lynch, Morgan Stanley
Fund Administrator:	Citco Fund Services
Fund Auditor:	Ernst & Young
Fund Custodian:	Bank of America Merrill Lynch, Morgan Stanley
Legal Advisor:	Henry Davis York
Fees:	2% Management, 20% Performance
Hurdle rate:	Founder Series units have a hurdle rate on performance fees set at the RBA cash rate
High water mark:	Yes
Best benchmark:	Absolute return
Fund Manager:	Totus Alpha Management Pty Ltd
Address:	Level 8, 139 Macquarie Street Sydney NSW 2000
Phone:	+61 2 8072 9945
Email:	<a href="mailto:enquiries@totuscapital.com.au">enquiries@totuscapital.com.au</a>
Web:	<a href="http://www.totuscapital.com.au">www.totuscapital.com.au</a>

## Performance Quality Measures (since inception vs. the ASX 300 Accumulation Index)

	Totus Alpha Fund	ASX 300 Accumulation Index
<b>Alpha</b>	<b>21.1537% (annualised)</b>	
<b>Beta</b>	<b>0.1011</b>	
<b>Correlation</b>	<b>0.0731</b>	
<b>Sharpe ratio</b>	<b>1.11</b>	<b>0.62</b>
<b>Sortino ratio</b>	<b>2.14</b>	<b>0.95</b>
<b>Maximum Drawdown</b>	<b>-17.87%</b>	<b>-13.45%</b>

## Performance Summary (net of all fees)

	Totus Alpha Fund Accumulated	ASX300 Accumulation
<b>Latest month (November)</b>	<b>-4.1%</b>	<b>2.8%</b>
<b>Calendar year to date</b>	<b>-16.5%</b>	<b>7.1%</b>
<b>One year rolling</b>	<b>-12.8%</b>	<b>10.1%</b>
<b>Total since inception</b>	<b>140.8%</b>	<b>53.1%</b>
<b>Annualised return</b>	<b>20.7%</b>	<b>9.6%</b>

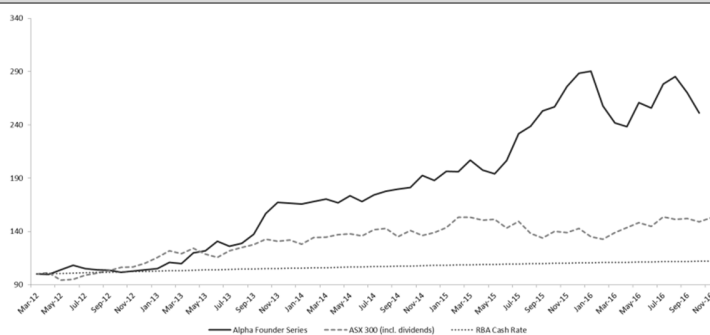
## Month-end Position & Theme Exposures

As at 30 November, the fund had a net exposure of 56.8% and a gross exposure of 215.1%. The fund held 104 positions (55 long and 49 short).

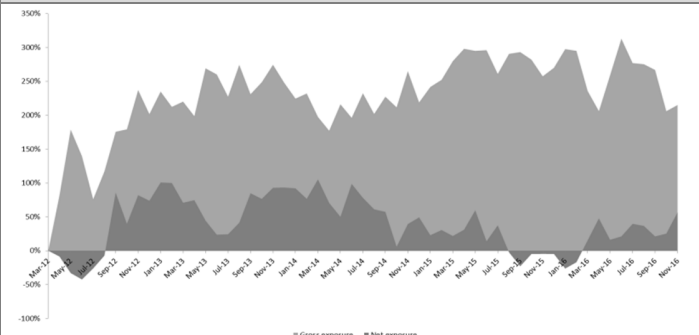
Major investment exposures were as follows:

Longs: Scarce Growth 47.8%, Online 34.7%, Ageing Population 12.3%  
Shorts: Earnings Risk 17.1%, Roll Ups 8.2%, Promoters 7.6%

## Performance Chart Since Inception (Base = 100)



## Gross & Net Exposures Chart (as a % of Net Assets)



Return (%)*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2012</b>				-0.08	4.13	4.07	-2.77	-1.04	-0.34	-1.92	1.02	1.26	4.17
<b>2013</b>	1.13	5.31	-1.06	9.21	1.84	7.21	-3.49	2.10	6.49	14.16	6.69	-0.39	60.14
<b>2014</b>	-0.59	1.44	1.43	-2.15	3.99	-3.02	3.70	2.02	1.02	0.87	6.14	-2.31	12.83
<b>2015</b>	4.60	-0.20	5.53	-4.53	-1.76	6.33	12.21	3.00	6.15	1.52	7.37	4.50	53.51
<b>2016</b>	0.67	-11.27	-6.15	-1.37	9.36	-1.98	8.82	2.58	-5.31	-7.08	-4.12		-16.55

\*All returns quoted are for Founder's Series units