Monash ABSOLUTE INVESTMENT COMPANY

Monash Absolute Investment Company Limited

Monash Absolute Investment Company Limited (ASX: MA1) **Wednesday, 7th June 2017**
May 2017 End of Month Update

In the interests of keeping the market fully informed of performance on a timely basis, we release a preliminary estimate of the Pre-Tax Net Tangible Asset Backing per share. It is only a guide, the official NTA will be released later in the month. We estimate that as at 31 May 2017 the NTA Pre-Tax was $0.8578.

Company Strategy

The Monash Absolute Investment Company offers investors access to an investment strategy that seeks to:

- achieve a targeted positive return over a full investment cycle; and
- avoid a negative return each financial year

The Company is benchmark unaware, style and stock size agnostic, both long and short, and only invests in compelling opportunities. In keeping with the Company's absolute return objectives, if the investment manager cannot find stocks that meet the very high return hurdle requirements, the Company will preserve that capital in cash at bank.

Monthly Commentary

The portfolio fell 0.84% (after fees) for the month of May, during which the Small Ords fell 2.05 % and the S&P/ASX300 fell 2.74%. Notwithstanding the Company's focus on absolute returns, it is good to see it beating the market in May, after a poor six months of relative performance. May is also the first month in the last eight where the Small Ords has beaten the large cap stocks.

During May the Company initiated two more short positions which, in combination with cutting a holding, had the effect of lifting its net cash weighting from 20.8% to 28.7%.

This month's update highlights the winners that contributed and losers that detracted from performance over May.

Continued on next page.

Company at a Glance 31 May 2017

ASX Code - Shares	MA1
ASX Code - $1 Options Sep17	MA1O
Portfolio Size	$44.8m
Share Price	$0.78
Option Price	$0.001
Shares on Issue	52.1m

Portfolio Structure 31 May 2017

Outlook Stocks (Long)	20 Positions	68%
Outlook Stocks (Short)	2 Positions	-5%
Event, Pair and Group (Long)	4 Positions	13%
Event, Pair and Group (Short)	2 Positions	-5%
Cash		29%
TOTAL		**100%**
Gross Exposure		90%
Net Exposure		71%

Estimated NTA (unaudited) 31 May 2017

Estimated NTA Pre Tax	$0.8578

Return Estimate to 31 May 2017

	NTA Pre Tax
1 Month	-0.92%
3 Months	-2.53%
6 Months	-8.36%
FYTD	-10.69%
Since Inception p.a.	-9.69%

For more information about the Company and the strategy please refer to the Monash Investors website at www.monashinvestors.com. You can also follow us on Livewire here or subscribe to our updates here

Winners

Netcomm Wireless (ASX: NTC) rose 32%. This bounce was more of a reflection that the share price should never have traded as low as it did, rather than any particularly good news regarding the company's fortunes.

Netcomm's Fixed Wireless device is being rolled out by the NBN. NBN customers who use it have the highest satisfaction rating of all NBN users, and a similar device being provided by Netcomm is now being rolled out by AT&T in the USA. The NBN is also expanding its use of Netcomm's fibre to the curb (FTTC) device in preference to its original fibre to the node (FTTN) strategy in order to improve customer experience.

With these major contracts underway, Netcomm should have a substantial lift in revenues and earnings in FY18 and this recently led a broker to upgrade their earnings forecasts and price target for the stock. The Company modestly added to its position during the recent weakness in Netcomm's share price, and is well placed for the likelihood that the company should have more contracts to announce this calendar year.

EML Payments (ASX: EML) rose 19%. It gave a bullish earnings shareholder update early in the month. The highlights were transaction volumes running ahead of expectations and a strong cash outcome for Q3.

EML continues to quickly penetrate the US market with its transaction cards and payment solutions. EML's update provided detail around various contract wins. The nature of its business is such that it provides visibility to likely volumes over time, reducing analyst uncertainty in forecasting its earnings. EML should see EBITDA[1] double in FY18 and further momentum into FY19 as major contracts scale up.

Losers

Catapult (ASX: CAT) fell 22%. Catapult's share price has been trending down since its successful capital raising mid last year, despite little change in its sales and earnings outlook. There was a small share issue in early May to fund an acquisition.

Catapult continues to grow its wearable sports technology business for elite and professional athletes, which provides it with a reliable subscription based revenue stream. The acquisition of video technology provider XOS Digital (enabled by last year's large capital raising) and this month's small capital raising for the proposed acquisition of player management software, cements their leading product offering – they dominate the space.

In May they launched their "pro-sumer" offering. A device with a standard interface, tailored for each sport, to be bought by schools and amateur club teams. See www.playertek.com/aus

It will be interesting to see the level of early sales from the Playertek device. There is certainly very little in the share price for it. It, too, is a subscription based revenue model, albeit at a much lower price point than the more complex product. Given the quick adoption by professional teams of the original Catapult device, the ball's in Catapult's court – to use a sporting analogy.

[1] EBITDA is earnings before interest, tax, depreciation and amortization and is a measure of a company's operating performance.

Greencross (ASX: GXL) fell 17%. May was a difficult month for Australian retailer stocks on the back of market pessimism regarding the impact of Amazon next year. There was also some weak ABS[2] retail sales numbers disclosed this month, which added to the gloom.

Greencross own Petbarn, which has been achieving good like for like sales growth and continues to roll out new stores. However, the Company took the opportunity to cut its position in Greencross early in the month as both the growth opportunity and the market rating looked as though it would become more adverse over time.

[2] ABS refers to the Australian Bureau of Statistics