

## Monash Absolute Investment Company Limited

5 March 2021

### Monash Absolute Investment Company Limited (ASX Code: MA1)

#### Post Reporting Season Update from Monash Investors

We look forward to you joining us today for our post reporting season investment update webinar presented by Monash Investors.

A copy of the presentation is attached.

If you haven't already registered, and would like to attend **PLEASE REGISTER FOR THE WEBINAR [HERE](#)**

During the webinar, Simon Shields and Shane Fitzgerald from Monash Investors will discuss the following:

- Key holdings within the portfolio and how they performed during the reporting season
- An overview of major changes within the portfolio
- Brief commentary on recent investment performance and outlook
- Provide an update on the proposal to restructure the Company into an ETMF
- An opportunity for Q&A

**Date:** Friday 5 March 2021

**Time:** 12pm (NSW, ACT, VIC, TAS)

11.30am (SA, NT)

11am (QLD)

9.00am (WA)

**PLEASE REGISTER FOR THE WEBINAR [HERE](#)**

Register on the link above and after the webinar you will also be sent an on-demand link to watch.

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

This announcement has been authorised for release by the Board of Monash Absolute Investment Company Limited

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](#)

# Invest With Confidence

## Monash Investors

**The Monash Absolute Investment Fund (MAIF)**  
**The Monash Absolute Investment Company Ltd (MA1)**

March 2021



# Agenda

---

1. Presenters
2. About Monash Investors
3. Performance Overview
4. Top Holdings and Reporting Season
5. Portfolio Activity and Positioning
6. MA1 Dividend and Restructure
7. Q & A



# Presenters



## **Simon Shields CFA, B.Comm (Hons), LLB, MBA**

- One of Australia's leading fund managers
  - Former Head of Equities at UBS Asset Management and Colonial First State
- Member of / led multi-award winning equity teams across different investment styles
  - Monash Investors 9 years – Style Agnostic
  - UBS 5 years – DCF Style
  - Colonial First State 9 years – Growth Style
  - Rothschild/Westpac 9 years – Value Style



## **Shane Fitzgerald B.Comm (Hons)**

- Highly rated equity analyst
  - 27 years an equity analyst, including
  - 14 years sell side experience
  - Former Head of JPMorgan Insurance and Diversified Financial Research
  - Former member of the multi award winning JPMorgan Research Team
- Broad experience
  - “Sell side” 14 years JPMorgan
  - “Buy side” 4 years UBS
  - 9 years Monash Investors



# About Monash Investors

---

- Founded in 2012
- Portfolio managers own the firm and have large holdings in the strategy
- Absolute return focus: benchmark unaware – style & stock size agnostic
- Provides an investment strategy that investors can't implement for themselves
  - Differentiated investment philosophy
  - Proprietary fundamental stock research
  - Sophisticated DCF modelling
  - Long and Short
  - Highly Active
- Two ways to invest
  - Monash Absolute Investment Fund, APIR: MON0001AU
  - Monash Absolute Investment Company, ASX: MA1



# Monash Absolute Investment Fund (Managed Fund)

## Strong absolute and relative track record



### Returns (After Fees) to 28 February 2021

	Monash Fund	Average Cash Held	Peer Rank	ASX200	Small Ords
<b>1 Month</b>	2.3%	26%		1.5%	1.6%
<b>3 Months</b>	5.2%	23%	10 / 22	3.0%	4.1%
<b>1 Year</b>	45.5%	18%	2 / 22	6.5%	17.2%
<b>2 Years pa</b>	28.4%	15%	1 / 20	7.6%	9.1%
<b>3 Years pa</b>	17.0%	18%	1 / 20	7.4%	7.2%
<b>5 Years pa</b>	11.3%	20%	6 / 17	10.7%	11.7%
<b>7 Years pa</b>	10.1%	20%	4 / 14	7.4%	8.1%
<b>MAIF Inception pa</b> <small>From 2 July 2012</small>	12.7%	21%	4 / 12	10.3%	7.8%

#### Sources

MAIF : Monthly Performance Report & Unit Prices [www.monashinvestors.com](http://www.monashinvestors.com) MA1: Announcements [www.asx.com.au](http://www.asx.com.au)  
 ASX Indices: S&P Dow Jones Indices Peers: Winston Capital - Comparable Absolute Return Funds



# Monash Absolute Investment Company (ASX : MA1) returns have rebounded after the initial drawdown post IPO

## Returns (After Fees) to 28 February 2021



	Monash Company Pre-Tax NTA	MA1 Share Price	ASX200	Small Ords
1 Month	-0.3%	4.55%	1.5%	1.6%
3 Months	1.7%	7.8%	3.0%	4.1%
1 Year	38.8%	53.0%	6.5%	17.2%
2 Years pa	24.7%	33.7%	7.6%	9.1%
3 Years pa	14.5%	18.9%	7.4%	7.2%
4 Years pa	14.2%	11.2%	8.1%	10.5%
MA1 Inception pa From 12 April 2016	9.5%	7.7%	10.4%	11.1%

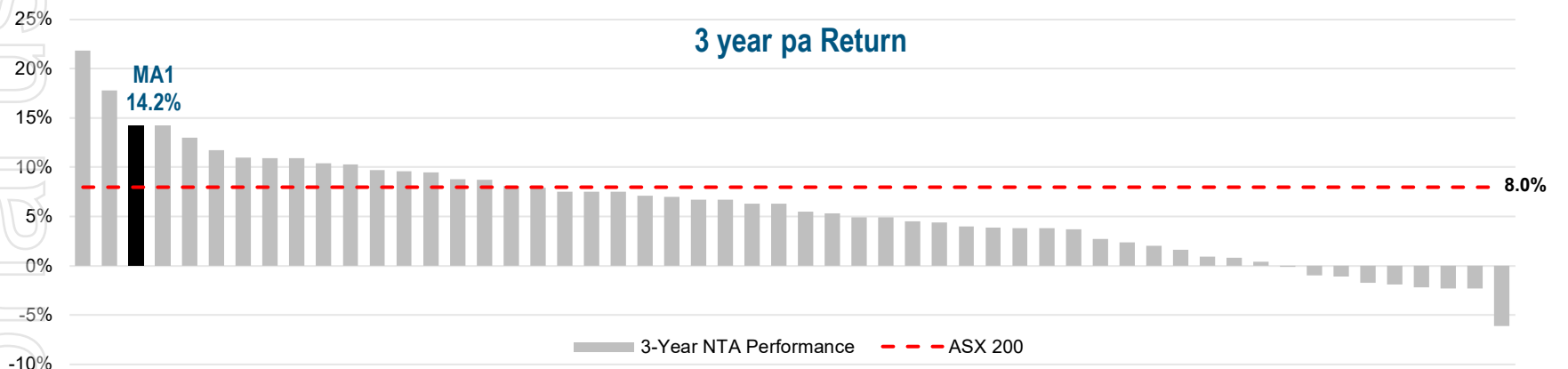
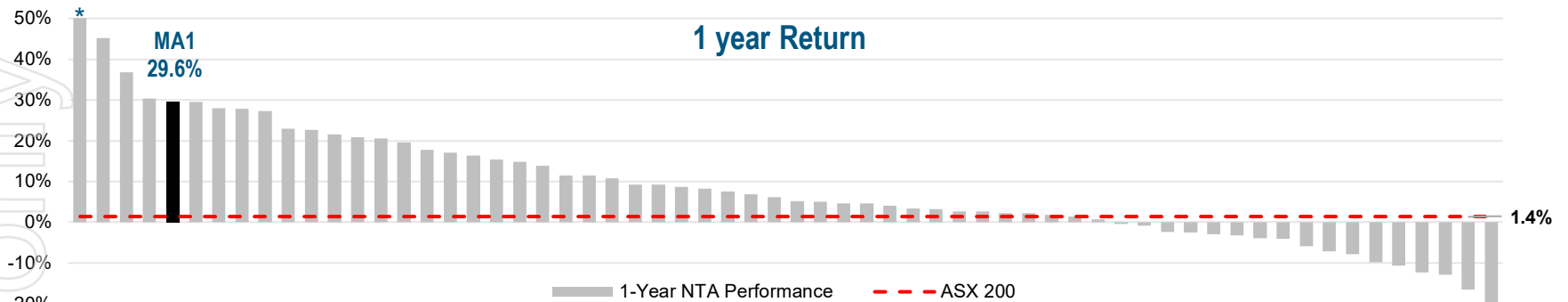
### Sources

MAIF : Monthly Performance Report & Unit Prices [www.monashinvestors.com](http://www.monashinvestors.com) MA1: Announcements [www.asx.com.au](http://www.asx.com.au)

ASX Indices: S&P Dow Jones Indices



# LIC Pre-Tax NTA returns to 31 December 2020



## Sources

Ord Minnett Research, Monash Investors

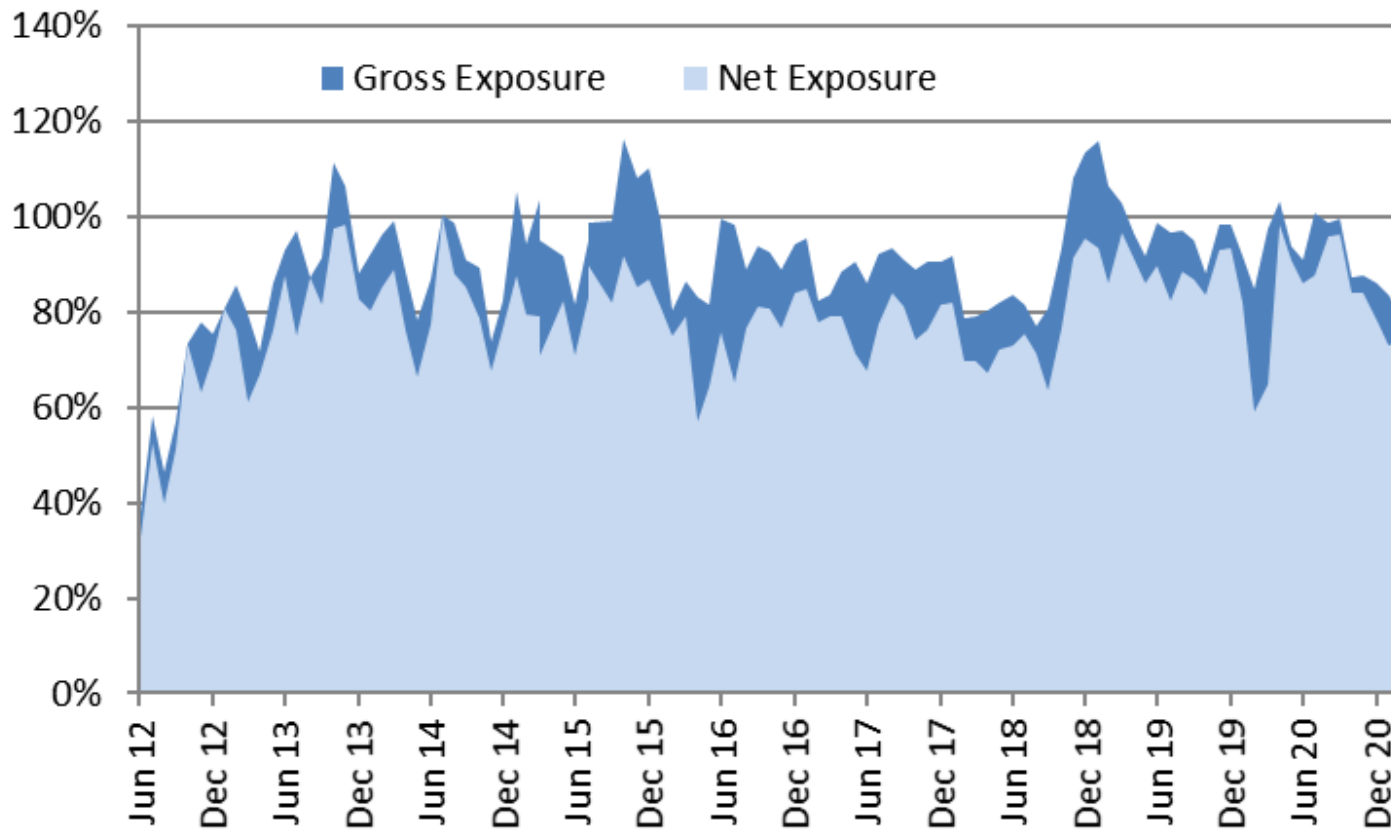
\* Capped performance at 50% for presentation purposes.





# Returns not generated through leverage

Gross/Net Exposure



# Contribution of Shorted Stocks to Portfolio Return

## 12 months to 31 January 2021

Portfolio was 5% short on average at any one time over the 12 months

Stock	Contribution	Price Move	Weight	Top Up Trades	Months Held
Flight Centre	3.5%	-67%	-2.5%	4	2.3
Corporate Travel	1.6%	-42%	-2.5%	2	5.3
Freedom Foods	1.4%	-74%	-1.8%	0	7.2
Qantas	1.1%	-40%	-2.5%	3	1.3
IDP education	0.8%	-25%	-1.5%	0	1.0
Skycity Entertainment	0.7%	-46%	-1.0%	1	1.3
Star Entertainment	0.6%	-43%	-1.0%	1	1.3
Eagers Automotive	0.5%	-13%	-2.5%	1	1.5
G8 Education	0.4%	-43%	-1.5%	1	2.0
Treasury Wines	0.4%	-16%	-2.5%	2	5.8
Crown Resorts	0.4%	-30%	-1.0%	1	1.2
Estia Health	0.2%	-31%	-1.0%	1	1.1
Regis Healthcare	-0.1%	1%	-1.0%	0	1.5
Kathmandu	-0.1%	5%	-2.5%	0	2.0
<b>AVERAGE per stock</b>		<b>-33%</b>	<b>-1.8%</b>	<b>1.2</b>	<b>2.5</b>
<b>TOTAL CONTRIBUTION</b>	<b>11.6%</b>				

### Sources

Link Fund Solutions MAIF Monthly Contribution Report, Monash Investors



# Top Holdings and Reporting Season

## Long and Short ranked by weight

Top Holdings 31 August 2020	Top Holdings 28 February 2021	Business Description	Result Announcement	Month Return
People Infrastructure	Healthia	Physiotherapy and Podiatry	Beat	4%
Electro Optic Systems	Lovisa	Jewelry Retailing	Beat	36%
Citadel Group	EML Payments	Transaction Processing	Beat	30%
Kogan.com	People Infrastructure	Workforce Management	In Line	-8%
Nearmap	Telix	Nuclear Medicine	In Line	-3%
Jumbo Interactive	Electro Optic Systems	Laser Tracking Applications	Miss	-14%
Healthia	Jumbo Interactive	Lotteries	In Line	-4%
Credit Corp	Kogan.com	On-Line Retailing	Miss	-4%
Short: Freedom Foods	Short: A2 Milk	Milk and Milk Products	Miss	-22%
	Short: Freedom Foods	Food and Beverage	N/A	halted

### Another good reporting season

Results ran 2 to 1 in our favour

During this reporting season there was a rotation by the market from 'COVID winners' towards 'COVID losers'



# Recent Portfolio Activity

---

## Sales

- Selling outperformers
  - Trimmed our largest holdings following price strength
  - Sold half our Afterpay at \$132 per share, Exited at \$153
- Reducing/Exiting due to signpost miss
  - Nearmap exited on second strike, unexpected capital raising
  - Exited Polynovo following disappointing sales, medium term sales outlook shaky
  - Reduced Kogan by 1/3 due to unexpected step change in marketing spend

## Purchases

- Added stocks with high expected payoffs & re-opening trade
  - Bill Identity, automated checking and paying of utility bills for large businesses
  - Lend Lease, urban renewal pipeline and earnings outlook temporary hit from COVID
  - Corporate travel, recovery in travel will exceed consensus forecasts
- Shorted stocks that were recently covered
  - Flight Centre, covered ahead of re-opening rotation
  - A2 Milk, covered following a poor result



# Portfolio snapshot as at 28 February 2021

Type	# of Positions	Weight MAIF	Weight MA1
Outlook Stocks – Long	13	64%	67%
Outlook Stocks - Short	1	-2%	-2%
Event, Pair and Group Trades - Long	2	12%	12%
Event, Pair and Group Trades - Short	1	-0%	-0%
Cash	N/A	26%	24%
Total	17	100%	100%
Gross Exposure		77%	78%
Net Exposure		74%	76%



# MA1 Dividend

---

## 13.0 cents per share 1<sup>st</sup> half dividend

- Generated due to strong performance since COVID outbreak
- Fully Franked at 30%
- 12.75% gross yield for the half
- MA1 trades ex-dividend on Wednesday 7<sup>th</sup> April 2021
- Payment date is Wednesday 21<sup>st</sup> April 2021



# MA1 Restructure

---

## Our objectives are simple

1. Continue to provide access to our strategy
  - that is unique, and
  - has an excellent track record
2. Do so without the persistent discount to NTA
  - Market Maker at NTA with a small spread
  - Dual registry allows direct purchase and redemptions
3. Make it easy to buy/sell additional units
  - Continues to trade on ASX, but with much improved liquidity
  - Dual registry allows direct purchase and redemptions
4. Provide regular income to investors
  - Moving to quarterly distributions
  - Minimum 1.5% per quarter



# MA1 Restructure

---

- Restructure from an LIC (MA1) to an ETMF (MAAT)
- Key agreements have been negotiated
  - Market making agent
  - Prime broker
  - Administrator
- ASIC has confirmed it has no objections
- Independent Expert (BDO) to report
- ASX to provide final approval
- Then a detailed timetable will be provided with the Notice of Meeting
  - Notice of Meeting expected to be issued by 31 March





# Questions

---

- Q & A with Simon Shields and Shane Fitzgerald



## You can follow Monash below

---

- [www.monashinvestors.com](http://www.monashinvestors.com)
- [Monash @ Livewire](#)
- [Monash Blogs](#)
- [Sign up here for newsletters](#)
- [Invest Here](#)



# Disclaimer

---

This presentation is issued by Monash Investors Pty Limited ABN 67 153 180 333, AFSL 417 201 ("Monash Investors") 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 the Monash Absolute Investment Fund ARSN 606 855 501 ("Fund") and Monash Absolute Investment Company Limited (MA1). Monash Investors is the investment manager of the Fund and MA1.

The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 ("Perpetual") is responsible entity of, and issuer of units in, the Fund. The inception date of the Fund is 2nd July 2012.

The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. Monash Investors, Winston Capital and Perpetual do not accept liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. A product disclosure statement ("PDS") issued by Perpetual dated 12 September 2017 is available for the Fund. You should obtain and consider the PDS for the Fund before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS.

Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Comparisons are provided for information purposes only and are not a direct comparison against benchmarks or indices that have the same characteristics as the Fund.

Monash Investors, Winston Capital and Perpetual do not guarantee repayment of capital or any particular rate of return from the Fund and do not give any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of Monash Investors as at the date of this document are subject to change without notice. Perpetual is not responsible for this document.

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

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



# Contact Details

---

**For all portfolio related enquires, please contact,**

**Simon Shields**

**Principal, Monash Investors**

[contactus@monashinvestors.com](mailto:contactus@monashinvestors.com)

M: +61 407 661 489

Level 5, 139 Macquarie Street

Sydney NSW 2000

[www.monashinvestors.com](http://www.monashinvestors.com)

**For all Business Development enquiries, please contact**

**Stephen Robertson**

**Founding Partner, Winston Capital**

[stephen@winstoncapital.com.au](mailto:stephen@winstoncapital.com.au)

M: +61 418 387 427

Suite 2, Level 8, 66 Hunter St

Sydney NSW 2000 Australia

[www.winstoncapital.com.au](http://www.winstoncapital.com.au)

**Andrew Fairweather**

**Founding Partner, Winston Capital**

[andrew@winstoncapital.com.au](mailto:andrew@winstoncapital.com.au)

M: +61 401 716 043

Level 3, 3A Davies Rd

Claremont WA. 6010

[www.winstoncapital.com.au](http://www.winstoncapital.com.au)

**Cameron Harris**

**Business Development, Winston Capital**

[cameron@winstoncapital.com.au](mailto:cameron@winstoncapital.com.au)

M+ 61 400 248 435

Suite 2, Level 8, 66 Hunter St

Sydney NSW 2000 Australia

[www.winstoncapital.com.au](http://www.winstoncapital.com.au)

