Monash ABSOLUTE INVESTMENT COMPANY

Monash Absolute Investment Company Limited

Monash Absolute Investment Company Limited (ASX: MA1) **3rd November 2017**
October 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 October 2017 the NTA Pre-Tax was $0.9656.

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 Company's pre-tax NTA increased 5.32% (after fees) for the month of October, during which the S&P/ASX200 rose 4.01% and the Small Ords rose 6.02%. The NTA has now risen by 10.44% in the first four months of this financial year.

During the month, 104,846 shares were bought under the Company's on market share buyback. A total of 1,344,570 shares have now been bought back at a discount to NTA.

October is generally a quiet month, as news flow pauses between the results announcements of August and the AGMs of November. However, a number of our stocks benefitted from disclosures to the market in October from their quarterly cash flow statements, and below we provide an overview on some of the more notable contributors to returns this month. This allowed us to keep up with the market in a strong month, even though we had a cash weighting of 25%.

Company at a Glance 31 October 2017

ASX Code - Shares	MA1
Portfolio Size	$49.4m
Share Price	$0.83
Shares on Issue	51.1m

Portfolio Structure 31 October 2017

Outlook Stocks (Long)	19 Positions	70%
Outlook Stocks (Short)	3 Positions	-7%
Event, Pair and Group (Long)	4 Positions	13%
Event, Pair and Group (Short)	0 Positions	0%
Cash		25%
TOTAL		**100%**
Gross Exposure		90%
Net Exposure		75%

Estimated NTA (unaudited) 31 October 2017

Estimated NTA Pre Tax	$0.9656

Return Estimate to 31 October 2017

	NTA Pre Tax
1 Month	5.32%
3 Months	10.22%
6 Months	11.53%
FYTD	10.44%
1 Year	-1.92%
Since Inception p.a.	0.18%

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 her

Notable Contributors for October

Catapult (ASX: CAT) rose 46%. Catapult is the world leader in wearable technology for elite and professional sport.

It had been sold off by the market in the September quarter on the back of the Company's reluctance to provide FY18 guidance until later in the year, and concern that business development expenditure was pushing out the timing of strong profit growth.

However, its first quarter cash flow statement showed a better than expected result, leading to upgrades in EBITDA[1] by one analyst of 25%. This helped the stock price rise through October, and it made back most of what it lost in the proceeding three months.

eServGlobal (ASX: ESV) rose 36%. eServGlobal has a 35% share in a business with MasterCard called HomeSend.

HomeSend is a global payment network that enables businesses and individuals to send and receive funds internationally through one connection.

The Joint Venture (JV) with MasterCard drew our attention to ESV. HomeSend seems to be gaining traction in the global payments market. It has recently signed up a number of banks, which will add incremental revenue to HomeSend's existing peer-to peer, remittance based revenues and is also accelerating the JV's path to profitability.

We participated in a share placement it undertook in October to strengthen its balance sheet in order to take advantage of this strongly growing opportunity.

Emeco (ASX: EHL) rose 26%. Emeco leases "yellow" trucks, diggers and dozers to mining companies and their contractors.

The mining vehicle leasing industry is highly cyclical, and has both operational and financial leverage. Following the resources cycle bust, mining contractors handed back their vehicles and there was a glut. Lease rates collapsed and fleets had low rates of utilization. The price of second hand vehicles collapsed too, leading to large write-downs.

In the next couple of years, we expect that Emeco's fleet utilization and lease rates should return to levels that are more normal. With its balance sheet on the path to recovery, and facing a less competitive environment, we expect to see its profitability surge. It is a great exposure to a recovery in mining services because unlike mining contactors it carries minimal project execution risk.

Emeco provided an operational update in October, demonstrating that its recovery is on track.

[1] EBITDA is earnings before interest, taxes, depreciation and amortization and is a measure of operating earnings.