



# Portfolio Report April 2022

## The Rosevalley Behavioural Finance Funds

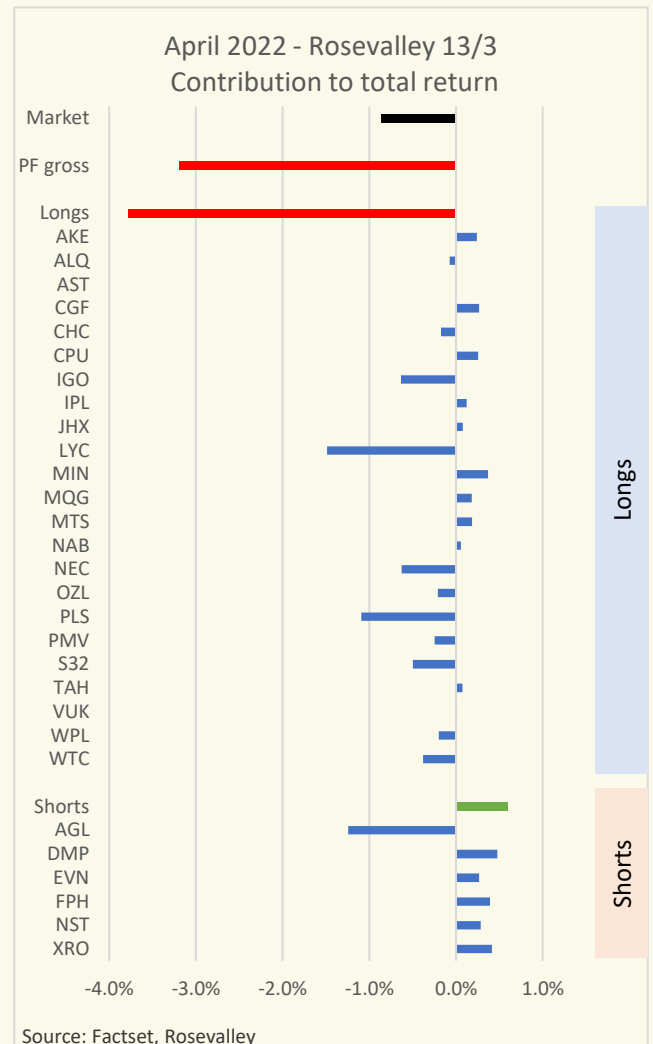
The Rosevalley Behavioural Finance Funds are high-conviction funds that take the theoretical and empirical evidence developed over the past 30 years in Behavioural Finance, and systematically build portfolios from these learnings. The portfolios are constructed on a benchmark-unaware basis, but performance is compared to the ASX-200 accumulation index.

*First-time readers of this report, please refer to the blue box at the end for added context and history*

### Market commentary

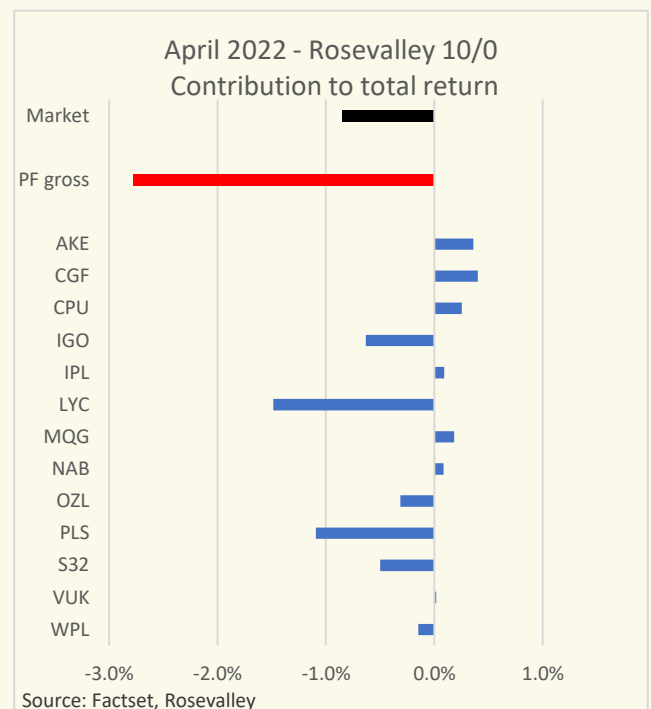
With apologies, no market commentary this month – just the numbers and charts.

	April 2022
MSCI World	-6.9%
S&P 500	-8.7%
DJIA	-4.9%
FTSE100	0.8%
DAX	-2.2%
Hang Seng	4.1%
ASX-200	-0.9%
<b>Rosevalley 13/3</b>	<b>-3.2%</b>
<b>Rosevalley 10/0</b>	<b>-2.8%</b>



Performance as of April 2022								
Portfolio		1 month	3 months	6 months	1 year	Since inception	Since inception	Since inception
						annualized (1 Oct 2018)	annualized (14 Aug 2018)	annualized (1 Aug 2018)
Rosevalley 13/3	Gross	-3.2%	-1.1%	0.9%	8.3%	16.0%		
	Net	-3.4%	-1.7%	-0.5%	4.5%	12.5%		
Rosevalley 15/5	Gross	-1.7%	-5.4%	-4.4%	4.2%		14.4%	
	Net <sup>1</sup>							
Rosevalley 10/0	Gross	-2.8%	5.4%	4.5%	13.9%			19.0%
	Net	-3.0%	4.8%	3.6%	13.1%			8.6%
ASX-200		-0.9%	8.2%	3.6%	10.2%	9.1%	8.7%	8.7%

Source: Rosevalley, Factset. Note returns are not audited. <sup>1</sup>Rosevalley 15/5 was not actively traded during the month, so no net numbers are available.



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*Execution*

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Rosevalley 13/3 Execution		
	Model	Realized
Gross performance	-3.19%	-3.19%
deviation from model portfolio		0.00%
difference between trade price and end-of-previous-month price	-0.04%	-0.05%
trading costs	-0.19%	-0.08%
borrow costs	-0.12%	-0.08%
Reported net performance	-3.54%	-3.40%

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*May Portfolio Manager model overrides*

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	13/3	15/5
<b>Longs taken out</b>	MIN	MIN
<b>Replaced by</b>	MTS	MQG
<b>Comments</b>	All changes driven by sector concentration considerations.	

*Some context for readers who are less familiar with Rosevalley Funds:*

*Rosevalley is a boutique funds manager with a unique approach to portfolio construction. Rosevalley Funds are constructed using the principles of Behavioural Finance (BF). Behavioural Economics and Behavioural Finance were developed over the past 30 years or so through the work of economists like Tversky, Kahnemann, Thaler, Shefrin. The idea behind BF (and the Rosevalley portfolios) is to study human behaviour as it is, not as classical economic theory says it should be (i.e. BF does not believe humans are always rationally maximizing their utility).*

*Rosevalley's portfolio construction algorithms are based on these insights. The model yields a ranking of stocks in order of greatest to smallest upside. Portfolio construction then follows by going long the stocks at the top and short the stocks at the bottom. The flagship product is Rosevalley 13/3, which is a 130/30 fund. We also run a 150/50 (Rosevalley 15/5), and a long-only fund (Rosevalley 10/0). Inception for the three portfolios was during May-May 2018.*

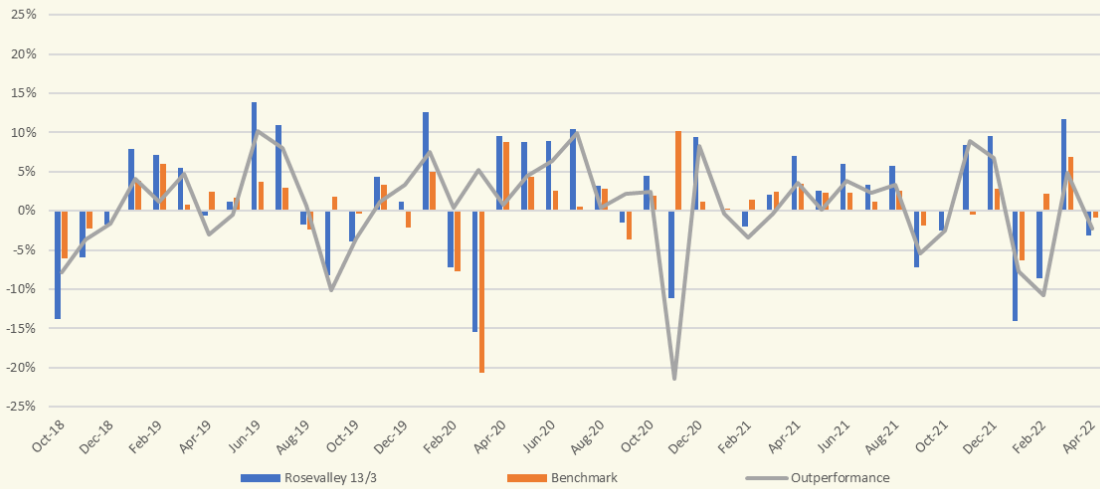
*The portfolios are rebalanced monthly. The Rosevalley team has discretion to make some substitutions, albeit that the bar for those is set high.*

*The monthly report discusses current events, portfolio performance, trade execution, gross-net differences, next month's portfolio, and broader market and macro expectations.*

Rosevalley 13/3  
Since Inception  
Growth of \$10,000



Rosevalley 13/3



*13/3 Portfolio for May 2022: Model and portfolio manager changes*

Rosevalley Funds: The Behavioural Finance Approach

Over the past 30 years Behavioural Finance has emerged as a serious alternative to the Efficient Market Hypothesis. Whereas the Efficient Market Hypothesis starts with the assumption that people (investors) are rational and profit-maximizing, Behavioural Finance builds upon empirical observations of how people actually behave, and goes on to explain securities prices from this principle. Along the development of Behavioural Finance, it has been able to explain many peculiarities that had remained puzzles under the Efficient Market Hypothesis. Rosevalley Funds portfolios are built around the theoretical and empirical underpinnings of Behavioural Finance, and at heart take advantage of the way human beings behave in the real world.

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**ROSEVALLEY FUNDS**

Behavioural Finance Funds

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