

The Monash Absolute Investment Company Ltd

ASX Code: MA1

CIO Update AGM November 2016



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Presentation Outline

- 1) Company Overview
- 2) Investment Philosophy and Process
- 3) Portfolio Structure
- 4) Top positions
- 5) Investor Updates
- 6) How to get more updates
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MA1 Company Overview – 31 October 2016

MA1 is an Australian equity listed investment company that employs an absolute return strategy (both long and short) to create wealth

	31 October 2016
Gross Assets	\$52.1m
Share Price	\$0.93
Pre-tax NTA (est)	\$0.9844(Unaudited)
Post Tax NTA (est)	\$0.9912 (Unaudited)
Options outstanding	52.5m
Option price (MA1O)	\$0.011
Option expiry	27 September 2017

Key Features:

1. Absolute return (long and short)
2. Relatively concentrated
3. Benchmark unaware
4. Pre-IPO stocks
5. Stock size agnostic
6. Style agnostic
7. Key focus on capital preservation
8. Lower volatility expected
9. Unique investment philosophy
10. Manager track record

Since inception Performance, 12 April 2016 to 31 October 2016

- NTA Pre Tax 2.23%
- NTA Post Tax 1.76%



We aim to ‘*reliably grow investor wealth*’

We start with a simple idea

We believe that wealth can be reliably grown over time by investing in stocks (long and short) that meet our very high return hurdle requirements, while adopting various strategies to preserve capital



Our unique investment philosophy has been shaped by 50 years of combined investment experience

- ① Most stocks are fairly priced most of the time but significant mispricing does occur
- ② Sometimes these stocks can be identified in advance because of recurring situations or patterns of behaviour - we focus on these opportunities

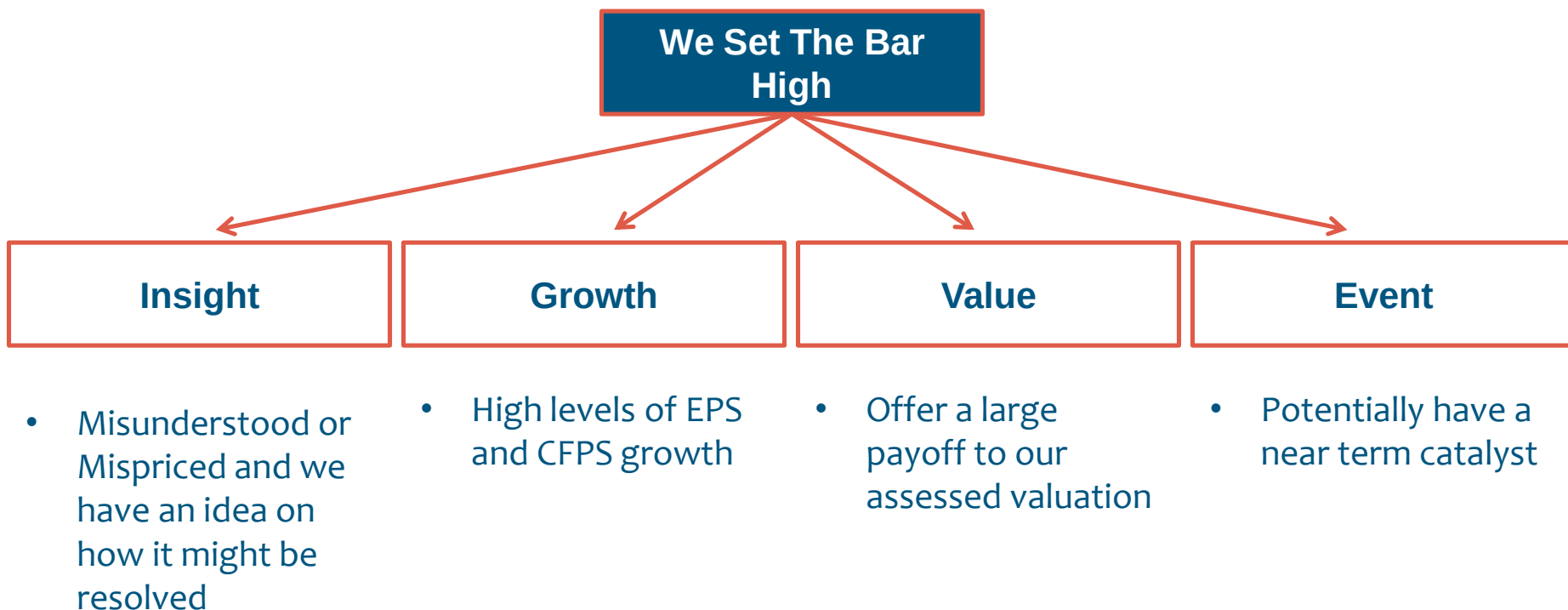


Examples of recurring situations and behaviours that often lead to mispricing by the market

- ① Underestimation of significant change
- ② Analyst reputation management
- ③ Drive by boards to exploit high ROE opportunities in their core business
- ④ Limitations of company guidance
- ⑤ Overlooked signals
- ⑥ Business disruption
- ⑦ Misjudging risk
- ⑧ Corporate motives by brokers
- ⑨ Lack of analyst coverage
- ⑩ Pre-IPO



Not trying to cover the whole market, but on asymmetric payoffs that have a combination of these four attributes



We classify stocks based on expected payoff and event

Definition	Explanation
Outlook	• High conviction positions • Expecting large payoffs • Long and short
Event	• Shorter term event trades • Pre, post and liquidity • Long and short
Pairs	• Market neutral positions in companies in same industry sector with different outlooks
Group	• Basket approach • Various strategies • Includes Pre IPO



Portfolio structure – 31 October 2016

Stock	Number of Positions	(%)
Outlook Stocks (Long Stocks)	20	71%
Outlook Stocks (Short)	2	-6%
Event, Pair and Group (Long)	6	18%
Event, Pair and Group (Short)	1	-0%
Cash		18%
Total		100%
Gross Exposure		94%
Net Exposure		82%



Top Outlook Stocks (long) – 30 September 2016

Company	Business
Emerchants	Transaction Cards
Challenger	Retirement Incomes
G8	Childcare
Greencross	Pet Retail / Vet
Netcomm	Telecommunications
Impedimed	Medical Device
Yowie	Confectionary
Silverchef	Leasing/Rental
Catapult	Sport Technology



Top Short Stocks – 30 September 2016

Company	Business
Coca-Cola Amatil	Beverages
Sky Network	Telco and Pay TV



Update - Emerchants (long): Product Roll Out and Lack of Analyst Coverage

Insight

- Exciting new product – meeting the needs of corporates and customers
- Limited analyst coverage

Growth

- Significant product rollout opportunity
- New industry verticals
- Geographic expansion underway in Europe and USA

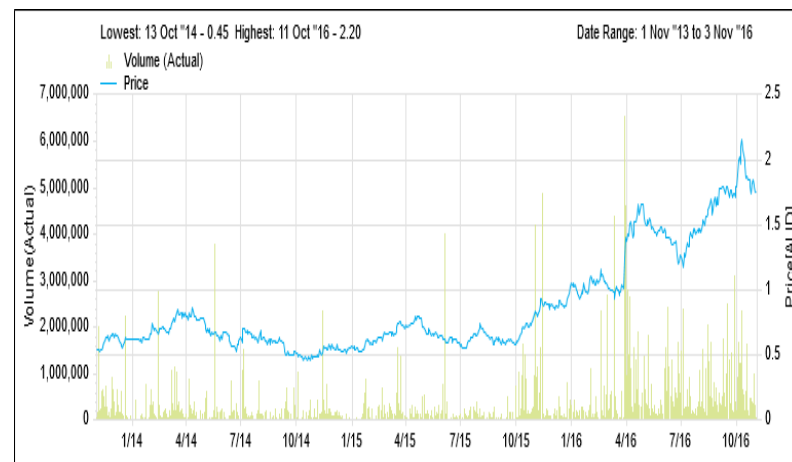
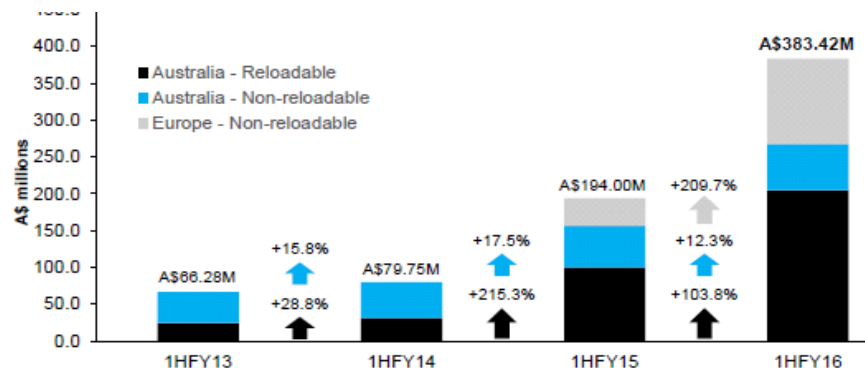
Value

- Business has significant operating leverage
- Material upside to our price target

Update

- First client in UK Bet365 announced - 30 March
- Acquisition Store Financial US - 28 April
 - Expands capability to Digital and Mobile Cards
 - Raised capital at \$1.45 per share
- Multiple new USA client announcements in October

emergents
empowering | Your Money



Source: FactSet



Impedimed (long): Market Underestimating Significant Change and Lack of Analyst Coverage

Insight

- Breakthrough Medical Device
 - monitors fluid status by bio-impedence
 - Early warning for Lymphedema & Heart Disease
- Regulators & Hospitals Enthusiastic
 - FDA approved Class 1 Device
 - US Medicare CPT1 Reimbursement
- Limited analyst coverage

Growth

- Global rollout opportunity
- Remote monitoring / ehealth
- Consumer wellness / fitness applications

Value

- Very large market opportunity
- 20% NPAT margin typical
- Similar to Resmed / Cochlear

Update

- Published study showed 90%+ reduction in Lymphodema
- Mayo clinic doing heart failure study

Say hello to SOZO.

The world's first intuitive device that allows you to take control of your health.



Health/Wellness

Creates a routine around your individual health and wellness needs to fit your lifestyle and improve your life.



Fluid Status

Understands, and helps you adjust and manage the fluid status of your body down to a tablespoon.



Body Composition

Delivering your fat, fluid and tissue percentages at an unparalleled level of accuracy.



Weight

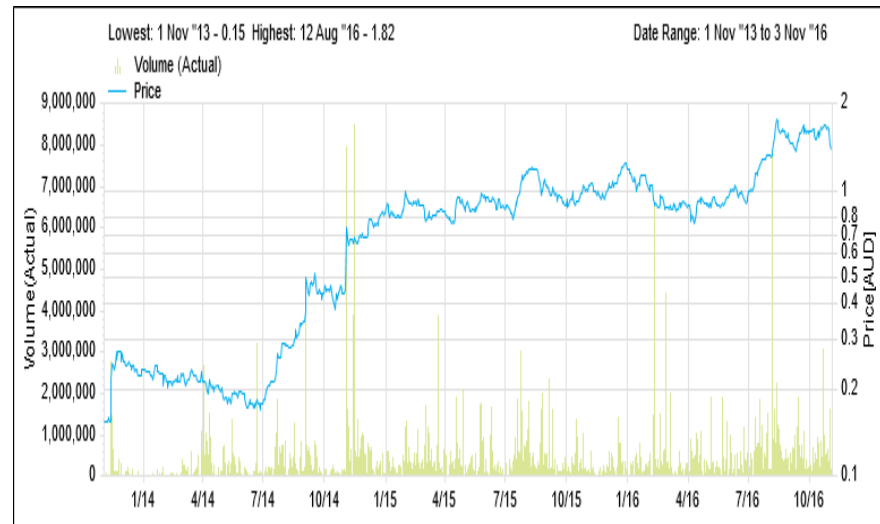
Develops a customized plan to help continue to build your healthy body and become the fittest you.



Hydration Monitoring

Accurately measures and allows you to maintain maximum hydration to keep your body at peak performance.

[Discover more](#) | [Buy Now \\$ 499.99](#)



Catapult (Pre-IPO): Behaviour of Customers

Insight

- Significance of product rollout
- Natural monopoly
- Behaviour of customers – competitive, price insensitive

Growth

- Volumes to grow >10x in next 5 years
- Prices charged to grow strongly over time
- Additional revenue from media and sub-elite

Value

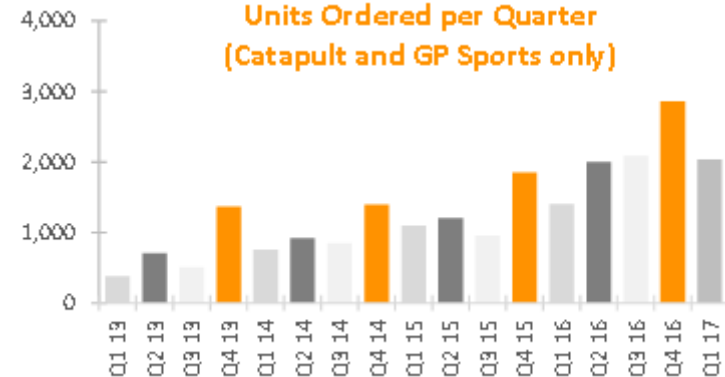
- Sales are increasingly subscription based – recurring revenue attracts a high multiple
- Pricing power not yet being exercised

Update

- 13 July – Acquires XOS, Capital Raise at \$3
- Developing “Pro-sumer” product

catapult.

Units Ordered per Quarter
(Catapult and GP Sports only)



Sky TV (short): Limitations of Company Guidance and Analyst Reputation Management

Insight

- Fragmentation effect of Netflix & other streamers
- Competition understood, but impact underestimated
- Limitations of company guidance
- Analyst reputation management

Growth

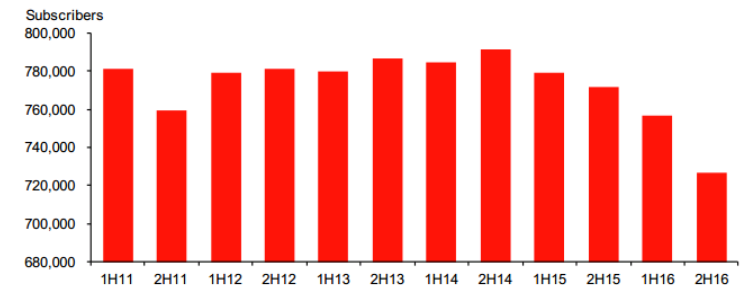
- Subscriptions and Revenue to negatively surprise
- Fixed Cost leverage to declining sales to cause a greater fall in EPS

Value

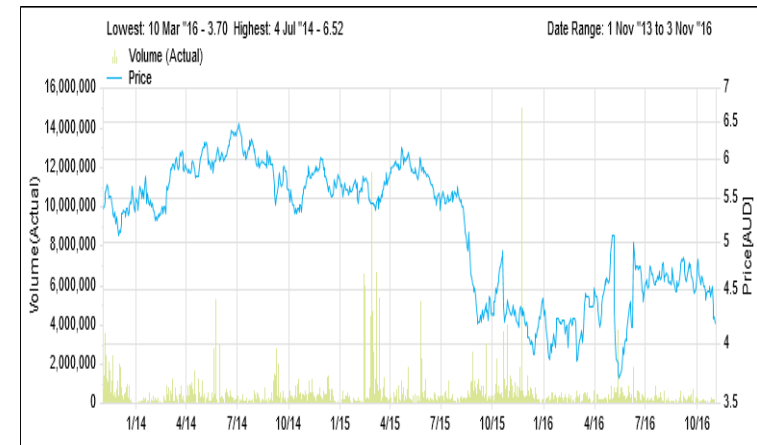
- Historically priced as a growth utility

Update

- Stock responded dramatically to its third downgrade
- Stock rallied on merger with Vodafone NZ
 - puts 2 troubled businesses together
 - signals an exit strategy for insiders
- NZ Commerce Commission adverse announcement



Source: Company data, Macquarie Research, May 2016



Source: FactSet



Recent investor updates

- Click on the following links to learn more
 - [Lovisa – long runway of store roll out opportunities](#)
 - [How to read between the lines of company guidance – educational content](#)



Click on any of the following links to get more regular updates about what is happening at Monash Investors

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- 2) [Follow us on Twitter here](#)
- 3) [Subscribe to our newsletter and blogs here](#)
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Appendix



About the Investment Manager



- ① Founded in 2012 by Simon Shields and Shane Fitzgerald
- ② Track record of 13.5% p.a. after fees (from inception 30 June 2012 to 31 October 2016) with far lower volatility than the market and with little to no leverage
- ③ 50+ years of combined experience at institutional grade managers including UBS/CFS & JPMorgan
- ④ Manager is majority owned by the Portfolio Managers
- ⑤ Portfolio Managers have large portion of own wealth invested in the strategy

The Australian
HEDGE FUND
awards2014 | *Winner*
BEST EMERGING FUND
Monash Absolute Investment Fund





Paul Clitheroe AM - Chairman (Independent)

- Co-Founder of ipac securities in 1983
- Previous host of “Money” and now Chairman of Money Magazine
- Chair of Financial Literacy at Macquarie University
- Chairman of youth drink driving body RADD
- Chairman of ASX Listed Australasian Wealth Investments (AWI)
- Non-Executive Director of Wealth Defender (WDE)



Suvan de Sosya – Non-executive Director (Independent)

- 30+ years of wealth management experience
- Co-founder of ipac
- Previous Managing Director of private client business of AXA UK subsidiary
- Has sat on numerous audit and compliance committees, and responsible officer for ipac’s superannuation funds



Simon Shields – Executive Director (Not Independent)

- One of Australia’s leading fund managers
 - Head of Equities at UBS Global Asset Management and Colonial First State
- UBS Australian Share Fund, managed by Simon won the “Best of the Best” 2012 – Money Magazine
- Member of / led multi-award winning equity teams across different investment styles
 - Monash 4 years – Style Agnostic
 - UBS 5 years – DCF Style
 - Colonial First State 9 years – Growth Style
 - Rothschild/Westpac 9 years – Value Style



Portfolio Manager biographies



Simon Shields CFA, B.Comm (Hons), LLB, MBA

- One of Australia's leading fund managers
 - Head of Equities at UBS Global Asset Management and Colonial First State
- UBS Australian Share Fund, managed by Simon won the “Best of the Best” 2012 – Money Magazine
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Shane Fitzgerald B.Comm (Hons)

Highly rated equity analyst

- 20 years an equity analyst, including
- 14 years sell side experience
- Head of JPMorgan Insurance and Diversified Financial Research
- Member of the multi award winning JPMorgan Research Team

Broad experience

- | | | |
|---------------|----------|----------|
| • “Sell side” | 14 years | JPMorgan |
| • “Buy side” | 4 years | UBS |
| | 4 years | Monash |



Key contact information

- **For investors, please contact Share Registry at Boardroom Limited**
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 - (+612) 9290 9600 (outside Australia)
 - enquiries@boardroomlimited.com.au
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 - andrew@winstoncapital.com.au
 - (+61) 401 716 032

