

Monash Absolute Investment Company Limited

**Monash Absolute Investment Company Limited (ASX: MA1)
February 2019 End of Month Update**

4 March 2019

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.

We estimate that as at 28 February 2019 the NTA Pre-Tax was \$0.9529

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

For the month of February, the pre-tax NTA was up 3.49% (after fees) compared to the S&P/ASX200 up 5.98% and the Small Ords which was up 6.78%.

It's been a strong start to the calendar year with the portfolio up 10.84% (after fees) compared to up 10.08% and up 12.72% for the two indices, respectively.

With the couple of months we just had, we have almost made up for the very weak December quarter. As a result for the financial year to date the portfolio is now down -2.11% (after fees) compared to up 2.56% and down -1.65% for the two indices, respectively.

February is the month where most stocks report their first half-year results. It can lead to some dramatic moves in stock prices, and so it did this time.

As with previous reporting seasons, we are pleased to invite you to attend the February 2019 Monash Investors Post Reporting Season teleconference to be held on Thursday 7th March 2019. Please see the end of this report for the details.

Company at a Glance 28 February 2019

ASX Code	MA1
Portfolio Size	\$42.3m
Share Price	\$0.795
Shares on Issue	44.3m

Estimated NTA (unaudited) 28 February 2019

Estimated NTA Pre Tax	\$0.9529
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Return Estimate to 28 February 2019

	NTA Pre Tax
1 Month	3.49%
CYTD	10.84%
6 Months	-4.68%
FYTD	-2.11%
1 Year	-3.32%
Since Inception p.a. (April 2016)	0.00%

Portfolio Structure 28 February 2019

Outlook Stocks (Long)	22 Positions	82%
Outlook Stocks (Short)	1 Position	-3%
Event, Pair and Group (Long)	3 Positions	14%
Event, Pair and Group (Short)	1 Position	-8%
Cash		15%
TOTAL		100%
Gross Exposure		105%
Net Exposure		85%

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

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Of all the stocks in the portfolio, Lovisa (ASX: LVH) had the best jump in share price on its result day, up 20%, and it rose 39% for the month. The best return for the month came from Leigh Creek (ASX: LCK) which delivered +75% stock price return for the month due to its successful pre-commercialisation demonstration.

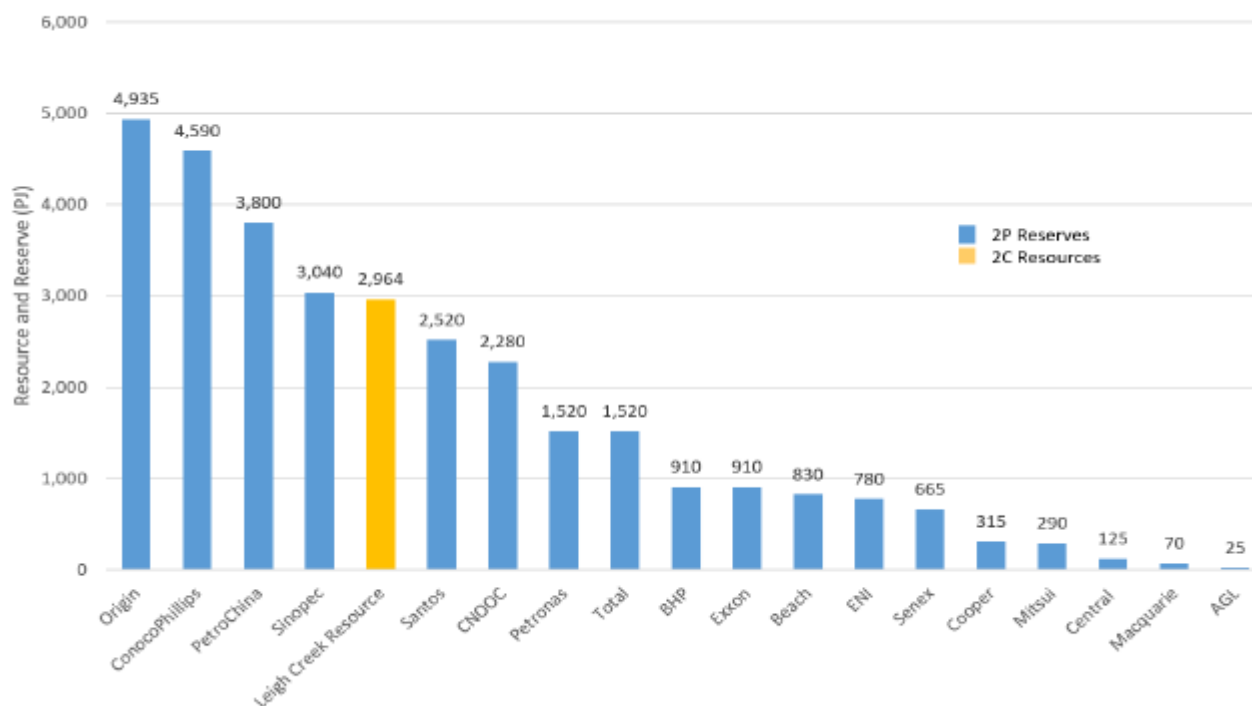
Leigh Creek (ASX: LCK)

Leigh Creek is an energy company that is in the process of upgrading its very large syngas 2C Resource of 2,964PJ in South Australia, which represents 7.8% of Australian East Coast Gas resources, to a 2P Reserve. This upgrade to 2P should occur in the next month or so, now that the company has successfully demonstrated its safety and commerciality through a trial operation.

The company uses Underground Coal Gasification (UCG) to extract gas from coal. The gas can generate electricity, be sold as natural gas via a pipeline, or be used to create urea for fertiliser. Given Australia's well publicised issues with high gas prices, and the need to provide employment and reliable power generation in South Australia, both Labor and Liberal South Australian governments have been highly supportive.

The bar chart below puts the size of this resource in perspective. If even only half of the 2C resource is certified as 2P, it will be one of the top 10 reserves in eastern Australia.

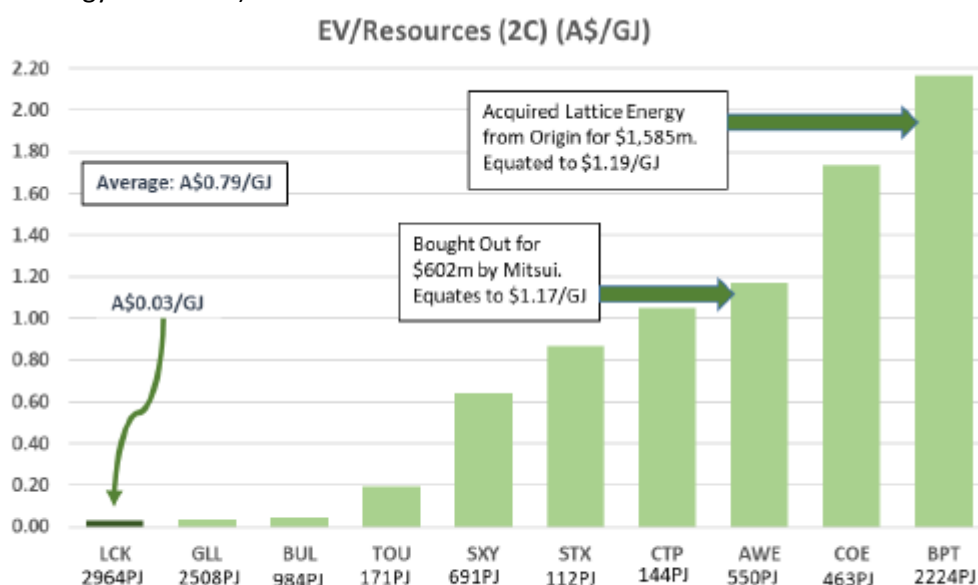
East Coast Gas Reserves vs LCK Resources



Source: CCZ and the Australian Energy Regulator

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To date, the market has been sceptical of LCK's ability to successfully prove up and commercialise its reserves because of the misadventures of the now delisted Linc Energy (ASX: LNC) at its Chinchilla UCG operation in Queensland. This scepticism is demonstrated in the next chart, which compares the price/GJ of EV/Resource for ASX listed peers (Attributable 2C Energy Resources).



Source: CCZ, Company announcements

Our average entry price into LCK is about 17c per share which is where it was at the time that chart was created. It closed the month at 21c per share. We expect a jump in the share price from here, when a substantial proportion of its 2C resources get upgraded to 2P, and we are optimistic that they will given the energy content and flow rates reported.

However, we see the value for shareholders only being fully realised when LCK is able to announce a formal partnership of some sort to commercialise the deposit. There is certainly plenty of interest at this early stage. The company reports¹ that it recently invited expressions of interest (EOI) from parties for up to 50PJ per annum to be produced from Leigh Creek. As a result the Company has received over a dozen formal responses from several of Australia's largest gas retailers and users. LCK states that it will continue these discussions on an ongoing basis and will advise the market accordingly of any material developments.

¹ <https://www.asx.com.au/asxpdf/20190226/pdf/442z0j8s6bk2g7.pdf>

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Teleconference - Post Reporting Season Update

We are pleased to invite you to attend the February 2019 Monash Investors Post Reporting Season teleconference to be held on **Thursday 7th March 2019**.

During the presentation, Simon Shields and Shane Fitzgerald from Monash Investors will provide a presentation on the following:

1. Performance of key portfolio holdings during the reporting season
2. Portfolio performance over the past year
3. Key changes within the portfolio
4. An update on the recent issue of MA1 loyalty options

Details of the teleconference are as follows:

1. Date: Thursday, 7th March 2019
2. Phone: Australia 1300 254 398, International +613 9034 4181
3. Time:
 - 1.00pm (NSW, VIC, TAS)
 - 12.30pm (SA)
 - 12.00pm (QLD)
 - 11.30am (NT)
 - 10.00am (WA)

Please register for the teleconference [here](#)

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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 for further information.