

# Monash Absolute Investment Company Limited

## Monash Absolute Investment Company Limited (ASX: MA1) February 2021 End of Month Update

2 March 2021

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 (“NTA”) per share. It is only a guide, the official NTA will be released later in the month. All return calculations include dividends paid.

We estimate that at 28 February 2021 the NTA Pre-Tax was \$1.4435.

### 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

In February, the company paid income taxes due on capital gains realised last year, which allowed us to declare a 13c fully franked dividend last week. Paradoxically it also reduced our Pre-Tax NTA by 2.5%. This is because the Pre-Tax NTA is determined as “Pre” taxes yet to be paid. Therefore, once tax is paid, it reduces the Pre-Tax NTA.<sup>i</sup>

Despite this 2.5% reduction in February, the Pre-Tax NTA fell only 0.31% (after fees). This compares to the S&P/ASX200 that was up 1.45%, and the Small Ords, which was up 1.55%. For the financial year to date, Pre-Tax NTA is up 31.78% (after fees). This compares to the S&P/ASX200 that was up 15.20%, and the Small Ords, which was up 21.84%.

February is when most stocks report their half-year results and we were pleased with the portfolio’s performance. We hope you can join us for our February 2021 Post Reporting Season webinar on Friday 5 March, in which we will cover the reporting season and portfolio performance in detail.

Please register for the webinar [here](#).

### Company at a Glance 28 February 2021

ASX Code	MA1
Portfolio Size	\$ 69.0M
Share Price	\$1.38
Shares on Issue	44.85m

### Estimated NTA (unaudited) 28 February 2021

Estimated NTA Pre Tax	\$1.4435
-----------------------	----------

### Return Estimate to 28 February 2021

	NTA Pre Tax
1 Month	-0.31%
3 Months	1.65%
CYTD	-0.87%
FYTD	31.78%
1 Year	38.82%
2 Years p.a.	24.71%
3 Years p.a.	14.53%
Since Inception p.a. (April 2016)	9.45%

### Portfolio Structure 28 February 2021

Outlook <sup>ii</sup> Stocks (Long)	13 Positions	67%
Outlook Stocks (Short)	1 Position	- 2%
Event, Pair and Group (Long)	2 Positions	12%
Event, Pair and Group (Short)	1 Position	0%
Cash		24%
<b>TOTAL</b>		<b>100%</b>
Gross Exposure		81%
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

The best performer in the portfolio for this reporting season was Lovisa (ASX: LOV) which jumped 19% on results day and ended up 36% for the month. Following closely behind was EML Payments Limited (ASX: EML) which climbed 16% on results day and 30% overall for the month. Both LOV and EML beat consensus analyst estimates having achieved better than expected recoveries from COVID-19 related disruptions. We have since trimmed our positions to take profits and maintain our original portfolio weights in each stock.

During February, we also exited our long position in Afterpay (ASX: APT). We have held Afterpay in the portfolio at various portfolio weights over time, but mostly between 3% and 7%. We completed our selling in Afterpay on the 12<sup>th</sup> February at approximately \$153 per share. The decision to sell was entirely due to its share price. At price of \$150 per the share price assumes Afterpay will meet our demanding expectations for its revenue growth, profit margins, cash flow and balance sheet. Such a price pays investors for this growth not only across its current geographies of Australia, USA and UK, but also across those it has only recently announced or barely entered such as Canada and Europe. In effect, shareholders are being rewarded for the future business now, so there is no need to wait any further to find out if they do a good job of execution, or what problems they face in the future.

We still like Afterpay and if the opportunity presents itself to buy the stock again at considerably lower prices or with a significant uplift in valuation due to new information, we would consider doing so. For example, new information that would materially expand our valuation includes increased customer usage patterns and faster growth in customer numbers, penetration into new geographies, easing competitive pressures, expanding profitability or new products. However, in the absence of new information and at our exit share price, we believe we have been adequately compensated for a long run-way of growth yet to be achieved by the company.

We look forward to discussing the portfolio's performance further at our February 2021 Monash Investors Post Reporting Season webinar, this Friday at 12pm. You can register for the webinar [here](#).

This announcement has been authorised for release to the ASX by the Board of Directors of MA1.

**For all business development enquiries, please contact  
Winston Capital Partners (Acting on behalf of Monash Investors)**

SA, NT and WA Advisers	Andrew Fairweather	P: +61 401 716 043 <a href="mailto:andrew@winstoncapital.com.au">andrew@winstoncapital.com.au</a>
VIC, NSW and ACT Advisers	Stephen Robertson	P: +61 418 387 427 <a href="mailto:stephen@winstoncapital.com.au">stephen@winstoncapital.com.au</a>
VIC, QLD & NSW Advisers	Cameron Harris	P: +61 400 248 435 <a href="mailto:cameron@winstoncapital.com.au">cameron@winstoncapital.com.au</a>

**For shareholder enquiries, please contact**

Boardroom Pty Limited

P: 1300 737 760 (in Australia)

+612 9290 9600 (international)

E: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## Monash Absolute Investment Company Limited

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](http://www.asx.com.au) for further information.

© 2020 Hedge Funds Rock and the Australian Alternative Investment Awards. All rights reserved. The information, data, analyses, and opinions contained herein include the proprietary information of Hedge Funds Rock and the Australian Alternative Investment Awards and may not be copied or redistributed without prior approval, do not constitute investment advice offered by Hedge Funds Rock and the Australian Alternative Investment Awards and are provided solely for informational purposes and therefore are not an endorsement of a fund or fund manager. Hedge Funds Rock and the Australian Alternative Investment Awards shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. Hedge Funds Rock and the Australian Alternative Investment Awards does not guarantee that a fund or fund manager will perform in line with its nominated award as it reflects past performance only. Likewise, any award should not be any sort of guarantee or assessment of the creditworthiness of a fund or fund manager or of its underlying securities and should not be used as the sole basis for making any investment decision.

Independent Investment Research (IIR) has awarded a Recommended rating for the Monash Absolute Investment Company Limited (ASX: MA1). To access the IRR report, please refer to our website at [www.monashinvestors.com](http://www.monashinvestors.com) or [click here](#)

---

<sup>i</sup> The Post-Tax NTA is after taxes yet to be paid, including taxes on net unrealised gains

<sup>ii</sup> Glossary of terms can be found on the Company’s website at [www.monashinvestors.com/glossary/](http://www.monashinvestors.com/glossary/)