

**Monash Absolute Investment Company Limited (ASX: MA1)
 December 2020 End of Month Update**
06 January 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 31 December 2020 the NTA Pre-Tax was \$1.4556.

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 December, the Pre-Tax NTA rose 2.51% (after fees). This compares to the S&P/ASX200 that was up 1.21%, and the Small Ords up 2.76%.

The portfolio did well to keep up with the market this month, given our cash weighting of over 20%.

Our returns were boosted by buying back some of the Afterpay (ASX: APT) and Kogan (ASX: KGN) we had sold at higher prices in October, both which rebounded sharply in December. We also limited our losses in Service Stream (ASX: SSM) by selling on the day it announced a downgrade.

The 2021 financial year has so far been strong. Over six months the Pre-Tax NTA is up 32.89% (after fees). The S&P/ASX200 did 13.20% and the Small Ords 20.28%.

While the COVID pandemic has been a once in a century experience for the world, for the markets it has been far less dramatic – with the crash of calendar year 2020 being merely a once in a cycle experience, and a brief one at that. In 2020 the S&P/ASX200 was down by -32.0% at its worst for the year, but it recovered to be up 1.4% at 31 December.

Company at a Glance 31 December 2020

ASX Code	MA1
Portfolio Size	\$ 69.5M
Share Price	\$1.335
Shares on Issue	44.85m

Estimated NTA (unaudited) 31 December 2020

Estimated NTA Pre Tax	\$1.4556
-----------------------	----------

Return Estimate to 31 December 2020

	NTA Pre Tax
1 Month	2.51%
3 Months	18.61%
CYTD	29.51%
FYTD	32.89%
1 Year	29.51%
2 Years p.a.	31.80%
3 Years p.a.	14.26%
Since Inception p.a. (April 2016)	9.98%

Portfolio Structure 31 December 2020

Outlook ¹ Stocks (Long)	14 Positions	72%
Outlook Stocks (Short)	1 Position	- 2%
Event, Pair and Group (Long)	3 Positions	9%
Event, Pair and Group (Short)	1 Position	-1%
Cash		23%
TOTAL		100%
Gross Exposure		85%
Net Exposure		77%

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](#)

Monash Absolute Investment Company Limited

Keeping 2020 in perspective

"Prediction is difficult, especially about the future." – a quote repeated by many people, over centuries. Equity fund managers live this uncertainty daily as there is always some stock making an announcement or being buffeted by unpredictable news flow.

While over time, stock investors receive good returns from society's growing wealth, it doesn't occur in a straight line. Over the last 50 years, there has been a significant market downturn every 5 – 7 years. In one sense, around 2020 we were due for a crash. However, every one of those downturns had a different cause and played out differently.

On the other hand, one thing doesn't change at all - the continuing opportunity to make money from stocks that are at times mispriced.

Our philosophy of seeking out mispriced stocks by calculating our own DCF based valuations in the light of recurring business situations and patterns of behaviour worked well this year. We apply it bottom up on a stock by stock basis, while incorporating top down knowledge of the wider world.

In the first couple of months of 2020, before the full extent of COVID's reach was understood, it had already begun to have an impact on stock prices. But in an age where there is little opportunity to obtain an information advantage because communication is so good, we weren't initially in a position to judge whether the market was getting it right or not.

That changed when we were able to read between the lines of the disclosures made by the Centres for Disease Control and Prevention in the United States in late February. This led us to sell positions, and establish short positions in companies whose deteriorating business outlook impacted their valuations the most, such as in industries that relied on overseas travel or transport. It followed that our cash weighting increased from about 20% to 50% over a week, limiting the impact of the market crash on our portfolio.

When we price stocks, we estimate not just their near term cash flow, but also as best we can their outlook over many years into the future. Prices fell so fast that within a few weeks we could see a number of stocks that had attractive medium to longer term outlooks that were trading at huge discounts to our valuations, and we began to buy them. Some of these were healthcare and technology based stocks that would see their revenues and profits increase because of COVID. We also topped up our existing stocks that we had already thought were bargains before the crash.

As a result of buying these stocks we became fully invested, and enjoyed very strong returns in the ensuing months. Our Pre-Tax NTA finished the calendar year up 29.5% after fees, well ahead of the S&P/ASX200 which was up only 1.4% and the Small Ords which was up 9.2%.

Hoping you were able to enjoy the Christmas & New Year period. Here's to a better year ahead.

Monash Absolute Investment Company Limited

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 andrew@winstoncapital.com.au
VIC, NSW and ACT Advisers	Stephen Robertson	P: +61 418 387 427 stephen@winstoncapital.com.au
VIC, QLD & NSW Advisers	Cameron Harris	P: +61 400 248 435 cameron@winstoncapital.com.au

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)

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.

© 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 or [click here](#)

ⁱ Glossary of terms can be found on the Company's website at www.monashinvestors.com/glossary/