

Monash Absolute Investment Company Limited

Monash Absolute Investment Company Limited (ASX: MA1) July 2020 End of Month Update

5 August 2020

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. All return calculations include dividends paid.

We estimate that at 31 July the NTA Pre-Tax was \$1.1220.

Company Strategy

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

For the month of July, the Pre-Tax NTA rose 1.58% (after fees). This compares to the S&P/ASX200 that was up 0.50%, and the Small Ords up 1.39%.

We also continue to do well relative to the markets for the calendar year to date. While the Pre-Tax NTA is down -0.98%, the S&P/ASX200 is down -9.97% and the Small Ords is down -7.94%.

The markets have continued to hold up quite well, despite the ongoing business impacts of COVID. However, within that there are definitely stocks that are COVID "winners" and others that are COVID "losers".

It is easy to pick this theme with hindsight. The challenge of course is to do identify it in advance of it occurring (or at least early enough after it starts) in an environment of uncertainty as to how COVID will play out, and one where stock prices have already reacted substantially.

Company at a Glance 31 July 2020

ASX Code	MA1, MA1O
Portfolio Size	\$ 51.3M
Share Price	\$0.97
Shares on Issue	44.8m

Estimated NTA (unaudited) 31 July 2020

Estimated NTA Pre Tax	\$1.1220
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Return Estimate to 31 July 2020

	NTA Pre Tax
1 Month	1.58%
3 Months	8.88%
CYTD	-0.98%
FYTD	1.58%
1 Year	3.14%
2 Years p.a.	6.81%
3 Years p.a.	9.61%
Since Inception p.a. (April 2016)	4.29%

Portfolio Structure 31 July 2020

Outlook ¹ Stocks (Long)	20 Positions	84%
Outlook Stocks (Short)	2 Positions	-5%
Event, Pair and Group (Long)	3 Positions	11%
Event, Pair and Group (Short)	1 Position	-2%
Cash		12%
TOTAL		100%
Gross Exposure		102%
Net Exposure		88%

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](#).

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Following the escalation of restrictions in Victoria, there will be a further dampening effect on business and a continuing impact on consumer behaviour. Not just in Victoria but also across the country, and the light at the end of the tunnel for COVID losers is being pushed back. For some, that will be only a short-term impediment, but for others there will be lasting impacts, due to the need for additional debt and/or equity.

One area where we think there will be a permanent change is in the marginal propensity of businesses to conduct overseas travel. Given the widespread recent acceptance and “normalisation” of video conferencing, the bar will be higher for employees to justify travel. As a result we think that earnings expectations for Corporate Travel (ASX: CTD) are too high, and we are short the stock.

On the other hand, COVID winners like Kogan (ASX: KGN) that are already benefiting from changing consumer behaviour towards purchasing goods online, are seeing the trend accelerating, and we have re-initiated a long position in Kogan.

This announcement has been authorised for release to the ASX by the Board of Directors of MA1.

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This presentation has been prepared by Monash Absolute Investment Company Limited (**MA1**) and Monash Investors Pty Ltd (ABN 67 153 180 333, AFSL 417 201) (**Investment Manager**) as authorised representatives of Winston Capital Partners Pty Ltd ABN 29 159 382 813, AFSL 469 556 (“Winston Capital”) for the provision of general financial product advice in relation to MA1 and is for information purposes only, and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in MA1. The information is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this information, MA1 has not considered the objectives, financial position or needs of any particular recipient. MA1 strongly suggests that investors consult a financial advisor prior to making an investment decision. Past performance is not a reliable indicator of future performance. See the ASX Company Announcements platform at www.asx.com.au for further information.

ⁱ Glossary of terms can be found on the Company’s website at www.monashinvestors.com/glossary/