

Monash Absolute Investment Company Limited

AGM Chairman's Address on 10th November 2017 **Monash Absolute Investment Company Limited ACN 610 290 143**

Introduction

On behalf of the Board, I'd like to welcome you all to the second Annual General Meeting of Monash Absolute Investment Company Limited ("MA1" or the Company).

My name is Paul Clitheroe and I am the Chairman of the Board of Directors. I would like to start by introducing my fellow Board members, Suvan de Soysa, Independent Non-Executive Director, Simon Shields Executive Director, and portfolio manager of the Investment Manager, (Monash Investors).

I would also like to introduce key personnel from the Investment Manager, Shane Fitzgerald (Portfolio Manager) and Sandra Donnarumma (Chief Operating Officer), our Company Secretary Tharun Kuppanda and our audit partner from Pitcher Partners, Chris Chandran.

MA1's Investment Objective and Strategy

The Company aims to provide its shareholders with access to a diversified portfolio of predominantly Australian securities that are actively managed using an Absolute Return investment style that has a focus on capital preservation with no regard to an equity index and aims to achieve targeted positive returns over a full investment cycle of roughly 5 to 7 years.

The Company employs an investment approach which is high conviction, benchmark unaware, security size agnostic, investment style (i.e. growth, value, discounted cash flow) agnostic and has a capital preservation.

Result for the year ended 30th June 2017 and Update for Financial Year 2018

The Company's performance in the 2017 financial year was impacted by the market headwind against smaller growth companies that started in October 2016. Prices of stocks held in the portfolio weakened during the year, despite the underlying stock businesses and continued to have a strong outlook. It was a difficult year for small cap stocks, especially over the six months between October 2016 and April 2017, with the share prices of many high growth smaller companies falling. While the Company's investments overwhelmingly remained on track as businesses, as demonstrated following the February 2017 reporting season, there was a small number, whose share prices did not, which resulted in the fall of the Company's NTA.

The Company reported an operating loss before tax of \$4,573,190 for the year ended 30 June 2017 and a net result after tax loss of \$2,998,797. As at 30 June 2017, the Company's NTA before tax was \$0.8743 per share. There was no performance fee payable to the Investment Manager for this period.

Disappointingly, the MA1 share price continues to trade at a discount to NTA and we have taken the following steps to reduce the discount:

- Maintain the on-market share buy-back that commenced on 6th April 2017. At the end of October 2017, 1,344,570 shares have been back a cost of approximately \$1,052,644.50 representing an average price per share of \$0.78. The Board monitors the Company's share price and the on-market buy back facility.

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- Keep up our investor updates and communications program
- Maintain our focus on working hard to deliver performance.

The good news is that the Company's NTA has now risen by 10.44% in the first four months of this financial year (to October 2017). Simon Shields will be presenting an Investment Management's update today and provide more information on the latest performance results for the Company to 31st October 2017.

Dividends

The Board has determined that no dividend will be paid for the year. The Board will continue to monitor the Company's dividend policy and expects to pay a dividend in the future if it believes it is prudent to do so.

Corporate Governance Matters

In the past year, the Non-Executive Directors are pleased to report they have continued to monitor the performance of the Investment Manager, Monash Investors Pty Ltd, and its adherence to the Investment Management Agreement. We are confident in the integrity and reporting of the Company's financial results to shareholders.

In closing, I would like to thank my fellow Board members and the Investment Manager's team for their hard work in managing the Company's portfolio.



Paul Clitheroe AM
Chairman