

Monash Absolute Investment Company Limited

ASX ANNOUNCEMENT

6 September 2018

Monash Absolute Investment Company Limited (ASX Code: MA1) Webcast - Post Reporting Season Update

Attached is the webcast presentation that will be presented today at 11am AEST.

During the presentation, Simon Shields from Monash Investors will provide an update on the following:

1. Performance of the key portfolio holdings during reporting season versus last reporting season
2. Portfolio performance over the past year
3. Key changes within the portfolio
4. An update in relation to MA1's simultaneous equal access buy back and share purchase plan

Details of the webcast are as follows:

1. **Date:** Thursday 6th September 2018
2. **Web Address:** Please register by [Clicking on this link](#)
3. **Time:**
 - 11.00AM Sydney, Melbourne, Canberra, Brisbane, Hobart
 - 10.30AM Adelaide
 - 9.00AM Perth

The presentation will be made available on the Monash Investors website for anyone who cannot make the above time, following the webcast.

For more information, please contact:

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Monash Investors Post Reporting Season Webcast

6 September 2018



Post August Reporting Season Webinar overview

- **Agenda**

- A review of reporting season news and portfolio impacts
- A review of performance
- A review of top Outlook stocks in the portfolios
- A summary of key actions within the portfolios over the past six months, and
- Three stock stories
- Overview of MA1 innovative buy back and share purchase/placement scheme

- **Webinar Details**

- **Date:** 6 September 2018
- **Time:** 11.00AM (NSW, Qld, Vic, Tas), 10.30AM (SA/NT), 9.00AM WA
- **Public Link:** <https://edge.media-server.com/m6/go/monash-investors-update>



Two ways to access the Monash investment strategy – small differences between the strategies

1. ASX Listed Investment Company

1. ASX Code : MA1
2. 49,223,436 Shares on Issue
3. 17% discount to NTA as at 31 August 2018
4. Lonsec Investment Grade

2. Managed Fund

1. APIR Code MON0001AU
2. Daily priced
3. Minimum Initial Investment 20k
4. Available on key platforms
5. Lonsec Investment Grade



FY2018 saw a strong bounce back in performance

- **Key messages,**

1. Strong 12 months of performance in line with longer term objectives
2. Good start to FY19 performance
3. Exposed to growing companies in different industries
4. Maintained no exposure to the major banks or major resource companies
5. Maintained a conservative posture with low net exposure to the market and continue to do so



Reporting Season was mixed and stock price responses were often volatile

Top Holdings 28 Feb 2018	Top Holdings 31 August 2018	Business Description Top Holdings 31 Aug 2018	Result Top Holdings 31 Aug 2018	Reaction in February Top Holdings 31 Aug 2018
Emeco	Speedcast New	Marine and Remote Telco	Miss, but not held at that date	+3.9% since purchase
Lovisa	Emeco	Mining Equipment Rental	In line	+4.3%
AfterPay Touch	Lovisa	Jewelry Retailer	In line	-3.1%
Experience Co	EML Payments	Gift Cards and Specialty Transactions	In line	+7.2%
NetComm Wireless Exited	Afterpay Touch	Pay Later Retail Payments	Outlook above expectations	+27.9%
G8 Education	Paragon Care	Healthcare Equipment	In line	-8.8%
Alexium	Experience Co	Adventure / Tourist Experiences	Outlook below expectations	-26.6%
Electro Optic Systems	Healthia IPO New	Podiatry & Physio	N/A To IPO 11 Sep 2018	N/A
Challenger Exited	Nearmap	Hi Res Aerial Imagery	In line	+9.7%
Kogan.com Exited	Electro Optic Systems	Laser Based Tracking Systems	Beat	+8.2%

Top 10: 2 positive, 5 in line, 2 negative, 1 N/A



The managed fund is on target to meet its dual investment objectives (after fees) over six years

To 31 August 2018
(after fees)

Inception Date 2 July 2012



Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
2012/13	1.46%	-1.15%	-0.20%	1.81%	1.09%	2.91%	3.90%	4.39%	2.00%	1.13%	-1.10%	1.05%	18.53%
2013/14	5.57%	1.40%	7.08%	2.96%	-0.58%	-0.47%	0.86%	2.62%	4.72%	-1.27%	-0.54%	-1.01%	23.05%
2014/15	3.06%	2.32%	-4.31%	-0.22%	-1.61%	0.55%	1.55%	2.33%	1.08%	0.08%	-0.55%	-1.86%	2.21%
2015/16	6.57%	0.22%	-0.46%	3.88%	2.36%	6.00%	-4.97%	-2.88%	2.43%	1.87%	2.39%	-3.84%	13.62%
2016/17	1.93%	-1.11%	0.73%	0.75%	-5.15%	0.39%	-4.01%	-2.04%	1.25%	-2.74%	-0.84%	2.02%	-8.78%
2017/18	0.29%	1.31%	3.53%	5.07%	3.27%	1.27%	0.82%	-2.40%	-1.58%	-4.24%	3.81%	-0.04%	11.24%
2018/19	3.35%	-0.18%											3.17%

Since Inception (after fees) 9.74% p.a.

Source: MAIF : Monthly Performance Report & Unit Prices www.monashinvestors.com

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Long term returns have not been achieved by index hugging

	Monash Absolute Investment Fund ¹ (Managed Fund)	Vanguard Australian Shares Index ETF ² (ASX Code : VAS)	Vanguard MSCI Australian Small Companies Index ETF ² (ASX Code : VSO)
5 year after fee returns p.a. 31 July 2018	<ol style="list-style-type: none"> 6.26% p.a. Average Cash Weight 20.4% 	<ul style="list-style-type: none"> 9.01% p.a. 	<ul style="list-style-type: none"> 9.36% p.a.
# Positions 31 July 2018	<ul style="list-style-type: none"> 21 	<ul style="list-style-type: none"> 300 	<ul style="list-style-type: none"> 159
Top 5 31 July 2018	<ol style="list-style-type: none"> Speedcast Emeco Lovisa EML Payments AfterPay 	<ol style="list-style-type: none"> CBA BHP WBC CSL ltd ANZ 	<ol style="list-style-type: none"> Iluka Downer Atlas Arteria Orora ITD Northern Star Resources
Sector allocation 31 July 2018	<ol style="list-style-type: none"> 28.7% Cash 13.7% Div Financials 9.4% Tech Services 7.9% Process Industries 7.3% Consumer Services 	<ol style="list-style-type: none"> 32.9% Financials 18.2% Materials 8.5% Health Care 7.9% Consumer Staples 7.7% Real Estate 	<ol style="list-style-type: none"> 23.4% Materials 14.9% Con. Disc. 13.9% Industrials 9.0% Info Tech 9.0% Financials
Holdings/ sectors allocation as at the end of July 2018. Source Monash Investors ¹ , Vanguard July 2018 Factsheets ²			



MA1's performance has recovered well following announcement & commencement of buy back put in place to deal with discount to NTA

To 31 August 2018

(after fees) – Monash Absolute Investment Company Limited (MA1)



Inception Date 12 April 2016

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
2015/16										0.98%	2.33%	-3.48%	-0.26%
2016/17	2.13%	-1.10%	0.73%	0.74%	-4.92%	0.21%	-4.07%	-2.22%	1.15%	-2.74%	-0.95%	1.95%	-8.97%
2017/18	0.21%	1.14%	3.64%	5.37%	3.49%	1.19%	0.77%	-2.29%	-1.46%	-4.82%	4.22%	1.04%	12.52%
2018/19	2.82%	-0.13%											2.68%

Since Inception (after fees) 2.03% p.a.

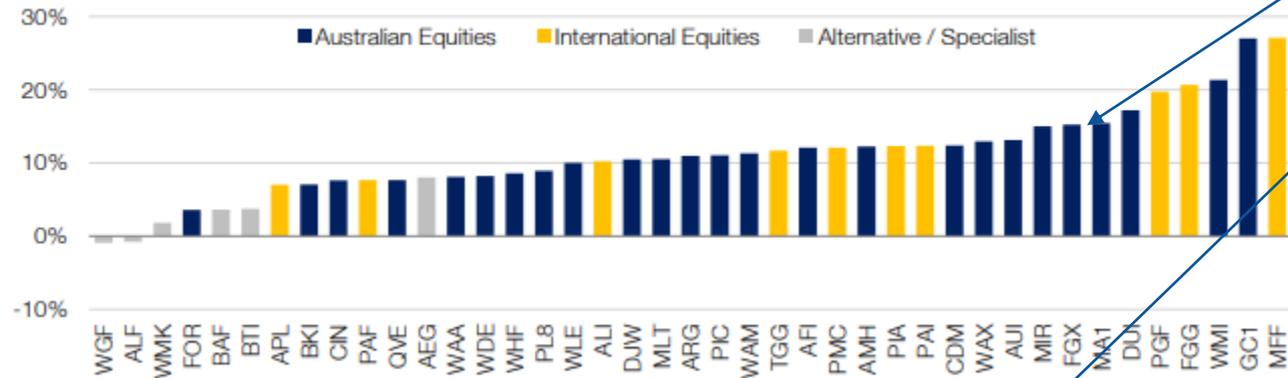
Source: MA1 Announcements www.asx.com.au



MA1 has performed well against other Australian equity LICs over past 12 months, which has seen the discount narrow (to July 2018)

12-month NTA growth assuming cash dividends

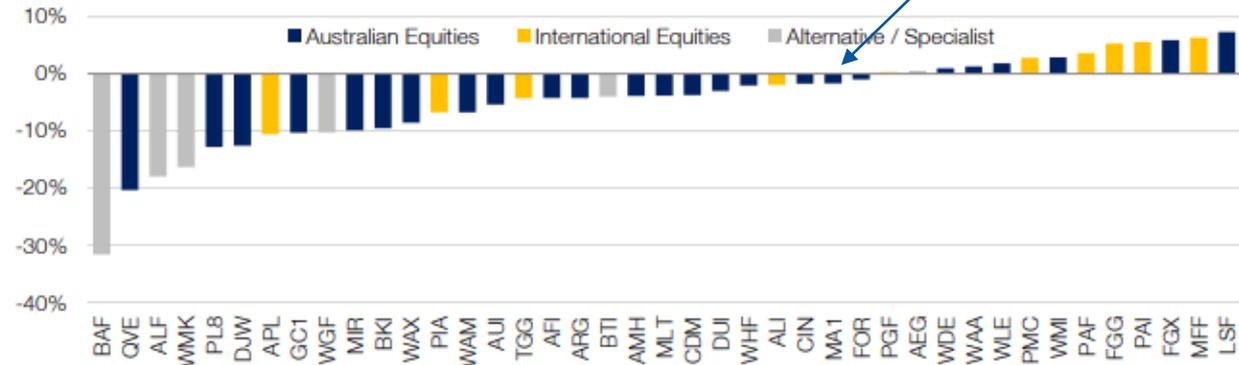
The chart below shows movements in pre-tax NTA year on year, including cash dividend payments with no reinvestment.



MA1

Variance between 12-month premium / discount to pre-tax NTA

Illustrates movements in premiums and discounts over the last year e.g. an LIC with a premium of 20% currently vs 10% a year ago would be shown as +10% in the chart below.



Source: Macquarie Wealth Management, August 2018



Key recent actions

- **New Additions / Increases**
 - AfterPay (APT) was purchased in May 2018 at \$7.30
 - Increased Nearmap (NEA) in July 2018
 - Purchased Speedcast (SDA) in August 2018
- **Sold / Decreases**
 - Trimmed weight in Emeco (EHL) & Lovisa (LOV) in May 2018
 - Exited Challenger (CGF) and Netcomm Wireless (NTC) in August 2018
 - Trimmed AfterPay (APT) in July at \$14.70 and August at \$18.10
- **Shorts**
 - Exited and then Shorted Kogan (KGN) in June 2018
 - Closed Kogan Short in June 2018
 - Sky TV (SKT) short closed in July 2018



MAIF Portfolio snapshot as at 31 August 2018

Type	# of Positions February 2018	# of Positions August 2018	(%) February 2018	(%) August 2018
Outlook Stocks – Long	18	17	60%	62%
Outlook Stocks - Short	2	1	-5%	-3%
Event, Pair and Group Trades - Long	3	3	15%	12%
Event, Pair and Group Trades - Short	0	0	0%	0%
Cash	N/A	N/A	30%	29%
Total	23	21	100%	100%
Gross Exposure			79%	77%
Net Exposure			70%	71%
Beta			0.47	0.57



MA1 Portfolio snapshot as at 31 August 2018

Type	# of Positions February 2018	# of Positions August 2018	(%) February 2018	(%) August 2018
Outlook Stocks – Long	18	17	61%	61%
Outlook Stocks - Short	2	1	-5%	-3%
Event, Pair and Group Trades - Long	3	3	15%	13%
Event, Pair and Group Trades - Short	0	0	0%	0%
Cash	N/A	N/A	29%	29%
Total	23	21	100%	100%
Gross Exposure			81%	77%
Net Exposure			71%	71%
Beta			0.47	0.57



Afterpay (Outlook Long): Product Roll Out & User Ramp Up

Market underestimating step changes in earnings



Insight

- Exciting buy now pay later product that is a win win for the merchant and consumer
- Rapid adoption particularly with Millennial Market
- Attractive expose to the online shopping trend

Growth

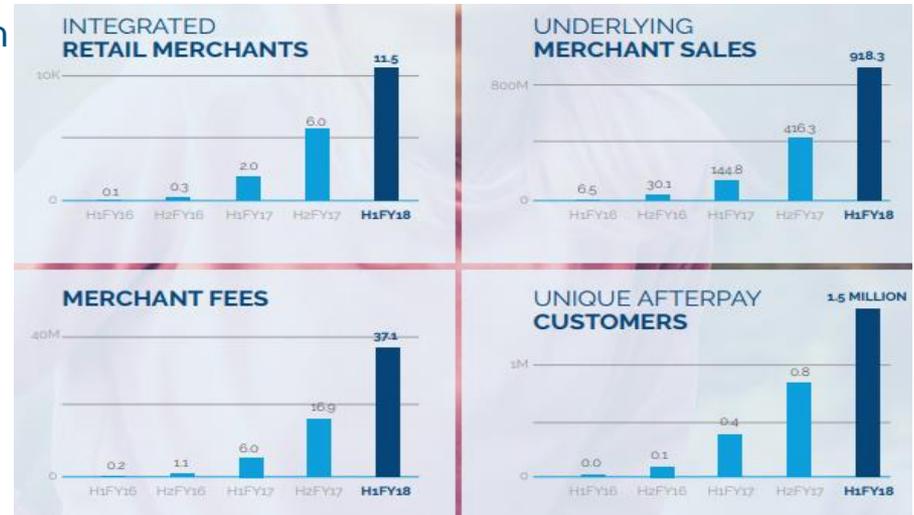
- Experience exponential growth on all metrics:
 - Number of merchants, Number of customers
 - Merchant sales, Merchant fees
- In store roll out
- Geographical expansion
 - Expansion in USA with strategic partner Matrix
 - Expansion in UK following acquisition of ClearPay

Value

- Material upside to our target price from successful US expansion
 - Early signs of strong US traction

Update

- We have cut the weighting at recent high prices



Source: Company data



Source: FactSet



Telix – Pre IPO: An important feature of the investment strategy



Insight

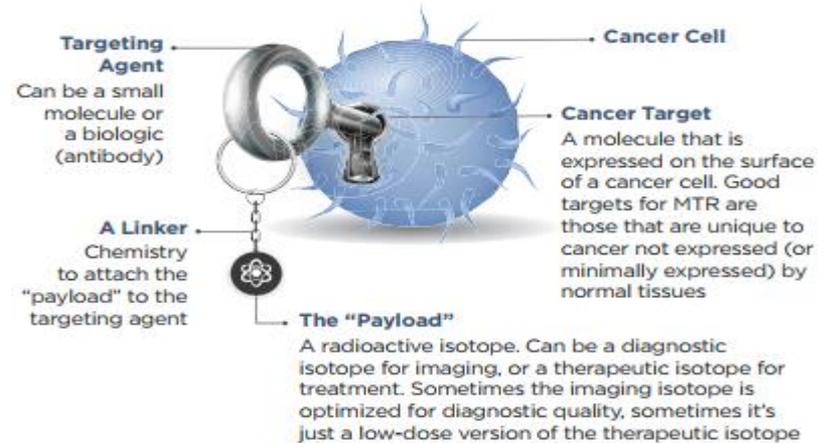
- Telix provides imaging and therapy to prostate, renal (kidney) and glioblastoma (brain) cancer patients using molecular targeted radiation.

Growth

- Its lead program is in late stage phase 3 trials and therefore first revenues should be generated within 18 months.

Value

- Telix has 4 clinical programs at various stages of development, ranging from Phase 3 to Phase 1.
- This provides numerous valuation inflection points as newsflow from these programs emerge.
- There have been a number of corporate transaction in this space over recent months.
- We brought into Telix Pre-IPO at a price of \$0.17, and made 3x on its IPO. The success of any 1 of Telix's 4 clinical programs has the potential to be worth multiples of its current valuation.



Source: Company data



Source: FactSet



Lovisa – Vertically integrated retailer, global rollout



Insight

- Lovisa sells fast fashion jewellery
- Vertical integration protects retail margin
- Store payback <12 months
- Perfected systematic approach
- Global rollout opportunity
- Company to accelerate execution

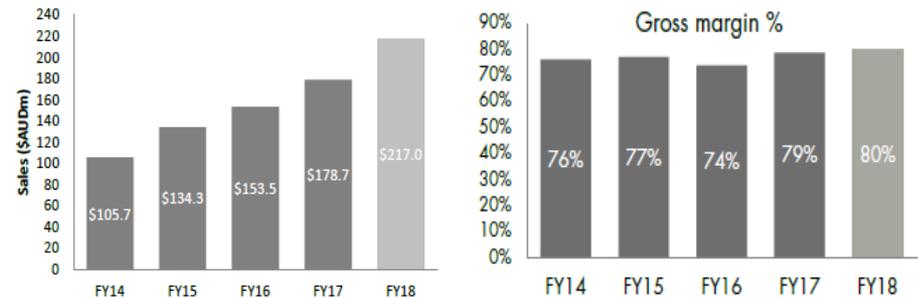
Growth

- We expect >20%pa Sales growth over next 3-5 years from
 - Like for Like growth (price & volume)
 - Store Rollout: UK, France, Spain, USA
- Additional opportunities to acquire multiple sites from distressed retailers

Value

- Our DCF is >100% above current share price
- However, high near term PE of 27x FY19
- Short term stock price will be driven by near term business performance
- Like for like sales growth will slow this year
- We have trimmed position at recent high prices

Comparable sales up 6.8%



- Total Global Sales Revenue up 21.4% to \$217m



Source: FactSet



Key messages

- Underlying businesses of our stocks are generally meeting our high expectations
 - We exit the exceptions
- Share prices mostly responding to the good news
- Outlook for portfolio remains strong
 - We have only touched on the larger positions in this presentation
- Always looking to make money for the portfolio:
 - Size agnostic, style agnostic, long/short, pre-IPO
 - Not wedded to any stock, we set and keep the bar high, eg CGF, NTC
 - Will keep finding new opportunities, e.g. APT, HLA



MA1 - Buy back & Share Purchase Plan reminder

- Simultaneous Off Market Buy Back and Share Purchase Plan closes on 7th September 2018
- Buy Back Price and Issue Price is \$0.96 per MA1 share. This was calculated by applying a 5% discount to the 31 August 2018 pre-tax NTA of \$1.01 per share.



Q&A

- Questions are now welcome from callers



Disclaimer

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Contact Information to learn more about Monash Investors

If you would like to learn more about the Monash Investors strategies, please email one of the following: -

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