

# Monash Absolute Investment Company Limited

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

**2 September 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 August the NTA Pre-Tax was \$1.2373.

## 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

Our performance during reporting season was very good. For the month of August, the Pre-Tax NTA rose 10.26% (after fees). This compares to the S&P/ASX200 that was up 2.83%, and the Small Ords up 7.24%.

We also continue to do very well relative to the markets for the calendar year to date. The Pre-Tax NTA is up 9.20% (after fees) while the S&P/ASX200 is down -7.43%, and the Small Ords is down -1.28%.

Our strong run of performance now extends over three years. On a rolling 3 year basis to 31 August, our Pre-Tax NTA is up 12.82% pa (after fees) despite holding on average 18% cash over that time. This compares to the S&P/ASX200 that was up 6.10% pa, and the Small Ords which was up 8.02% pa.

This month's positive return came from a wide cross-section of our holdings. Out of the top 20 stocks in our portfolio, 8 were major contributors to performance and no stock significantly detracted over the month.

In our commentary below we highlight a stock which had its weight increased in August and is now one of our major holdings.

## Company at a Glance 31 August 2020

ASX Code	MA1, MA1O
Portfolio Size	\$ 56.9M
Share Price	\$1.075
Shares on Issue	44.85m

## Estimated NTA (unaudited) 31 August 2020

Estimated NTA Pre Tax	\$1.2373
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## Return Estimate to 31 August 2020

	NTA Pre Tax
1 Month	10.26%
3 Months	6.48%
CYTD	9.20%
FYTD	12.04%
1 Year	12.93%
2 Years p.a.	12.23%
3 Years p.a.	12.82%
Since Inception p.a. (April 2016)	6.56%

## Portfolio Structure 31 August 2020

Outlook <sup>1</sup> Stocks (Long)	20 Positions	86%
Outlook Stocks (Short)	No Positions	0%
Event, Pair and Group (Long)	3 Positions	11%
Event, Pair and Group (Short)	1 Position	-2%
Cash		4%
TOTAL		100%
Gross Exposure		99%
Net Exposure		96%

For more information about the Company and the strategy, please refer to the Monash Investors website at [www.monashinvestors.com](http://www.monashinvestors.com). You can also [follow us on Livewire here](#) or subscribe to our updates here

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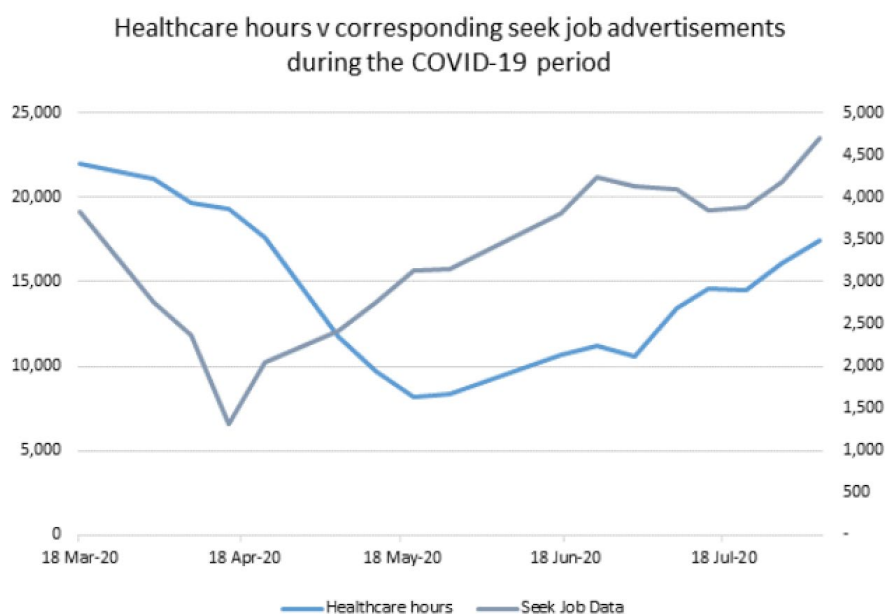
**People Infrastructure** (ASX: PPE) rose 9% on the day of its full year result<sup>1</sup>, and 42% over the month.

PPE is a workforce management company providing staffing, business and operational services to organisations in Australia and New Zealand. It operates in sectors with strong economic tailwinds such as Healthcare, Community and Information Technology. PPE enjoys market leading profitability by focussing on sectors where it holds a demonstrable competitive advantage. Over the last five years it has achieved earnings growth of 20% p.a.

The business outlook for PPE is strong. It utilises a scalable technology platform to service existing customers whilst expanding into high growth sectors with good margins. It maintains a resilient organic growth profile that is cash generative. It leverages its core capabilities and cash to pursue accretive acquisitions in key growth areas. PPE's acquisitions to date have performed well and we anticipate its acquisition focus to be a recurring strategy with clear opportunities for high-margin growth.

Like all businesses, PPE was adversely affected during the onset of the COVID-19 outbreak due to general business weakness from lockdowns and uncertainty in its operational environment. This led to a fall in the share price and a capital raise via private placement in early April to strengthen its balance sheet position. We participated in this placement.

In particular, PPE's nursing business was negatively impacted by a significant reduction in hospital utilisation and operations as the government prepared for a large domestic outbreak. However, as shown in the chart below, a strong recovery ensued when hospitals reopened due to a large backlog of operations. The second wave in Victoria has actually resulted in an increase of 17% in PPE's Victorian nursing business as hospitals have opted not to restrict operations to the same degree.



Source: People Infrastructure Investor Presentation Fully Year Results FY20

<sup>1</sup> <https://www.asx.com.au/asxpdf/20200825/pdf/44lvd65tdj0155.pdf>

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Since the initial lockdown, PPE's operations bounced back quickly. The business is performing well, winning national tenders across hospitals and aged care and growing into home care resource management. It reported above expectations for FY20 with revenue growth of 34.5% during a tough year.

Despite its good track record and strong outlook, PPE trades on only 13x its FY21 P/E. Historically labour hire companies do trade on lower multiples than the market average. However, we expect that PPE will re-rate over time with the demonstration of strong organic growth plus growth due to acquisitions. Based on our expectations of future cashflows generated by PPE our price target is more than 100% above the current share price.

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](http://www.asx.com.au) for further information.

<sup>i</sup> Glossary of terms can be found on the Company's website at [www.monashinvestors.com/glossary/](http://www.monashinvestors.com/glossary/)