Dear Fellow Investors,

Thank you once again for joining us on this long-term investing journey. We are extremely grateful for the support that we have received with hundreds of you choosing to invest your capital alongside ours.

Day 1

Whenever we take part ownership in a company we are investing with a time horizon of many years, and ideally decades. As such, the price movements of a single month are generally not relevant to the time scale that we intend to operate. We will however provide an update each month on our progress deploying our initial capital, our portfolio level returns, and the returns of our benchmark, the S&P/ASX Small Ordinaries Accumulation Index.

As we wrote in our welcome letter, our plan is to steadily put our initial capital to work and build out our portfolio patiently, over the first few months of the fund's life. We enjoyed a busy first month as we began that process.

Along with a lot of meetings with listed companies we also met with three technology businesses that are planning to raise capital at the initial public offering (IPO), or pre-IPO, stage. We determined that none of these IPO or pre-IPO businesses meet our high standards yet, but we're pleased to be able to start building a relationship with the founding teams early.

From inception on June 1st through to the end of June, our Benchmark fell -2.37%. Over the same period the Fund returned 2.1%, net of all fees. We ended the month with 15 individual positions in total and with a net cash position of 75.7%. This cash position reflects our plan for steady deployment, and we expect to arrive at our more typical cash position of 5-30% within the next few months.

Maven Smaller Companies Fund (as at 30 June 2020)

Performance	June
Maven SCF	2.1%
Benchmark	-2.37%

In future months, once we have fully built out our positions, we look forward to sharing deep research on some of our high conviction investments with you all.

In the meantime, we want to use this update to share a brief overview of how we are thinking about markets.

We don't play the share market

The market's short-term movements are always inherently uncertain. Most of the time, the system is so complex that it is impossible to forecast what's going to happen next with any degree of accuracy.

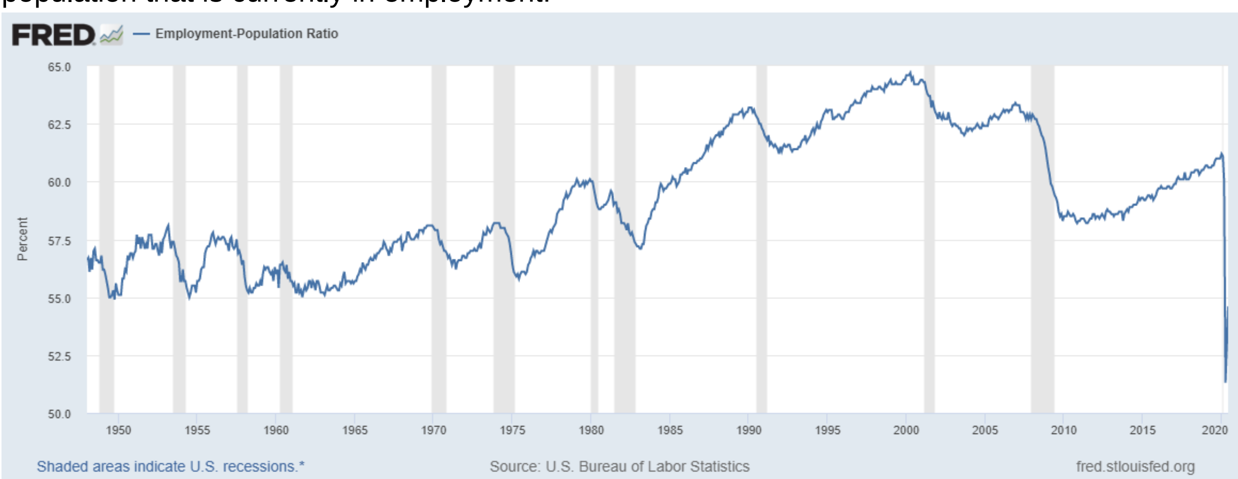
We often get asked what we think about investing in the share market. Our answer is that we don't invest in the share market, we invest in businesses. It's an important distinction. We don't trade 'tickers' or 'names' or stocks. When we invest, we are taking long-term part-ownership positions in real businesses that we believe meet our high standards. Our deep research is focused on the businesses that we invest in, and the competitive dynamics of their industries - **not** the market's short-term share price swings.

The markets are in a particularly unique situation now however so we thought it might be helpful to share some of our thinking on the different forces that are at work.

The immovable object (the bear case)

We'll start with the bear case for share markets because it gets the most attention. The world economy was hit with a once in a hundred-year pandemic. Governments around the world shut down their economies to flatten the curve of infections, with varying degrees of success. Economic activity ground to a halt with the sharpest demand and supply contraction the world has seen since the Great Depression of the 1930's. Not good.

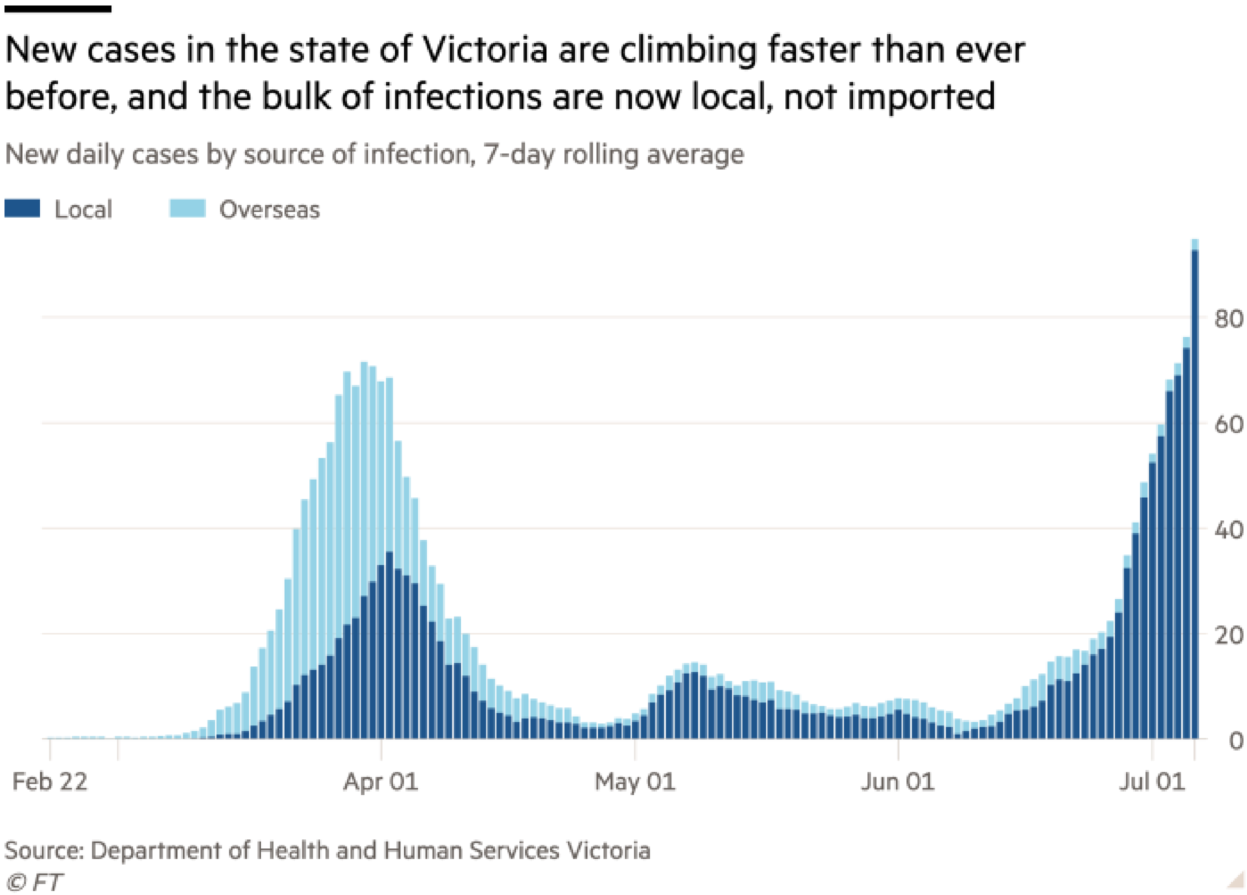
This is probably best captured by a chart showing the percentage of the total United States population that is currently in employment:



(Source Federal Reserve of St Louis)

The percentage of Americans currently employed is lower than any time since the survey began – and that includes the 1950s when many households had only one wage earner. That fall is a severe economic shock.

Meanwhile, there is also the risk that a second wave of infections (technically it's really just the first wave - but that's splitting hairs) means that there could be another round of lockdowns. This could either be a government-led lockdown as we saw in March, or a longer individual-led lockdown where people avoid public areas, restaurants, travel etc. for fear of contracting the virus. This risk is best captured by charts of daily reported new cases. In many parts of the world, it's not great news, including our own Victoria:



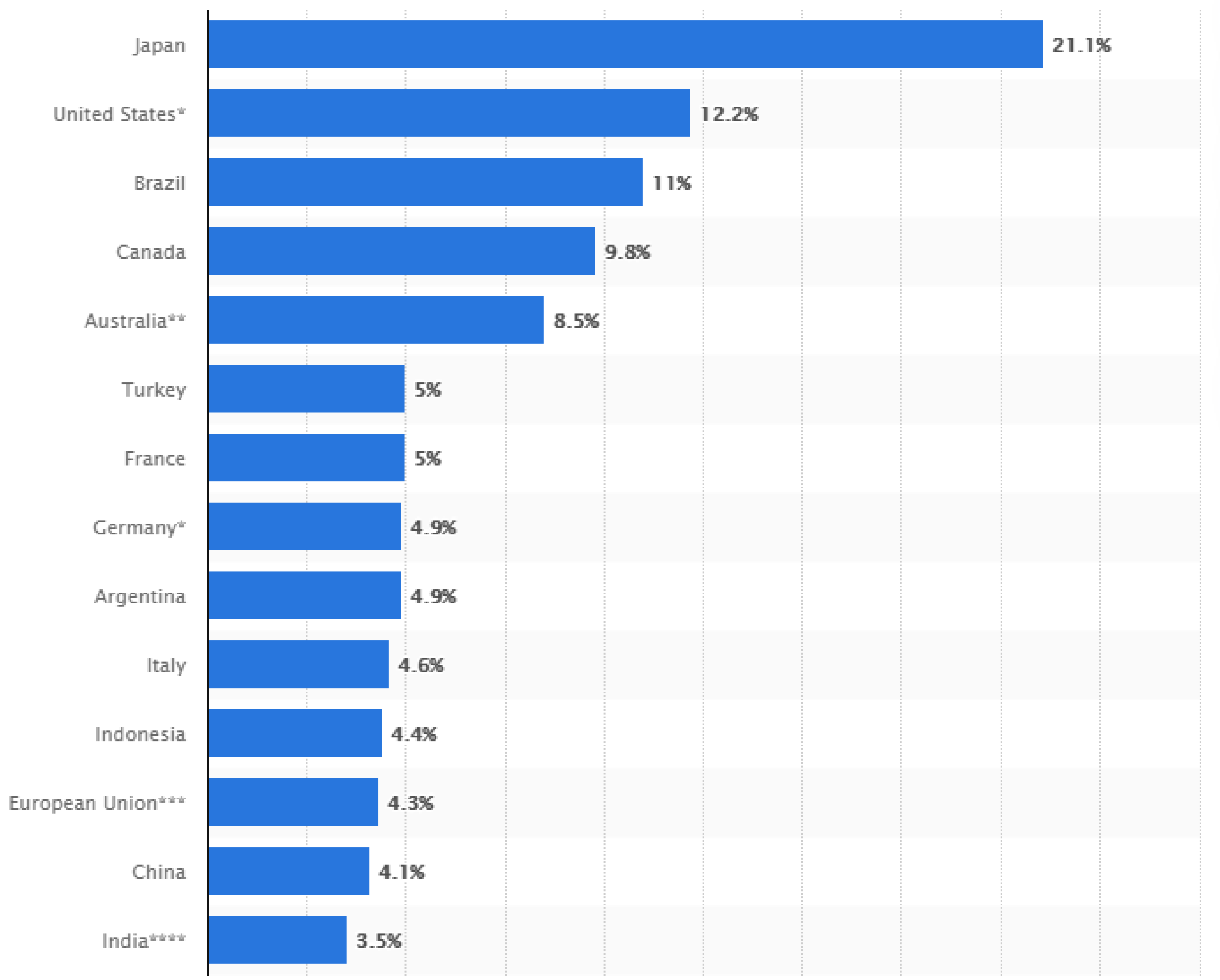
(Source: The Financial Times)

The bear case in its simplest terms is that the economic impacts are huge and still to be fully felt, and that there may still be significant further lock downs.

The irresistible force (the bull case)

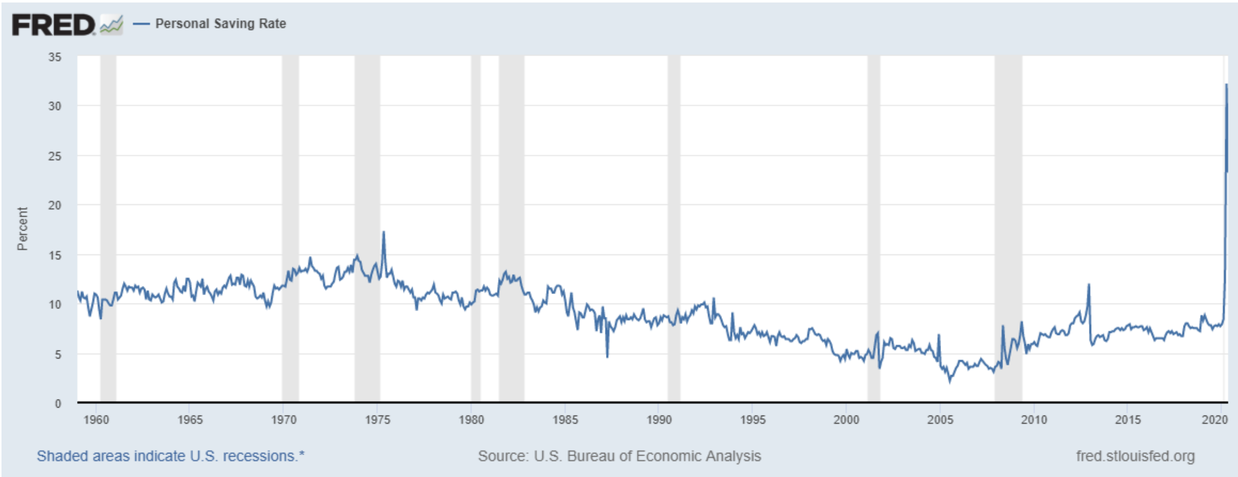
The bull case rests on three points: unprecedented stimulus, pent up consumer demand, and a new wave of retail investors.

In response to the pandemic, governments around the world launched the biggest wave of fiscal and monetary stimulus in history. The below chart shows the fiscal stimulus for the major G20 economies as a percent of GDP. This excludes the trillions of dollars of monetary stimulus (effectively, money printing) that has also occurred.



(Source: Statista)

Japan for example, has already begun spending a whopping 21% of its typical annual GDP on stimulus. This vast wave of stimulus has meant that in many countries the median consumer bizarrely has *higher* income during this period. Combined with an inability to spend as usual, the average consumer’s savings rate has soared to unprecedented levels:



(Source: Federal Reserve of St Louis)

Which is all a perfect set up for the bull case of there being a V-shaped economic recovery. The argument is that despite how bad the underlying economy is, the wave of stimulus has been (or will be) enough to completely overwhelm the gloom, at least in the short term.

Then there is the third major element to this bull case - a feedback loop as millions of new investors pile into the market. Several forces have contributed: idle time during the lockdown, government stimulus unlocking extra cash, sports gambling being unavailable, and a technological disruption from free mobile-based share trading. Apps like Robinhood in the U.S. have gamified investing.

Take those three factors, huge stimulus, pent-up demand, and new speculative investors, and throw in a dash of near-zero interest rates, and you have the perfect recipe for a strong bull run.

Up, down or sideways

It's normal for broad market price movements to be the result of a complex interplay between self-reinforcing dynamics. That is what makes short term market sentiment so difficult to predict. What is unusual right now is how strong each force is. We have the most severe economic slowdown in a generation, and it is being met head on by the largest stimulus in economic history.

So far, the stimulus has won the day, as the share market rallied significantly off its lows. If this continues to feed on itself through speculation, then the market could rise much further. Conversely, a 'second wave' of infections could lead to an individual-led shut down that renders any stimulus ineffective.

Or the two forces could balance out. For example, if each new outbreak is met with a fresh round of stimulus, then the market could grind sideways until there is news of a vaccine breakthrough.

Which is all a long way of saying that the complex adaptive system that we call the share market is extremely difficult to forecast in the short term.

Our move

Thankfully we don't have to predict the short-term share price movements of thousands of businesses. We only need to focus on the long-term fundamental value creation of the select group of companies that we choose to take ownership stakes in.

We are generally looking for businesses that are highly resilient to changing economic circumstances, with strong balance sheets and durable cash flows. It can be helpful to think through what future events are possible so that we can understand how well our businesses are prepared for them. But being prepared for a range of possible futures is quite different from needing to predict precisely which ones will eventuate.

As a reminder, businesses that we invest in will typically have some, and ideally many, of the following attributes:

- Competent and aligned management team (ideally Founder-led).
- Capital-light, with high returns on incremental invested capital.
- Attractive unit economics, such as a low cost to acquire customers or high customer retention rates.
- First-mover and/or dominant competitor in an emerging and important industry.
- High quality earnings.
- Demand and supply side competitive advantages such as high switching costs, network effects, unique intangible assets.
- Strong balance sheet.
- Unknown or misunderstood by the market.
- Tipping past a fundamental inflection point where the future underlying cash flows generated by the business are expected to improve significantly.

Lastly, but most importantly for every investment, the securities must be trading at an attractive price at time of purchase.

We are starting out with a large cash weighting, and steadily deploying capital, so any big market pullback in the near term would mean we are poised to take advantage. But either way, if we invest in a collection of quality businesses that meet our high standards then we expect to be well placed to deal with whatever the market throws at us.

And don't forget the long-term arc of human progress is overwhelmingly positive. Billions of people go to work each day to improve our collective well-being through the beautiful system that we call democratic capitalism. Our role is to allocate capital to the very best businesses that are creating value for us all, and let their progress do the heavy lifting in our portfolio.

What's next?

We are looking forward to continuing putting more of our initial capital to work, meeting with management teams, and considering various capital raisings that we are pitched. We will update you once again on our progress deploying our initial capital next month.

Thank you all once again for choosing to invest your capital alongside ours and joining us on this long-term investing journey.

Best,
Matt Joass, CFA

Fund Information

As at	30 June 2020
Buy Price	1.0236
Redemption price	1.0185
Mid price	1.021
Portfolio value	57,916,580
Positions held	15
Cash weighting	76%