

The Monash Absolute Investment Company Ltd

ASX Code: MA1, MA1O

CIO Update

AGM

7 November 2019



Presentation outline

- 1) Company Snapshot
- 2) 2019 Financial Year Highlights
- 3) Performance Review
- 4) Portfolio Structure
- 5) Proposed Restructure into an ETMF



Monash Absolute Investment Company Ltd

Snapshot at 31 October 2019

Feature	Description
ASX Code	<ul style="list-style-type: none"> MA1
Shares on issue	<ul style="list-style-type: none"> 44,314,634 shares
Options outstanding	<ul style="list-style-type: none"> 44,314,634 options, \$1.05 exercise price, expiry 15 May 2020
Total NAV (pre-tax)	<ul style="list-style-type: none"> \$50,288,246 (estimate)
NTA Pre Tax	<ul style="list-style-type: none"> \$1.1348 (estimate)
Share Price	<ul style="list-style-type: none"> \$0.96
Dividends payable	<ul style="list-style-type: none"> Yes
ASX Listing date	<ul style="list-style-type: none"> 12 April 2016
Investment Manager	<ul style="list-style-type: none"> Monash Investors Pty Ltd (AFSL 417201)
Board	<ul style="list-style-type: none"> Paul Clitheroe, Independent Chairman Suvan de Soysa, Independent Director Simon Shields, Non Independent Director
Fees	<ul style="list-style-type: none"> Management fee 1.5% p.a. (plus GST) Performance fee 20% (plus GST) > RBA Cash Rate subject to HWM



2019 financial year highlights

Portfolio Return

+8.77%

Net Profit After Tax

\$2.8m

Fully Franked Dividend

\$0.02 Per Share

Fully Franked Dividend Yield

2.08%

Share Price at 30 June

\$0.8150

Pre-tax NTA at 30 June

\$1.0589



Recent performance has been very strong

After fee returns to 31 October 2019

	MA1 NTA	Peer Rank		MA1 Price		ASX200	Small Ords
CYTD	34.33%	1/12		37.06%		22.12%	19.84%
FYTD	9.06%	2/12		20.25%		2.00%	2.59%
3 Months	4.32%	2/12		10.11%		-0.91%	-1.84%
1 Year	22.28%	2/12		22.50%		19.28%	14.41%
2 Years pa	9.91%	3/12		9.34%		10.81%	8.34%
3 Years pa	5.83%	6/11		2.18%		12.56%	10.38%
Inception pa <small>From 12 April 2016</small>	5.56%						

Sources

MAIF : Monthly Performance Report & Unit Prices www.monashinvestors.com MA1: Announcements www.asx.com.au

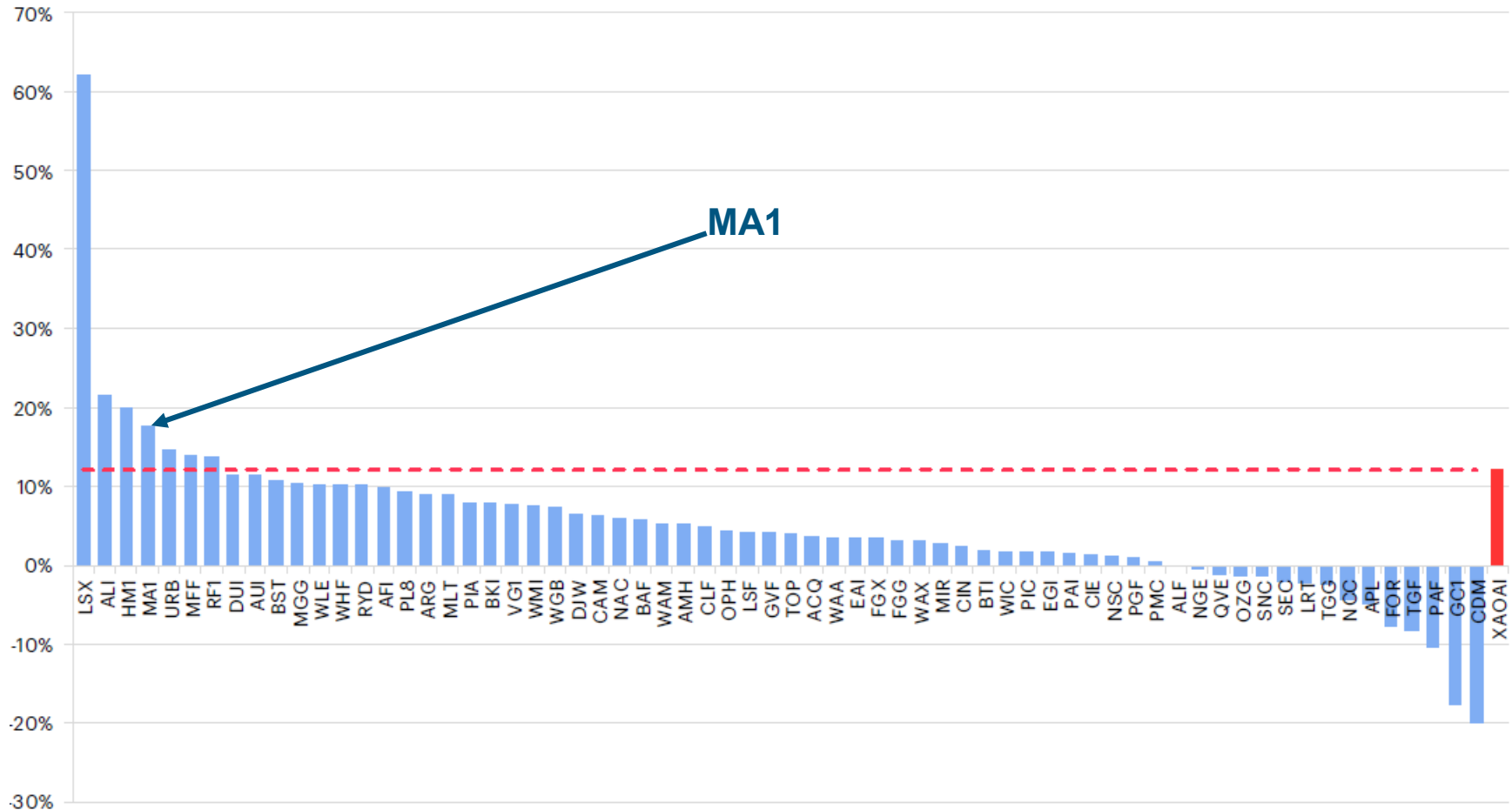
Peer Rank: Source SQM Research, Rank for MAIF vs Lonsdale determined peers, data as at 31 October 2019

ASX Indices: S&P Dow Jones Indices



MA1's 1 year NTA growth is near the top of all LICs

NTA performance – % return over 12 months

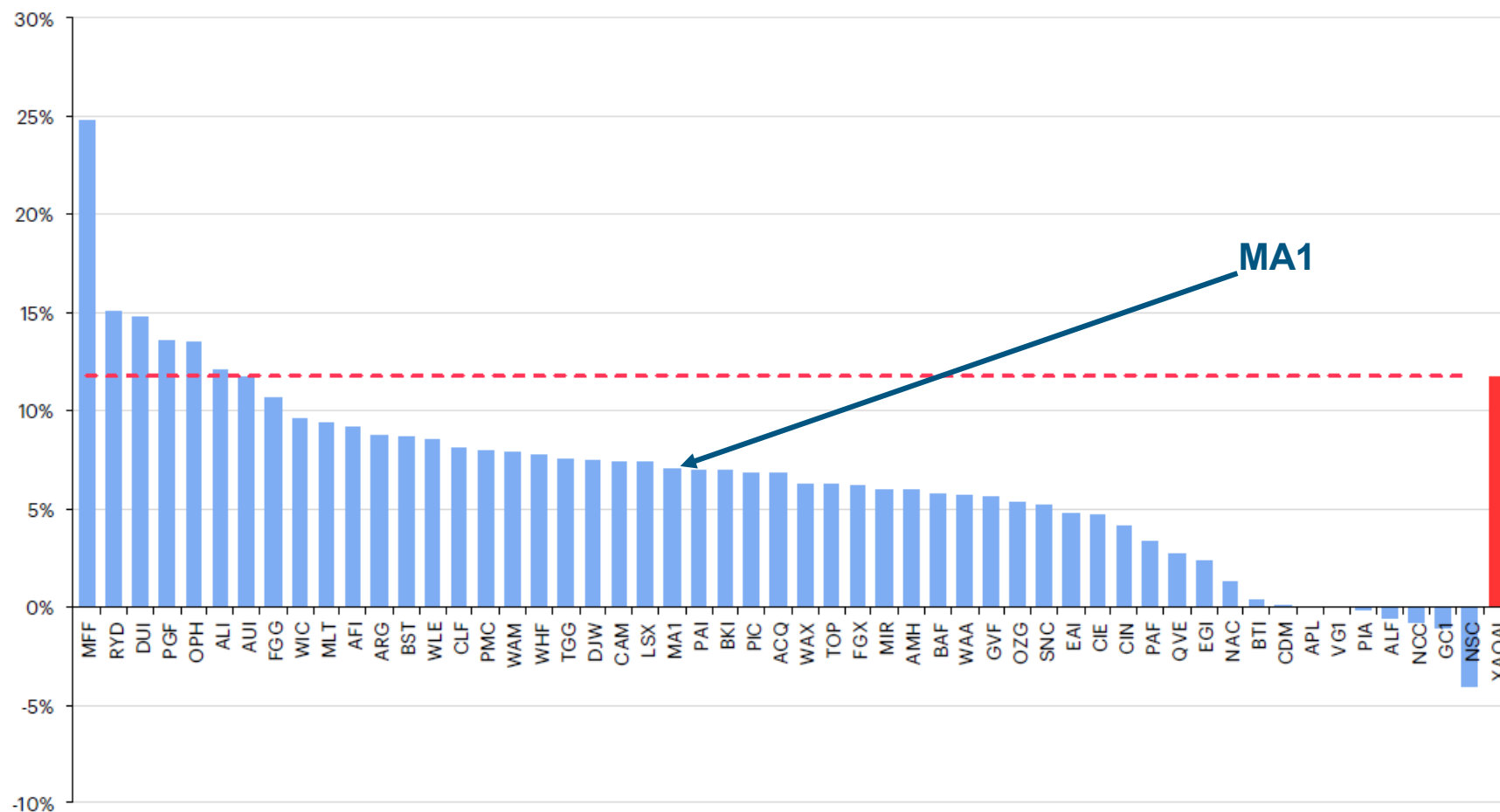


Source: E.L. & C. Baillieu – October 2019



MA1's 3 year NTA growth is near average for all LICs

NTA performance – %pa return over 3 years



Source: E.L. & C. Baillieu – October 2019



Portfolio structure – 31 October 2019

Stock	Number of Positions	(%)
Outlook Stocks (Long Stocks)	19	74%
Outlook Stocks (Short)	1	-2%
Event, Pair and Group (Long)	3	12%
Event, Pair and Group (Short)	0	0%
Cash		17%
Total		100%
Gross Exposure		88%
Net Exposure		83%



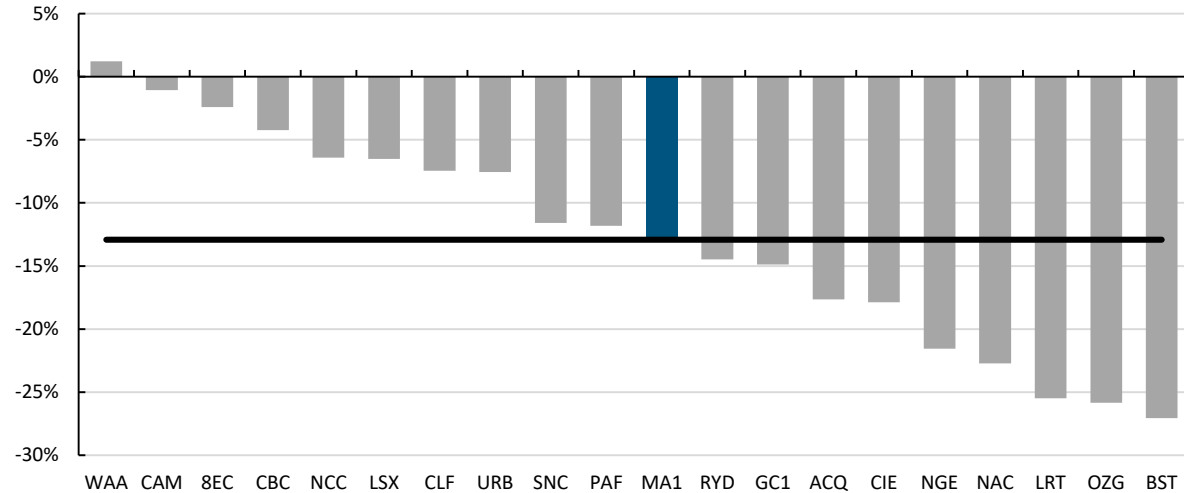
Top long and short holdings as at 31 October 2019

Company	Business	ASX Code	Portfolio Weight (%)
Electro Optic Systems	Laser Targeting Applications	EOS	8.6%
Kogan.com	Online Retailer	KGN	7.5%
People Infrastructure	Workforce Management	PPE	6.0%
Service Stream	Infrastructure Construction and Maintenance	SSM	5.8%
Telix	Nuclear Medicine	TLX	5.6%
EML Payments	Transaction Cards and Payments Processing	EML	5.2%
Lovisa	Jewellery Retailer	LOV	4.9%
Healthia	Physiotherapy and Podiatry	HLA	4.3%
Coca-Cola Amatil	Beverages	CCL	-2.3%
Cash Holdings	N/A	N/A	16.8%

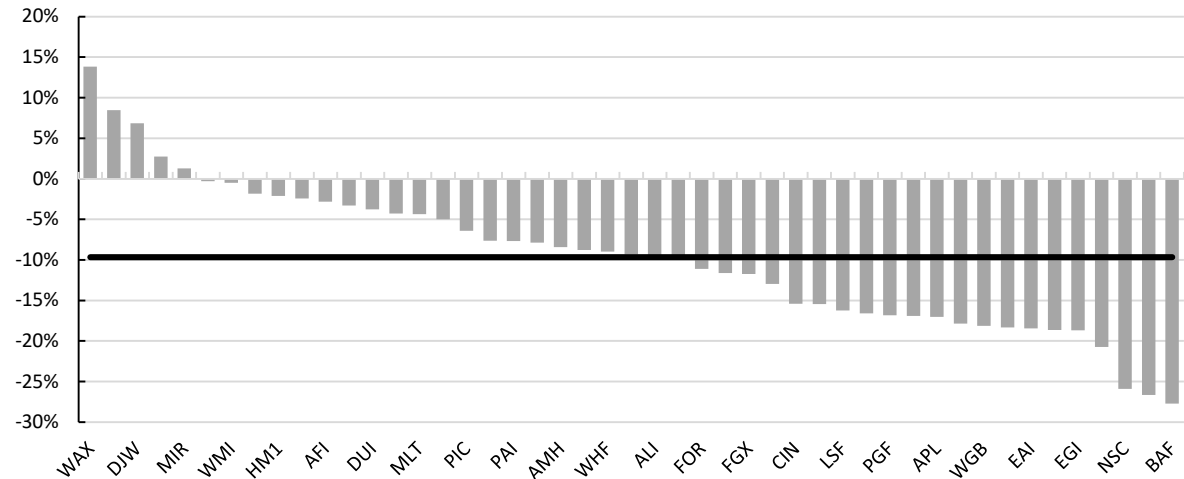


We continue to trade at a discount – so we are planning a permanent resolution

LICs < \$100m
Aug-19
Average Discount
-12.9%



LICs > \$100m
Aug-19
Average Discount
-9.7%

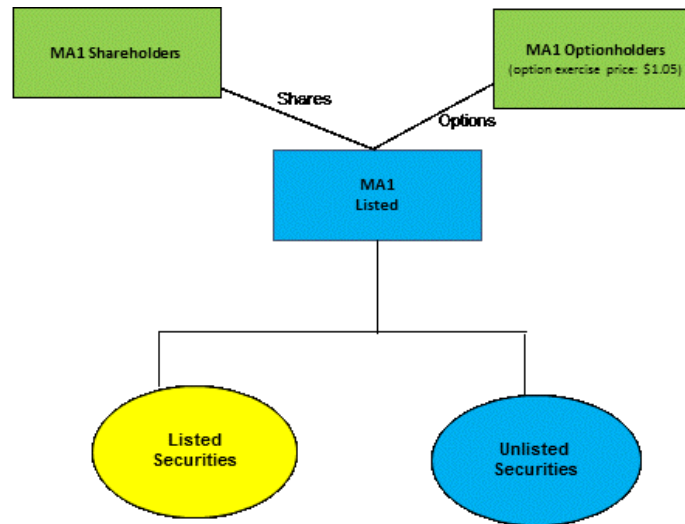


Source: EL&C Balillieu – August 2019

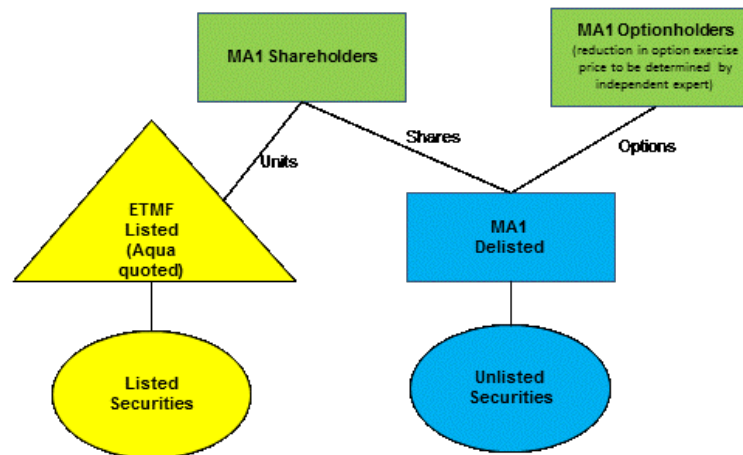


MA1 Proposed Restructure into an ETMF – Structure Diagram

BEFORE



AFTER



MA1 Proposed Restructure into an ETMF

The proposed restructure is the least cost way of returning value to shareholders.

- Tax Deferred Assets – value preserved for later use
- Unlisted Equities – no loss of current value because no forced liquidation
- Unlisted Equities – preserves future value opportunity for shareholders
- Avoids Manager Termination Costs
- Shareholders will be able to buy/sell ETMF on market at NTA

	Existing MA1 Structure	Proposed ETMF Structure
Access to Investment	Listed on ASX	Listed on ASX
Liquidity	Closed-Ended – Liquidity solely determined by number of buys and sellers on the ASX	Open-Ended- Liquidity supplied by the issuing and redeeming of units
Price vs NTA	Determined by the buyers and sellers on the ASX. Poor liquidity often sees LICs trade at large discounts	A Market Maker ensured that the price stays within a tight band around the NTA

- Under the Proposed Restructure, MA1's shareholders would receive units in an ASX listed Exchange Traded Managed Fund (**ETMF**) that would hold MA1's existing portfolio of listed investments, with a small percentage (approximately 3.5% of the current value of MA1) of unlisted investments retained in MA1 (to be realised on an orderly basis and the proceeds distributed to shareholders) (**Proposed Restructure**).
- The Proposed Restructure will be subject to a number of conditions precedent, including shareholder approvals required under the Corporations Act and the ASX Listing Rules, satisfactory resolution of the current ASIC review of the ETMF sector, ASX approval for the new ETMF to be listed and a satisfactory opinion from an Independent Expert in relation to the restructure. If these conditions are not satisfied, the Proposed Restructure will not proceed.
- Subject to the conclusion of the ASIC review being satisfactory, the Board expects to send to shareholders over the coming months a Notice of Meeting, an Explanatory Memorandum and an Independent Expert's report on the Proposed Restructure.



About the Investment Manager



- Founded in 2012 by Simon Shields and Shane Fitzgerald
- Over 50 years of combined experience at institutional grade managers including UBS, CFS & JPMorgan
- Manager is owned by the portfolio managers
- Portfolio Managers have large portion of own wealth invested in the strategy
- SQM Research Favourable Rating for the managed fund
- Offer a LIC (ASX Code: MA1) and a managed fund (APIR Code: MON001AU)



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