



# Portfolio Report October 2022

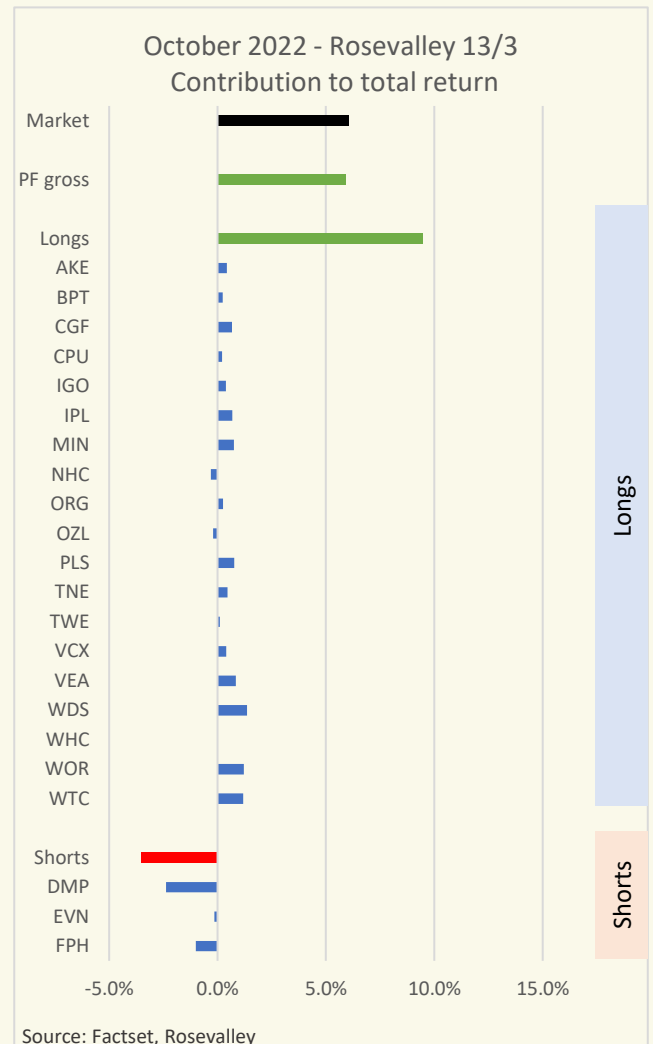
## The Rosevalley Behavioural Finance Funds

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

	October 2022
MSCI World	7.2%
S&P 500	8.1%
DJIA	14.0%
FTSE100	3.0%
DAX	9.4%
Hang Seng	-14.7%
ASX-200	6.0%
<b>Rosevalley 13/3</b>	5.9%
<b>Rosevalley 10/0</b>	6.6%



Performance as of October 2022

Portfolio		1 month	3 months	6 months	1 year	Since inception annualized (1 Oct 2018)	Since inception annualized (14 Aug 2018)	Since inception annualized (1 Aug 2018)
		Rosevalley 13/3	Gross	5.9%	19.5%	5.5%	6.4%	15.4%
	Net	5.8%	18.5%	3.8%	3.2%	11.9%		
Rosevalley 15/5	Gross	5.2%	19.1%	5.7%	1.1%		14.1%	
	Net <sup>1</sup>							
Rosevalley 10/0	Gross	6.6%	16.7%	6.8%	11.6%			18.4%
	Net	7.0%	17.4%	7.4%	11.3%			9.4%
ASX-200		6.0%	0.7%	-5.4%	-2.0%	6.4%	6.2%	6.2%

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.

Portfolio performance

Longer term performance



---

### Execution

---

This month the usual sources of gross-net difference were favourable for the portfolio: the gross-net gap was -20 bps (vs. an expected -58 bps).

Rosevalley 13/3 Execution		
	Model	Realized
Gross performance	5.94%	5.94%
difference between trade price and end-of-previous-month price	0.01%	-0.02%
trading costs	-0.15%	-0.06%
borrow costs	-0.13%	-0.20%
Reported net performance	5.67%	5.79%

---

### November Portfolio Manager model overrides

---

The portfolios for November have one stock substitution for the 13/3 and 15/5 portfolio.

	13/3	15/5
<b>Longs taken out</b>	LTR	LTR
<b>Replaced by</b>	TNE	TWE
<b>Comments</b>	All changes driven by sector concentration considerations.	

See the appendices for full detail on the list for November.

*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 November-November 2018.*

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

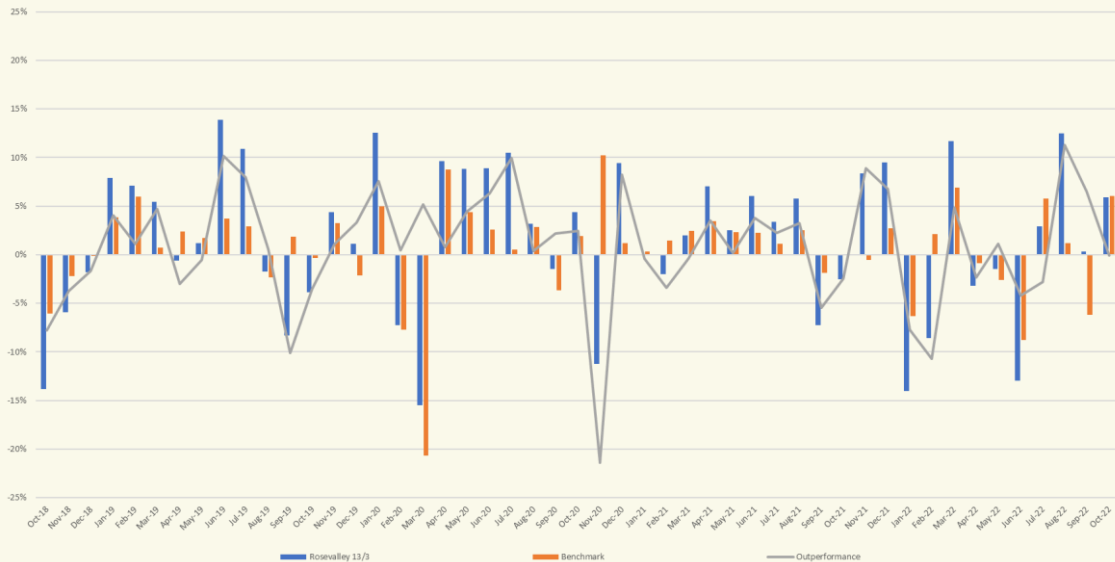
*The monthly report discusses current events, portfolio performance, trade execution, gross-net differences, next month's portfolio, and broader market and macro expectations.*

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



Source: Factset, Rosevalley. Note Rosevalley numbers are not audited

Rosevalley 13/3



Source: Factset, Rosevalley

### 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.

The material contained in this communication (and all its attachments) is general information only and has been prepared by Rosevalley Advisory Pty Ltd ("Rosevalley"). It is not intended to take the place of professional advice and you should not act on any recommendation (if any) made in this communication without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this communication shall be construed as a solicitation to buy or sell a security or to engage in or refrain from engaging in any transaction. Rosevalley believes that the information and advice (if any) contained herein is correct at the time of compilation. However, Rosevalley provides no representation or warranty that it is accurate, complete, reliable or up to date, nor does Rosevalley accept any obligation to correct or update the opinions (if any) in it. The opinions (if any) expressed are subject to change without notice. Rosevalley does not accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the material contained in this communication. This communication November refer to the past performance of a person, entity or financial product. Past performance is not a reliable indicator of future performance. Investors should obtain the relevant product disclosure statement and consider it before making any decision to invest.

**ROSEVALLEY FUNDS**

Behavioural Finance Funds

[info@rosevalleyfunds.com](mailto:info@rosevalleyfunds.com)

+61-457-807-914

[www.rosevalleyfunds.com](http://www.rosevalleyfunds.com)