

The Monash Absolute Investment Company Ltd

ASX Code: MA1

May 2017



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Presentation Outline

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- 2) Portfolio Structure
- 3) Top positions
- 4) Investor Updates
- 5) How to get more updates
- 6) Appendix
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MA1 Company Overview – 30 April 2017

MA1 is an Australian equity listed investment company that employs an absolute return strategy (both long and short) to create wealth

	30 April 2017
Gross Assets	\$45.0m
Share Price	\$0.815
Pre-tax NTA	\$0.8658(Unaudited)
Post Tax NTA	\$0.9100(Unaudited)
Options outstanding	52.5m
Option price (MA1O)	\$0.001
Option expiry	27 September 2017

Key Features:

1. Absolute return (long and short)
2. Relatively concentrated
3. Benchmark unaware
4. Pre-IPO stocks
5. Stock size agnostic
6. Style agnostic
7. Key focus on capital preservation
8. Lower volatility expected
9. Unique investment philosophy
10. Manager track record

Since inception Performance, 12 April 2016 to 30 April 2017

- NTA Pre Tax -9.64%p.a.
- NTA Post Tax -6.27%p.a.



Portfolio structure – 30 April 2017

Stock	Number of Positions	(%)
Outlook Stocks (Long Stocks)	20	72%
Outlook Stocks (Short)	2	-5%
Event, Pair and Group (Long)	3	11%
Event, Pair and Group (Short)	0	0%
Cash		21%
Total		100%
Gross Exposure		88%
Net Exposure		78%



Top Outlook Stocks (long) – 30 April 2017

Company	Business
Speedcast	Telecommunications
Challenger	Annuity Provider
G8 Education	Childcare
EML Payments	Transaction Card
Greencross	Pet Retail / Vet
NextDC	Data Centres
Silverchef	Leasing/Rental
Lovisa	Retail
Netcomm Wireless	Telco Hardware
Catapult	Sport Technology



Short Stocks – 30 April 2017

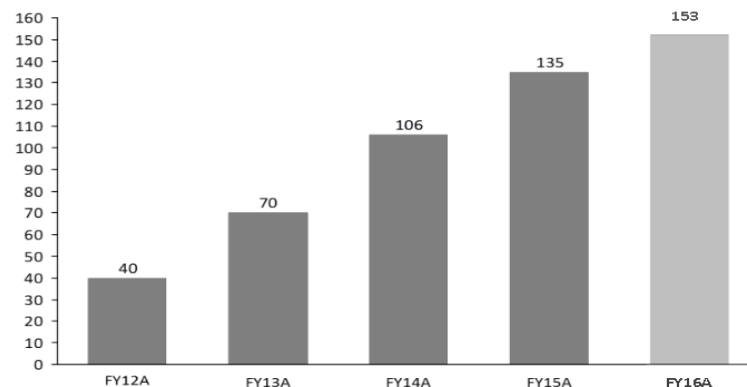
Company	Business
Sky Network	Telco and Pay TV
Coca-Cola Amatil	Beverages



Lovisa (long): Store Roll Out



Revenue growth (\$Am) – Strong growth expected to continue



We expect to close FY17 with circa 290 stores

Insight

- Vertically integrated retailer of low priced jewellery
- High ROA, quick payback
- Management & Board driving store roll out

Growth

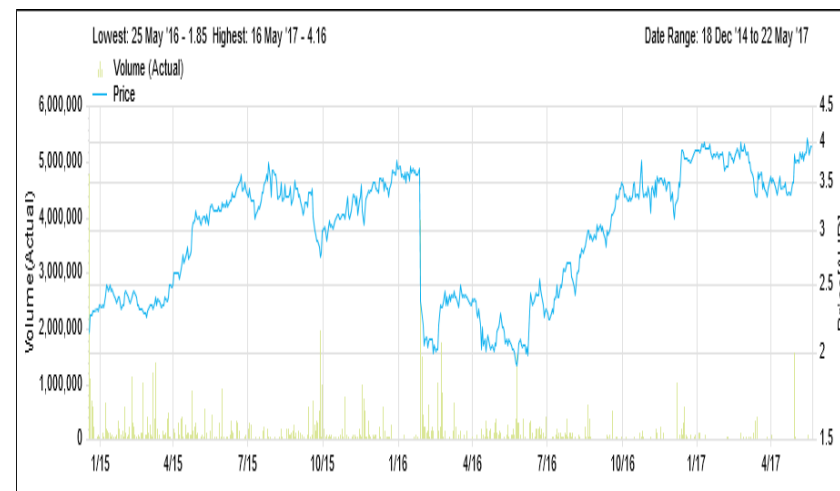
- Like for like growth + new stores
- Low impact from on-line retailers
- Geographic expansion underway in UK

Value

- Large opportunity in overseas markets
- Material upside to our price target

Update post 3QFY17

- Same Store Sales +10.9% FYTD (43 weeks)
- Management guidance for FY17 EBIT circa 10% above analyst consensus
- Acquisition of 17 stores in South Africa expected June 2017



Source: FactSet

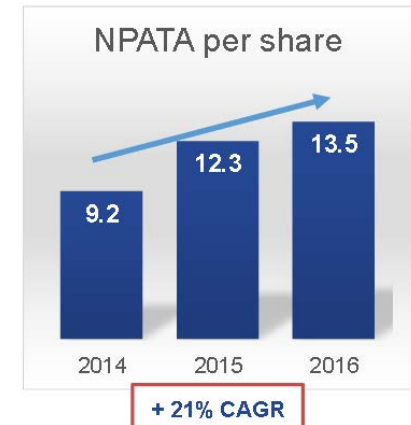
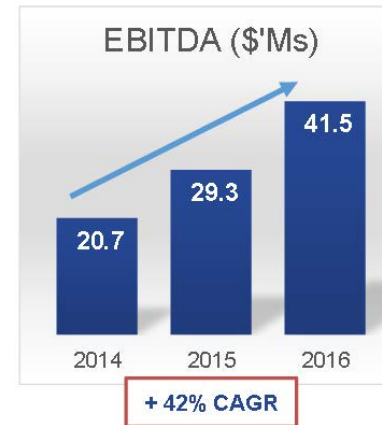


Speedcast (Long): Structural Growth, Cyclical Recovery, Improving competitive forces



Insight

- Telco Broadband for Maritime: cruise ships, cargo/commercial vessels increasing demand for connectivity for business and passengers
- Energy Capex: Offshore/Remote Oil & Gas will have a cyclical recovery
- Consolidation increases their market power
- While power of their suppliers declines with increasing satellite capacity/oversupply

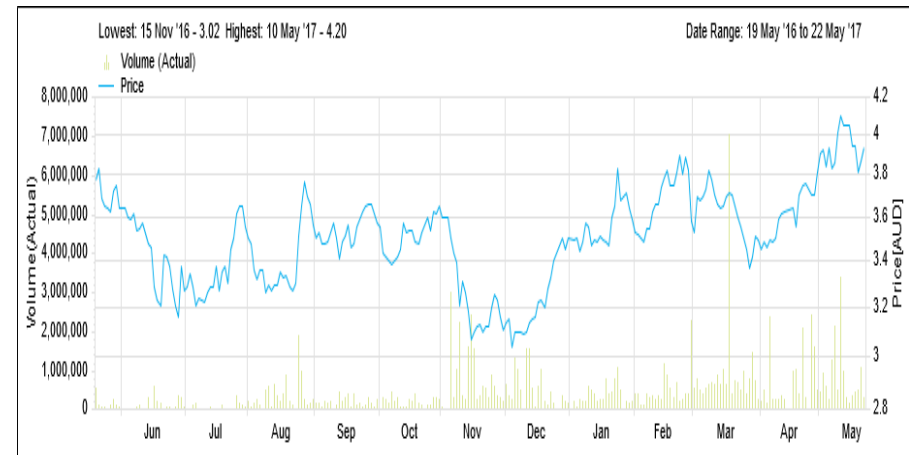


Growth

- Scale benefits to increase margins
- Low Capex required, strong FCF > EPS
- Opportunities for further M&A transactions in a fragmented market

Value

- Opportunity to buy at a low price due:
 1. Telco sector derating
 2. Share issue to fund large acquisition - Harris CapRock



Source: FactSet



Sky TV (short): Limitations of Company Guidance and Analyst Reputation Management

Insight

- Fragmentation effect of Netflix & other streamers
- Competition understood, but impact underestimated
- Limitations of company guidance
- Analyst reputation management

Growth

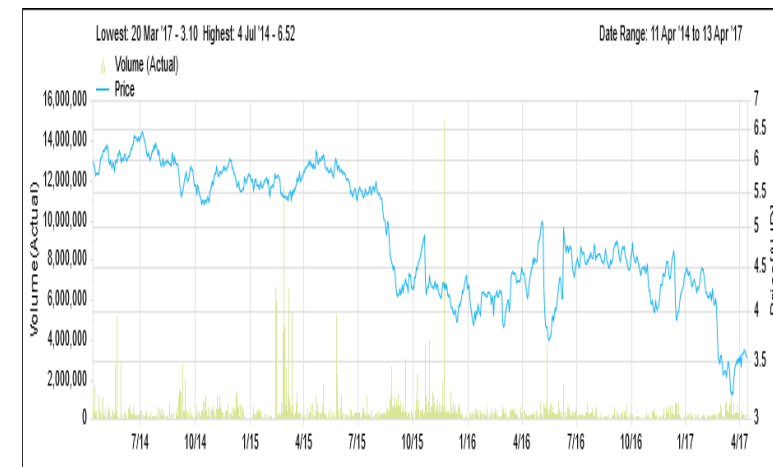
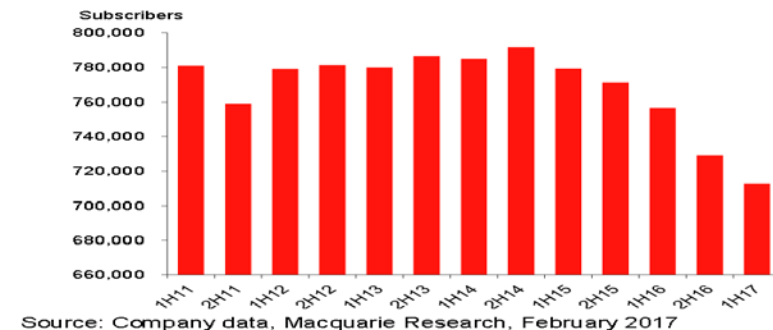
- Subscriptions and Revenue to negatively surprise
- Fixed Cost leverage to declining sales to cause a greater fall in EPS

Value

- Historically priced as a growth utility

Result

- Monash Investors first shorted the stock at \$4.32
- Monash Investors maintained exposure due to strong insight, despite stock price rally
- Stock responded dramatically to its third downgrade
- Attempted merger with Vodafone NZ putting troubled businesses together signalled an exit strategy for insiders



Recent investor updates

- Click on the following links to learn more
 - [2016 Performance update and Outlook teleconference](#)
 - [Livewire – Buy Hold Sell. 5 Stocks riding demographic trends](#)
 - [Focusing on outcomes. Financial Standard Feature 30 March 2017](#)



Click on any of the following links to get more regular updates about what is happening at Monash Investors

- 1) [Follow us on LinkedIn here](#)
- 2) [Follow us on Twitter here](#)
- 3) [Subscribe to our newsletter and blogs here](#)
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Appendix



About the Investment Manager



- ① Founded in 2012 by Simon Shields and Shane Fitzgerald
- ② Track record of 10.0% p.a. after fees (from inception 30 June 2012 to 31 March 2017) with lower volatility than the market and with little to no leverage
- ③ 50+ years of combined experience at institutional grade managers including UBS/CFS & JPMorgan
- ④ Manager is majority owned by the Portfolio Managers
- ⑤ Portfolio Managers have large portion of own wealth invested in the strategy

The Australian
HEDGE FUND
awards2014 | *Winner*
BEST EMERGING FUND
Monash Absolute Investment Fund



We aim to *'reliably grow investor wealth'*

We start with a simple idea

We believe that wealth can be reliably grown over time by investing in stocks (long and short) that meet our very high return hurdle requirements, while adopting various strategies to preserve capital



Our unique investment philosophy has been shaped by 50 years of combined investment experience

- ① Most stocks are fairly priced most of the time but significant mispricing does occur
- ② Sometimes these stocks can be identified in advance because of recurring situations or patterns of behaviour - we focus on these opportunities

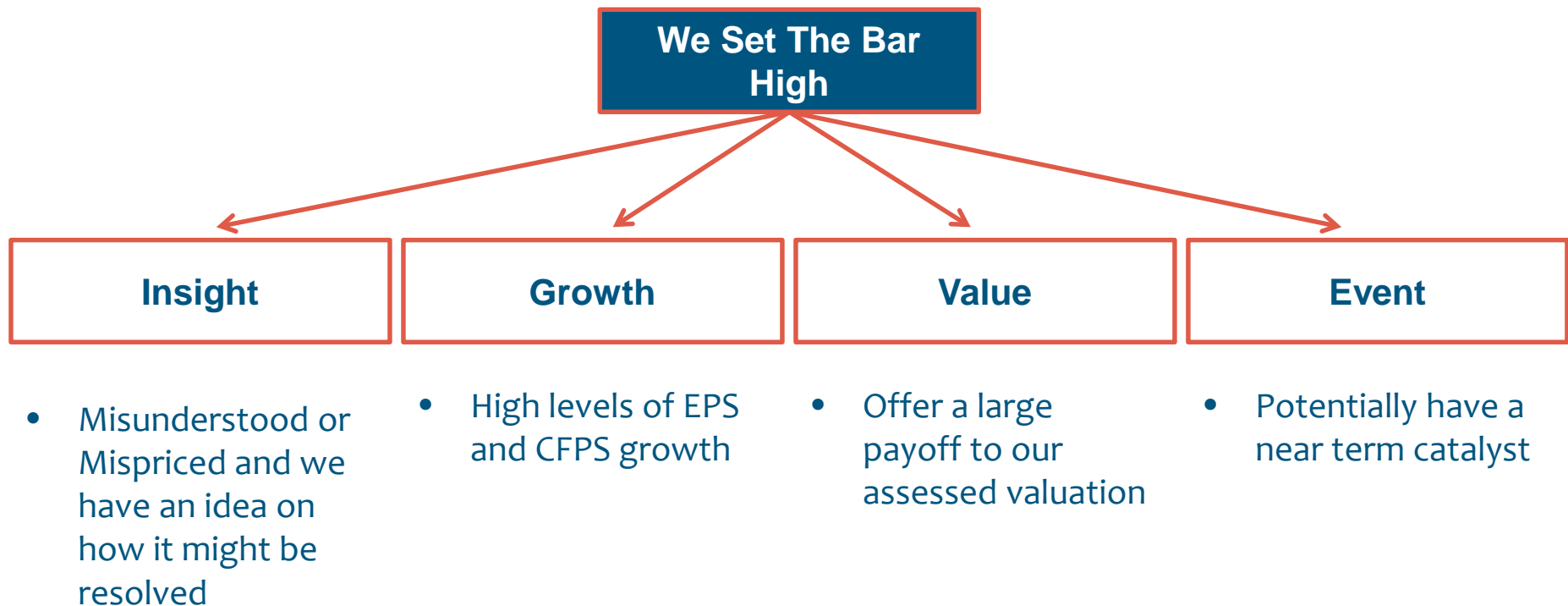


Examples of recurring situations and behaviours that often lead to mispricing by the market

- ① Underestimation of significant change
- ② Analyst reputation management
- ③ Drive by boards to exploit high ROE opportunities in their core business
- ④ Limitations of company guidance
- ⑤ Overlooked signals
- ⑥ Business disruption
- ⑦ Misjudging risk
- ⑧ Corporate motives by brokers
- ⑨ Lack of analyst coverage
- ⑩ Pre-IPO



Not trying to cover the whole market, but on asymmetric payoffs that have a combination of these four attributes



We classify stocks based on expected payoff and event

Definition	Explanation
Outlook	<ul style="list-style-type: none">• High conviction positions• Expecting large payoffs• Long and short
Event	<ul style="list-style-type: none">• Shorter term event trades• Pre, post and liquidity• Long and short
Pairs	<ul style="list-style-type: none">• Market neutral positions in companies in same industry sector with different outlooks
Group	<ul style="list-style-type: none">• Basket approach• Various strategies• Includes Pre IPO





Paul Clitheroe AM - Chairman (Independent)

- Co-Founder of ipac securities in 1983
- Previous host of “Money” and now Chairman of Money Magazine
- Chair of Financial Literacy at Macquarie University
- Chairman of youth drink driving body RADD
- Chairman of ASX Listed Australasian Wealth Investments (AWI)
- Non-Executive Director of Wealth Defender (WDE)



Suvan de Sosya – Non-executive Director (Independent)

- 30+ years of wealth management experience
- Co-founder of ipac
- Previous Managing Director of private client business of AXA UK subsidiary
- Has sat on numerous audit and compliance committees, and responsible officer for ipac's superannuation funds



Simon Shields – Executive Director (Not Independent)

- One of Australia's leading fund managers
 - Head of Equities at UBS Global Asset Management and Colonial First State
- UBS Australian Share Fund, managed by Simon won the “Best of the Best” 2012 – Money Magazine
- Member of / led multi-award winning equity teams across different investment styles
 - Monash 4 years – Style Agnostic
 - UBS 5 years – DCF Style
 - Colonial First State 9 years – Growth Style
 - Rothschild/Westpac 9 years – Value Style



Portfolio Manager biographies



Simon Shields CFA, B.Comm (Hons), LLB, MBA

- One of Australia's leading fund managers
 - Head of Equities at UBS Global Asset Management and Colonial First State
- UBS Australian Share Fund, managed by Simon won the “Best of the Best” 2012 – Money Magazine
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Shane Fitzgerald B.Comm (Hons)

Highly rated equity analyst

- 23 years an equity analyst, including
- 14 years sell side experience
- Head of JPMorgan Insurance and Diversified Financial Research
- Member of the multi award winning JPMorgan Research Team

Broad experience

- | | | |
|---------------|----------|----------|
| • “Sell side” | 14 years | JPMorgan |
| • “Buy side” | 4 years | UBS |
| | 5 years | Monash |



Key contact information

- **For investors, please contact Share Registry at Boardroom Limited**
 - 1300 737 760 (within Australia)
 - (+612) 9290 9600 (outside Australia)
 - enquiries@boardroomlimited.com.au
- **Financial Advisers please contact Andrew Fairweather – Winston Capital Partners**
 - andrew@winstoncapital.com.au
 - (+61) 401 716 032

