

# Monash Absolute Investment Company Limited

## Monash Absolute Investment Company Limited (ASX: MA1) July 2019 End of Month Update

5 August 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 31 July 2019 the NTA Pre-Tax was \$1.1066.

### 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 July, the Pre-Tax NTA was up 4.50% (after fees) compared to the S&P/ASX200 up 2.94% and the Small Ords, which was up 4.51%.

For the calendar year to date, the Pre-Tax NTA was up 28.72% (after fees) compared to the S&P/ASX200 up 23.25% and the Small Ords, which was up 22.08%.

July is typically a pretty quiet month for the Australian share market, being both school holidays and the "black-out" month before companies deliver their full year results in August.

There are really only three exceptions to this quietness: quarterly sales results for retailers, quarterly cashflow results for companies yet to be profitable, and earnings surprises (almost always bad) that directors can't sit on.

The only significant announcement for the portfolio like that this month was from Kogan.com (ASX:KGN).

### Company at a Glance 31 July 2019

ASX Code	MA1
Portfolio Size	\$49.0
Share Price	\$0.89
Shares on Issue	44.3m

### Estimated NTA (unaudited) 31 July 2019

Estimated NTA Pre Tax	\$1.1066
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### Return Estimate to 31 July 2019

	NTA Pre Tax
1 Month	4.50%
FYTD	4.50%
6 Months	20.18%
CYTD	28.72%
1 Year	10.56%
Since Inception p.a. (April 2016)	4.63%

### Portfolio Structure 31 July 2019

Outlook Stocks (Long)	19 Positions	73%
Outlook Stocks (Short)	2 Positions	-4%
Event, Pair and Group (Long)	1 Position	9%
Event, Pair and Group (Short)	1 Position	-2%
Cash		24%
TOTAL		100%
Gross Exposure		89%
Net Exposure		76%

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

## Monash Absolute Investment Company Limited

**Kogan's (ASX: KGN)** quarterly update<sup>1</sup> disclosed a surprisingly strong growth in customers and private label brands, and while the stock rallied initially it subsequently fell back somewhat, as its EBITDA<sup>2</sup> was about 3% below expectations.

We had been expecting a much better number than that, and based on a lower trajectory of profit growth we now saw the stock as being fairly valued, rather than a bargain.

We therefore decided to exit from the stock, which had been purchased at an average of \$4.15 per share between January and March. Since our initial purchases they had already upgraded EBITDA in April, and we were well ahead on the investment.

We sold out at an average price of \$5.14 per share, for a 24% return.

Over the last several months, the portfolio has been extremely active as we have been taking profits in a number of stocks following strong price appreciation and because we have been finding additional stocks to purchase and to short.

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<sup>1</sup> <https://www.asx.com.au/asxpdf/20190723/pdf/446szy60h43gn5.pdf>

<sup>2</sup> EBITA is earnings before interest, tax, depreciation and amortization and is a measure of a company's operating performance.