

Monash Absolute Investment Company Limited

ASX ANNOUNCEMENT

11 September 2018

Monash Absolute Investment Company Limited (ASX Code: MA1) Switzer Conference Presentation (11th, 12th and 13th September 2018)

Monash Investors as the investment manager for Monash Absolute Investment Company Limited is a sponsor of the Switzer Listed Investment Conference being held in Brisbane, Melbourne and Sydney this week.

This conference has been designed for SMSF trustees, self-directed investors and financial advisers. The purpose of this event is to provide access to some of Australia's smartest managers while promoting the listed investment category as the investment platform of the future for both investors and advisers.

Attached is a copy of the presentation that will be delivered at the conference by Simon Shields from Monash Investors.

For more information, please contact:

QLD, SA, WA, NT – Andrew Fairweather, Winston Capital Partners
M: +61 401 716 043

NSW, ACT, VIC, TAS – Stephen Robertson, Winston Capital Partners
M: +61 418 387 427

Finding compelling ideas in a concentrated market

Monash Absolute Investment Company ASX Code MA1
Switzer Listed Investment Conference
September 2018



Is it possible to find compelling stocks in the
ASX given how concentrated it is?

Yes!

But not if you follow the crowd...



Does this actually make sense to investors?

- Most Australian equity portfolios are mirror images of the indexes they track
- The fund managers have too much career risk on the line and take very small bets as a result
- Results in highly concentrated portfolios weighted to financials and resources with low growth
- These funds simply rise and fall with the market
- And are fully invested at all times, regardless of growth, value or future prospects



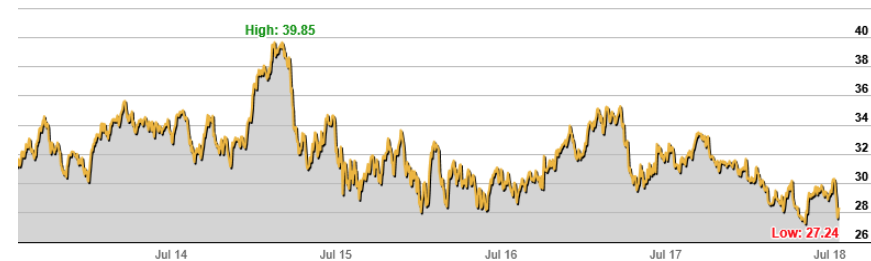
Why hold the same stocks as the index, if they are not growing, are expensive or have bleak futures?

Vanguard Australian Shares Index ETF (VAS)	Major Fund Manager 1 \$2bn AUM	Major Fund Manager 2 \$6bn AUM	Major Fund Manager 3 \$1.2bn
CBA	CBA	CBA	BHP
BHP	WOW	BHP	CBA
WBC	WBC	ANZ	ANZ
CSL	BHP	SUN	WBC
ANZ	SUN	WBC	RIO
NAB	MPL	CSL	NAB
WES	ANZ	WES	WOW
WOW	TAH	MQG	TLS
MQG	IPL	SEK	LLC
WPL	NAB	OSH	CYBG

To July 31, 2018 – Source, Manager websites



5 years of major bank returns – the most widely held sector in Australian equity portfolios. Compelling?



Source Commsec, 5 year price charts to July 31, 2018



To develop a portfolio that focuses on compelling opportunities, you have to think differently to the crowd

- Focus on absolute returns and not relative returns
- Ignore the index
- Set high hurdles before making an investment
- Invest in Pre-IPO stocks
- Invest long in compelling stocks and short in stocks with bleak futures
- Hold cash if you can't find ideas that meet the strict criteria
- Cap AUM growth to stay nimble and return focused



Finding compelling opportunities requires judgement based on 50+ years of combined experience

- 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 discount



Afterpay (Outlook Long): Product Roll Out & User Ramp Up

Market underestimating step changes in earnings



Insight

- Exciting buy now pay later product that is a win win for the merchant and consumer
- Rapid adoption particularly with Millennial Market
- Attractive expose to the online shopping trend

Growth

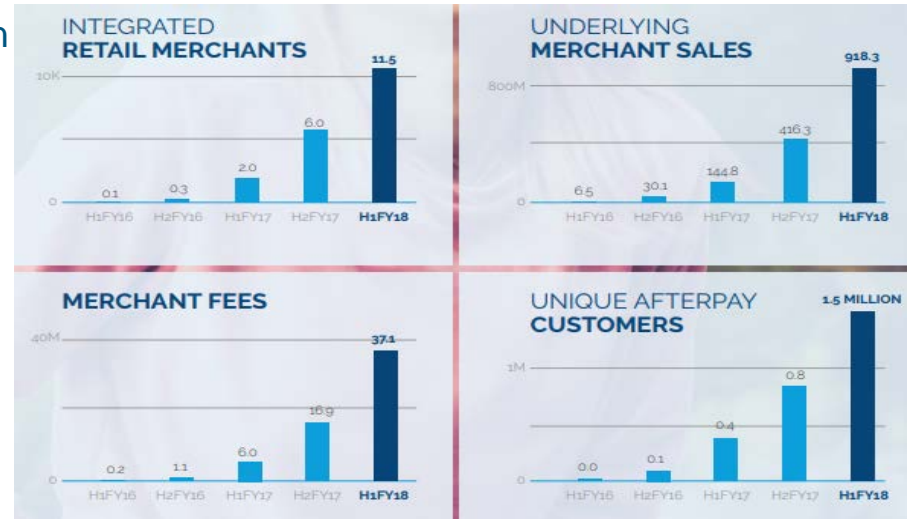
- Experience exponential growth on all metrics:
 - Number of merchants, Number of customers
 - Merchant sales, Merchant fees,
- In store roll out
- Geographical expansion
 - Announced expansion in USA with strategic partner Matrix
 - Announced UK expansion with ClearPay acquisition

Value

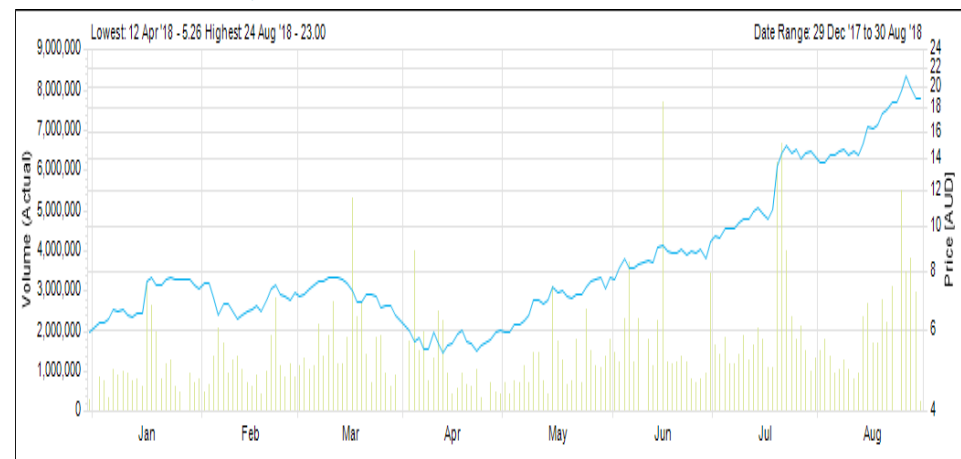
- Material upside to our target price if it can replicate its Australian success in the USA
 - With further upside from a successful UK rollout

Update

- Purchased on USA announcement
 - \$7.25 May 2018
- Sold progressively on price strength
 - \$14.70 July 2018
 - \$17.60 August 2018
 - \$20.00 August 2018



Source: Company data



Source: FactSet



Telix – Pre IPO: An important feature of the investment strategy



Insight

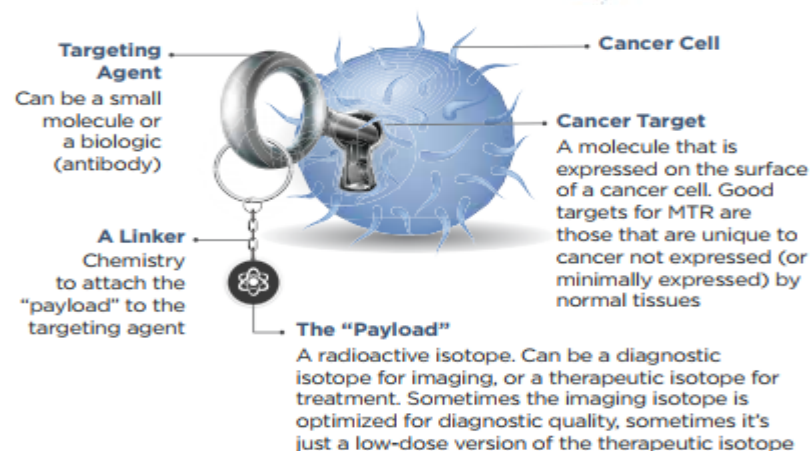
- Telix has a low risk path to provide imaging and therapy for prostate, renal (kidney) and glioblastoma (brain) cancer patients, using molecular targeted radiation.

Growth

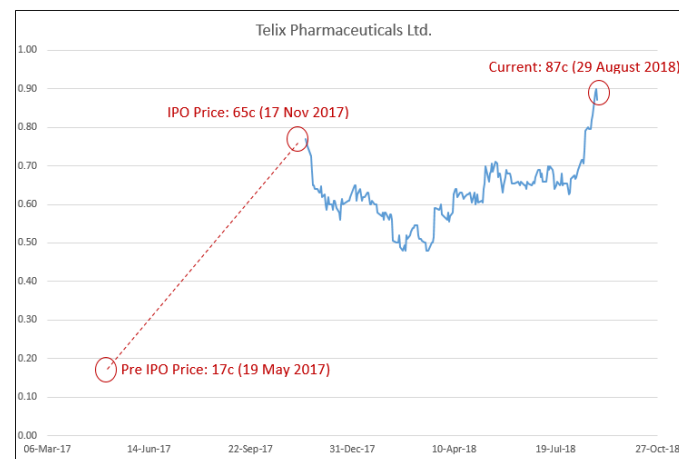
- Its lead program is in late stage phase 3 trials and therefore first revenues should be generated within 12 months.

Value

- Telix has 4 clinical programs at various stages of development, ranging from Phase 3 to Phase 1.
- This provides numerous valuation inflection points as newsflow from these programs emerge.
- There have been a number of corporate transaction in this space over recent months.
- We brought into Telix Pre-IPO at a price of \$0.17, and made 3x on its IPO. The success of any 1 of Telix's 4 clinical programs has the potential to be worth multiples of its current valuation.



Source: Company data



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

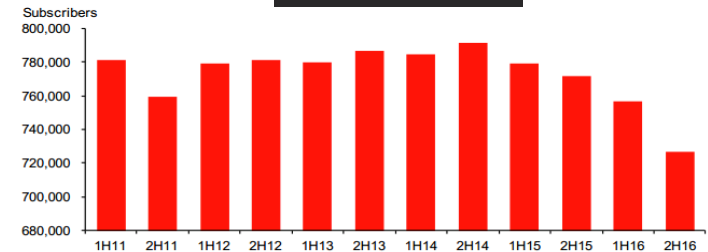
- Subscriptions and Revenue to negatively surprise
- Fixed Cost leverage to declining sales to cause a greater fall in EPS

Value

- Historically priced as a growth utility

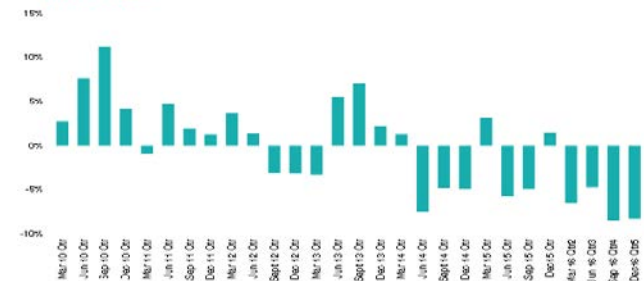
Update

- 4 downgrades since we started shorting
- NZ Commerce Commission adverse ruling
 - Dis-allowed proposed merger with Vodafone
- CEO announced resignation
- Loss of World Cup Rugby



Source: Company data, Macquarie Research, May 2016

TOTAL TELEVISION ADVERTISING REVENUE



Sources: Sky TV, FactSet



About Monash Absolute Investment Company (ASX Code MA1)

Feature	Description
ASX Code	MA1
Shares on issue	49,223,436
Share price	\$0.895
Net Tangible Assets (Pre-Tax)	\$1.0115
Dividends payable	Yes
Buy Back in place	Yes
ASX Listing date	1 April 2016
Investment Manager	Monash Investors Pty Ltd
Board	Paul Clitheroe, Independent Chairman Suvan de Soysa, Independent Director Simon Shields, Non Independent Director
Fees	Management fee 1.5% p.a. (plus GST) Performance fee 20% (plus GST) > RBA Cash Rate subject to HWM

As at 31 July 2018



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Contact Details

Simon Shields

Principal, Monash Investors

simon.shields@monashinvestors.com

T: +612 9237 8860

M: +61 407 661 489

Level 5, 139 Macquarie Street

Sydney NSW 2000 Australia

www.monashinvestors.com

Andrew Fairweather

Founding Partner, Winston Capital

andrew@winstoncapital.com.au

M: +61 401 716 043

Dalkeith

Perth WA. 6009

www.winstoncapital.com.au

Stephen Robertson

Founding Partner, Winston Capital

stephen@winstoncapital.com.au

M +61 418 387 427

Level 24,3 International Towers,
300 Barangaroo Avenue

Sydney NSW 2000

www.winstoncapital.com.au

