

The Monash Absolute Investment Company Ltd

ASX Code: MA1

CIO Update

AGM

2 November 2018



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Presentation outline

- 1) 2018 Financial Year Highlights
- 2) Portfolio Performance Review
- 3) Portfolio Structure
- 4) Loyalty Bonus Issue and Buyback and SPP Update

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2018 financial year highlights

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Portfolio Return

+12.5%

Net Profit After Tax

\$3.8m

Fully Franked Dividend

\$0.01 Per Share

Fully Franked Dividend Yield

1.22%

Share Price

\$0.82

Pre-tax Net Tangible Assets

\$1.01



About Monash Absolute Investment Company

As at 30 September 2018

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Feature	Description
ASX Code	<ul style="list-style-type: none">MA1
Shares on issue	<ul style="list-style-type: none">44,314,634 shares
Total NAV (pre-tax)	<ul style="list-style-type: none">\$45,698,352
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 ChairmanSuvan de Soysa, Independent DirectorSimon 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



Monash has dual investment objectives that require a different approach

Objective 1

Targeted Positive Return
over the medium to long
term

Objective 2

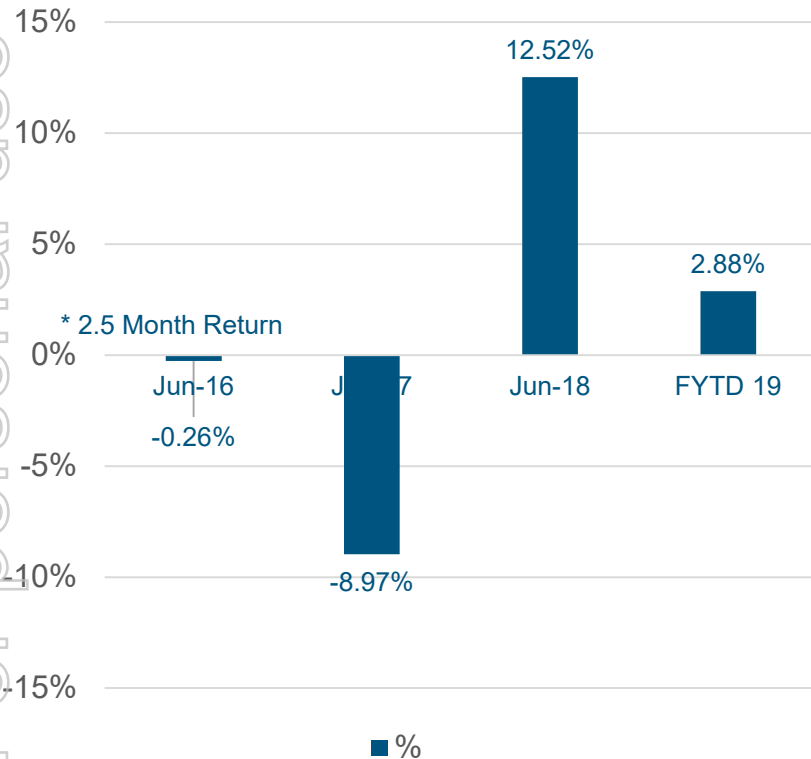
Limit capital losses over the
medium term



Performance of the Monash Investors strategy to 30 September 2018

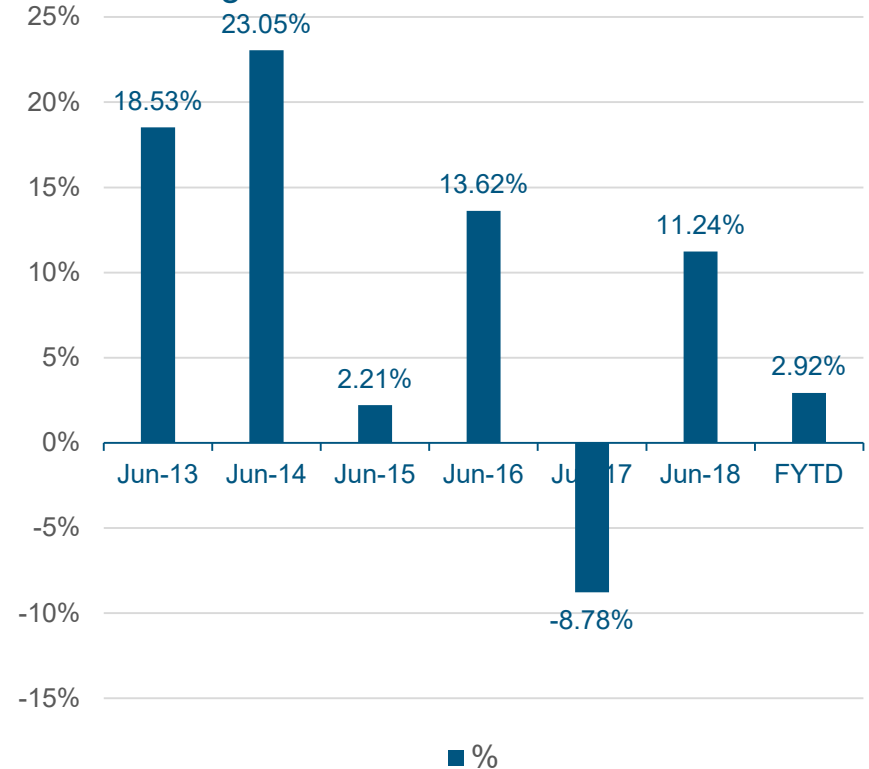
2.04% p.a.
Since inception

Portfolio Performance of MA1



9.55% p.a.
Since inception

Longer Term Performance of MAIF



After fees, before tax



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Monash Investors employs a unique approach to achieve dual objectives

- Benchmark unaware
- Stock size agnostic
- Up to 5% in Pre-IPO
- Style agnostic
- Long and short
- Cash

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Portfolio structure – 30 September 2018

Stock	Number of Positions	(%)
Outlook Stocks (Long Stocks)	17	62%
Outlook Stocks (Short)	1	-3%
Event, Pair and Group (Long)	2	13%
Event, Pair and Group (Short)	1	-6%
Cash		33%
Total		100%
Gross Exposure		84%
Net Exposure		67%



Top long holdings as at September 2018

Company	Business	ASX Code	Portfolio Weight (%)
Cash Holdings	N/A	N/A	33.1%
Lovisa	Fast Fashion Jewellery Retailer	LOV	6.9%
Emeco Holdings Limited	Mining Equipment Lessor	EHL	6.8%
EML Payments	Transaction Cards	EML	5.5%
Nearmap Limited	Industrials	NEA	5.0%
Healthia	Health Care	HEA	4.8%
Speedcast	Telecommunication	SDA	4.6%
Paragon Care Limited	Health Care	PGC	4.0%
Electro Optic Systems	Industrials	EOS	3.6%
Afterpay Touch	Short Term Payments	APT	3.6%



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Top short holdings in alphabetical order as September 2018

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Company	Business	ASX Code	Portfolio Weight (%)
Coca-Cola Amatil	Beverages	CCL	-2.6%
Estia Health Ltd	Agedcare	EHE	-2.0%
Japara Healthcare Ltd	Agedcare	JHC	-2.1%
Regis Healthcare Ltd	Agedcare	REG	-2.0%



Lovisa (Outlook Long) : Vertically integrated retailer, global rollout



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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

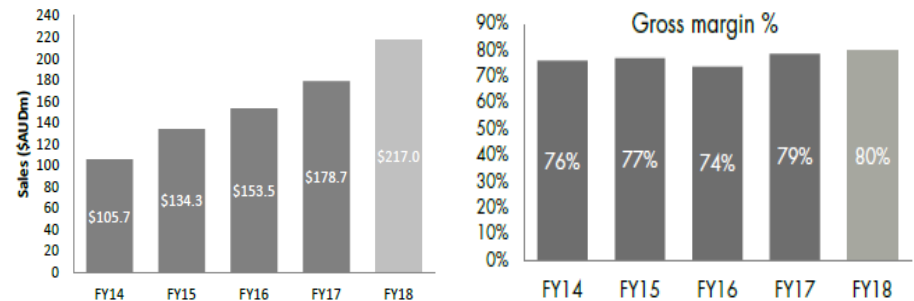
Growth

- We expect >20%pa Sales growth over next 3-5 years
- Additional opportunities to acquire multiple sites from distressed retailers

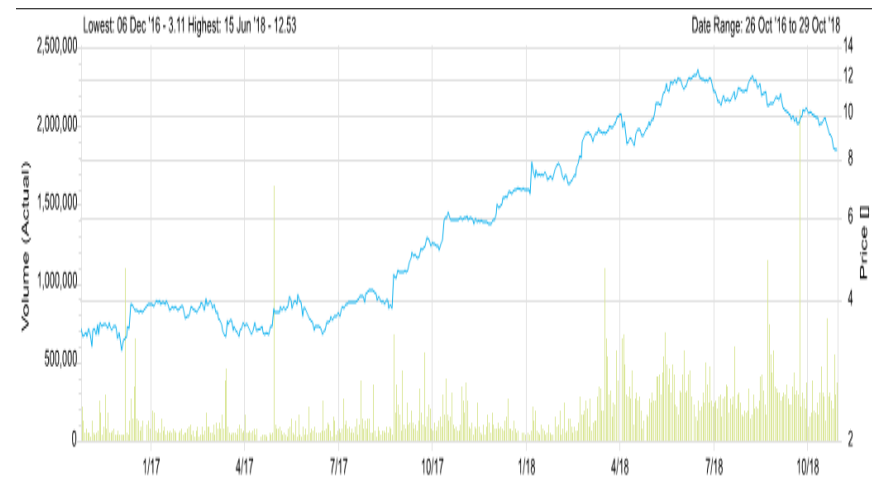
Value

- Our DCF is >100% above current share price
- Near term PE of 22x FY19 low given outlook
- Short term stock price has been driven by macroeconomic / market correction
- Like for like sales growth will slow this year
- We trimmed position at recent high prices

Comparable sales up 6.8%



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



Source: FactSet



Emeco (Long): Industry Recovery and Increasing Analyst Coverage



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Insight

- “Yellow” vehicle leasing industry
 - Recovering from disruption
 - Now consolidated / reduced competition
- Highly attractive to analysts and PMs
 - Diversified exposure to mining services
 - Capex holiday / rapidly improving balance sheet
 - Large market cap (\$750m) but until recently spurned
 - Analyst coverage, professional investors, will grow

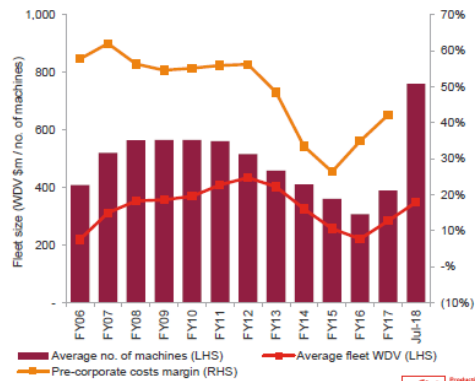
Growth

- Demand growing strongly
- High profit leverage to revenue growth
 - Utilisation improving
 - Prices improving
 - Terms improving
- NPAT to grow from Nil to \$100m in 3 years

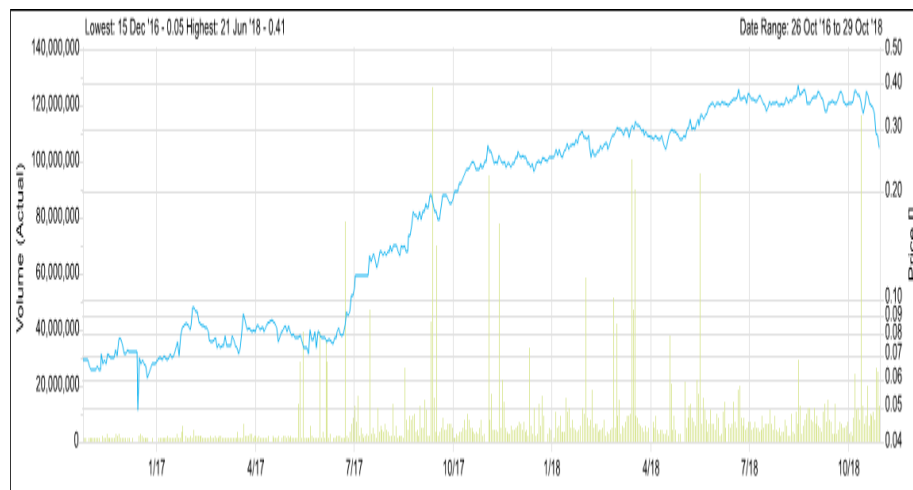
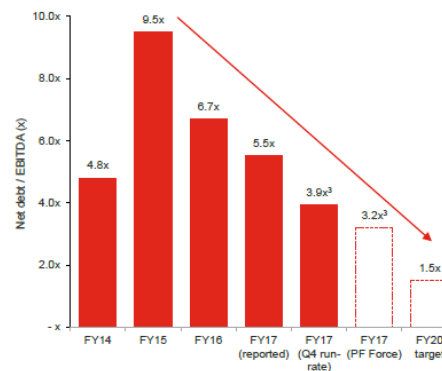
Value

- Purchased August 2017
 - Average entry price around 14c per share
 - Initial portfolio weight of 4%
 - Target price >35c per share (P/E Y3 11x)
- Share price volatility has provided profitable opportunities to the trade stock

Historical Australian fleet and pre-corporate costs margin



Pro-forma leverage



Source: FactSet



Recent Initiative : Bonus & Loyalty Options

- The bonus issue is a free entitlement provided to all shareholders.
- Should it be exercised it will increase company's size, operating scale and liquidity, to the benefit of all shareholders

Timetable	Date
• Lodgement of Prospectus and Notice sent to Option Holders	25 October 2018
• Shares quoted on an ex-Bonus Option entitlements basis and Bonus Options quoted on a deferred settlement basis	15 November 2018
• Record Date for Bonus Options	16 November 2018
• Issue Date	19 November 2018
• End of Bonus Options trading on a deferred settlement basis	19 November 2018
• Prospectus and Statement sent to Shareholders	20 November 2018
• Normal trading in Bonus Options (and exercised, Loyalty Options)	20 November 201
• Bonus Options Expire	15 May 2020
• Loyalty Options Expire	15 November 2021



Off Market Buy-Back and SPP Update

- The Company completed the off market buy back and share purchase plan on 12 September 2018
- The buy back and offer price was \$0.96 per share, which was a 5% discount to pre-tax NTA at 31 August 2018
- The Company bought back 10% of the shares on issue
- Benefits to shareholders
 - Improved liquidity
 - Provided certainty on discount to share price which was set at 5% discount to the pre-tax NTA
- The Board is looking to continue this opportunity on a regular basis to reward existing shareholders and attract new ones



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 and high quality minority shareholders
- Portfolio Managers have large portion of own wealth invested in the strategy
- Lonsec Investment Grade
- Offer a LIC (ASX Code: MA1) and a managed fund (APIR Code: MON001AU)

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