

Monthly Performance Report

May 2017

Monthly Update

The Fund fell 0.84% (after fees) for the month of May, during which the Small Ords fell 2.05% and the S&P/ASX300 fell 2.74%. Notwithstanding the Fund's focus on absolute returns, it is good to see it beating the market in May, after a poor six months of relative performance. May is also the first month in the last eight where the Small Ords has beaten the large cap stocks.

During May, the Fund initiated two more short positions which, in combination with cutting a holding, had the effect of lifting its net cash weighting from 20.8% to 28.7%

This month's update highlights the winners that contributed and losers that detracted from performance over May.

Winners

Netcomm Wireless (ASX: NTC) rose 32%. This bounce was more of a reflection that the share price should never have traded as low as it did, rather than any particularly good news regarding the company's fortunes.

Netcomm's Fixed Wireless device is being rolled out by the NBN. NBN customers who use it have the highest satisfaction rating of all NBN users, and a similar device being provided by Netcomm is now being rolled out by AT&T in the USA. The NBN is also expanding its use of Netcomm's fibre to the curb (FTTC) device in preference to its original fibre to the node (FTTN) strategy in order to improve customer experience.

With these major contracts underway, Netcomm is expected to have a substantial lift in revenues and earnings in FY18 and this recently led a broker to upgrade their earnings forecasts and price target for the stock.

Monthly Portfolio Metrics

Outlook Stocks (Long)	20 Positions: 69%
Outlook Stocks (Short)	2 Positions: -5%
Event, Pair and Group (Long)	4 Positions: 12%
Event, Pair and Group (Short)	2 Positions: -5%
Cash	29%
Gross Exposure	90%
Net Exposure	71%
Beta	0.59

Return Summary Since Inception¹

Since Inception (p.a.)	8.81%
1 Month	-0.84%
3 Months	-2.35%
6 Months	-7.83%
FYTD	-10.58%
1 Year	-14.01%
3 Years	0.92%
Cumulative	51.45%

¹Inception date of Fund is 2 July 2012.

Portfolio Analytics Since Inception

Sharpe Ratio	0.69
Sortino Ratio	1.33
Standard Deviation (p.a.)	9.31%
Positive Months	61%
Maximum Drawdown	-15.21%
Avg Gross Exposure	90.4%
Avg Net Exposure	71.3%
Avg Beta	0.59
Avg VAR	1.20%

Key Fund Information

Minimum Investment	\$20,000
Management Fee	1.53% p.a.
Performance Fee	20.5% above the RBA Cash Rate with High Water Mark
Pricing Frequency	Daily
Distributions	Annually
APIR Code	MON0001AU
Morningstar Category	Alternatives Strategies

Monthly Performance Report

May 2017

The Fund modestly added to its position during the recent weakness in Netcomm's share price, and is well placed for the likelihood that the company is expected to have more contracts to announce this calendar year.

EML Payments (ASX: EML) rose 19%. It gave a bullish earnings shareholder update early in the month.

The highlights were transaction volumes running ahead of expectations and a strong cash outcome for Q3.

EML continues to quickly penetrate the US market with its transaction cards and payment solutions. EML's update provided details around various contract wins. The nature of its business is such that it provides visibility to likely volumes over time, reducing analyst uncertainty in forecasting its earnings.

EML is expected to see EBITDA[1] double in FY18 and further momentum into FY19 as major contracts scale up.

Losers

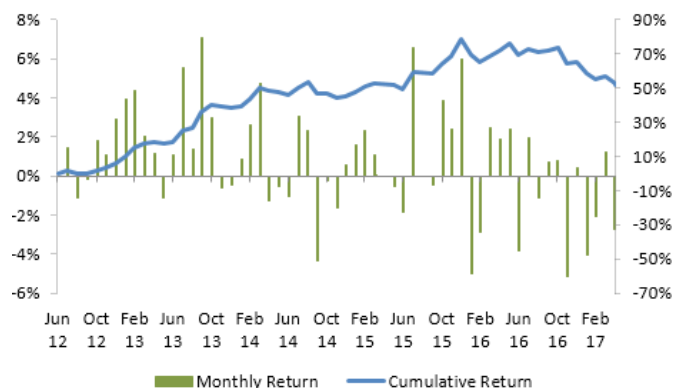
Catapult (ASX: CAT) fell 22%. Catapult's share price has been trending down since its successful capital raising mid last year, despite little change in its sales and earnings outlook. There was a small share issue in early May to fund an acquisition. Catapult continues to grow its wearable sports technology business for elite and professional athletes, which provides it with a reliable subscription based revenue stream. The acquisition of video technology provider XOS Digital (enabled by last year's large capital raising) and this month's small capital raising for the proposed acquisition of player management software, cements their leading product offering – they dominate the space.

In May they launched their "pro-sumer" offering, Playertek. A device with a standard interface, tailored for each sport, to be bought by schools and amateur club teams.
See www.playertek.com/aus

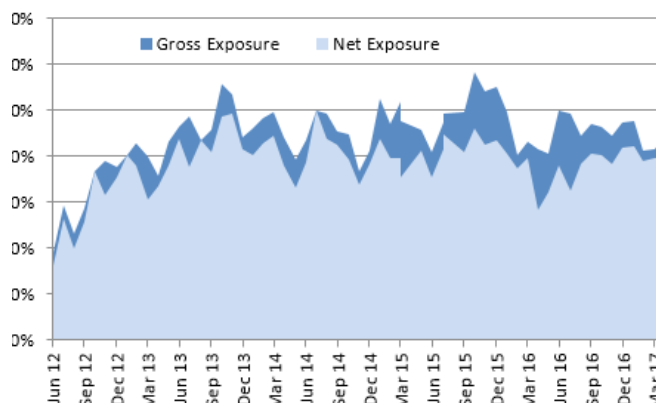
It will be interesting to see the level of early sales from the Playertek device. There is certainly very little in the share price for it. It, too, is a subscription based revenue model, albeit at a much lower price point than the more complex product. Given the quick adoption by professional teams of the original Catapult device, the ball's in Catapult's court – to use a sporting analogy.

Greencross (ASX: GXL) fell 17%. May was a difficult month for Australian retailer stocks on the back of market pessimism regarding the impact of Amazon next year. There was also some weak retail sales numbers reported by ABS[2] this month, which added to the gloom.

Cumulative Return Since Inception



Gross/Net Exposure Since Inception



Greencross owns Petbarn, which has been achieving good like for like sales growth and continues to roll out new stores. However, the Fund took the opportunity to cut its position in Greencross early in the month as both the growth opportunity and the market rating looked to Monash Investors as though it would become more adverse over time.

Monthly Performance Report

May 2017

[1] EBITDA is earnings before interest, tax, depreciation and amortization and is a measure of a company's operating performance.

[2] ABS refers to the Australian Bureau of Statistics

Important Information

This document 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"). Monash Investors is the investment manager of the Fund.

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 9 January 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.