

# Monash Investors

## 5 September 2019



# August 2019 Post Reporting Season Review

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- **Agenda**

- Performance
- Top Holdings and Reporting Season
- Recent Investment Activity
- Portfolio Snapshot
- Pre-IPO Stock Summary
- MA1 proposed restructure into an ETMF

- **Teleconference Details**

- **Date:** 5 September 2019
- **Time:** 11.30am (NSW, Vic, Tas, QLD), 11.00am (SA, NT) 10.30am (WA)
- **Call details**
  - Australian Dial-in Number 1300 264 803
  - International Dial-in Number +613 8687 0650



# Two ways to access the Monash investment strategy – small differences between the strategies

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## 1. ASX Listed Investment Company

1. ASX Code : MA1
2. 44,314,634 Shares on Issue
3. Discount reduced following restructure announcement
  - From 23% of NTA as at 30 June 2019
  - To 13% of NTA as at 31 August 2019

## 2. Managed Fund

1. APIR Code MON0001AU
2. Daily priced
3. Minimum Initial Investment \$20k
4. Available on key platforms



# Recent performance has been very strong

## After fee returns to 31 August 2019

	MAIF	Peer Rank		MA1 NTA	MA1 Price		ASX200	Small Ords
<b>CYTD</b>	31.90%	1/10		29.49%	35.66%		20.34%	17.38%
<b>FYTD</b>	5.64%	2/10		5.13%	19.02%		0.52%	0.49%
<b>3 Months</b>	6.84%	2/10		6.24%	19.02%		4.23%	1.41%
<b>1 Year</b>	13.63%	1/10		11.35%	17.62%		9.04%	4.14%
<b>2 Years pa</b>	13.28%	2/10		12.68%	12.94%		12.18%	11.12%
<b>3 Years pa</b>	5.67%	4/10		5.06%	1.29%		11.38%	8.41%
<b>5 Years pa</b>	5.55%	7/10					7.90%	7.82%
<b>7 Years pa</b>	10.48%	4/7					11.02%	7.24%
<b>Inception pa</b> From 2 July 2012	10.27%	4/7					11.59%	7.33%

### 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)

Peer Rank: Source SQM Research, Rank for MAIF vs Lonsec determined peers, data as at 31 August 2019

ASX Indices: S&P Dow Jones Indices



# Our top holdings had a good reporting season

Top Holdings 28 February 2019	Top Holdings 31 August 2019	Business Description	Result Announcement	August Return
Afterpay Touch	Afterpay Touch	Pay Later Retail Payments	Beat	+16%
Emeco	EML Payments	Gift Cards and Specialty Transactions	Beat	+19%
EML Payments	Electro Optic Systems	Laser Tracking Applications	In Line	+15%
G8 Education	Lovisa	Jewelry Retailer	Beat	+14%
Lovisa	Kogan	On-Line Retail	Beat	+24%
MNF Group	Service Stream	Utility Infrastructure Maintenance	In Line	-4%
Healthia	Telix	Radio-Pharmaceuticals for Cancer Imaging and Treatment	In Line	-3%
Kogan	NearMap	On-Line Satellite Maps for Business and Government	In Line, price pulled back after strong run	-19%
Paragon	People Infrastructure	Workforce Management and Staffing	In Line	+1%
Infomedia	Leigh Creek Energy	Large 2P Gas Reserve in South Australia	In Line, but still waiting for contract announcements	-17%

**Top 10: 4 positive, 6 in line, 0 negative**



# Key recent actions

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- Kogan (ASX: KGN)
  - Exited following July sales update
    - Sales in line with expectations
    - Near enough to our price target
  - Bought back following August result announcement
    - Impact of Kogan Market Place on future earnings
    - Structural reduction in marketing expense
    - Led to a much increased price target
- G8 Education (ASX: GEM)
  - Reduced holdings by 1/3 mid August
    - Due to “early warning” spike in short selling
  - Exited following August result
    - Lower expectations for occupancy growth reduced our price target
- Trimmed stocks to control portfolio weightings
  - Reduced the weights in stocks that hit from 9% following strong runs to 7%
    - AfterPay (ASX: APT)
    - EML Payments (ASX: EML)
    - Lovisa (ASX: LOV)



# Portfolio snapshot as at 31 August 2019

Type	# of Positions MAIF	# of Positions MA1	Weight MAIF	Weight MA1
Outlook Stocks – Long	19	19	82%	81%
Outlook Stocks - Short	2	2	-4%	-4%
Event, Pair and Group Trades - Long	1	1	11%	10%
Event, Pair and Group Trades - Short	0	0	0%	0%
Cash	N/A	N/A	12%	13%
<b>Total</b>	<b>22</b>	<b>22</b>	<b>100%</b>	<b>100%</b>
<b>Gross Exposure</b>			<b>97%</b>	<b>96%</b>
<b>Net Exposure</b>			<b>88%</b>	<b>87%</b>
<b>Beta</b>			<b>0.70</b>	<b>0.70</b>



# MA1 Pre-IPO holdings at 31 August 2019

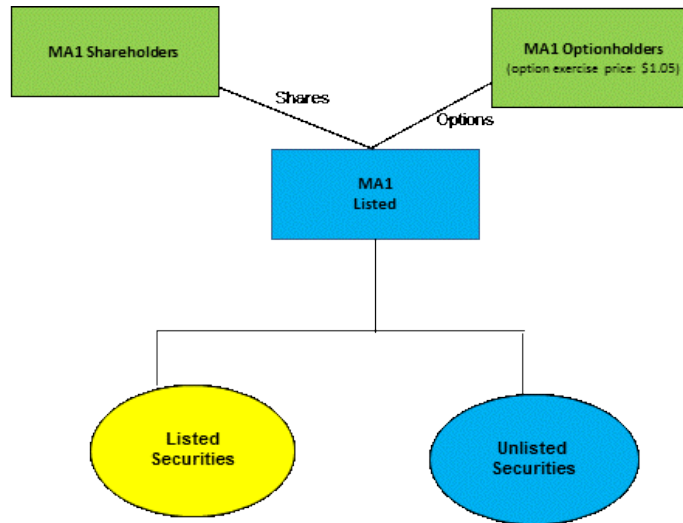
Name of Security	Business Description	Purchase Price	Last Traded Price	Weighting %
<b>Kayla Technologies</b> 	AirBnB property management	\$3.00 (July 2016)	\$16.62 (July 2019) Share Issue	1.4%
<b>Lumitron</b> 	HyperVIEW laser enabled X-ray systems.	US \$10.00 (June 2018)	\$10.00 (May 2019) Share Issue	0.6%
<b>Moboom</b> 	Automated website creation	\$0.10 (May 2016)	\$0.10 (Nov 2018) Rights issue	0.5%
<b>Nexdius</b> 	Vitamin D promoting sunscreen lotion.	\$0.12 (May 2016)	\$0.12 (April 2019) Crowd Funding	0.5%



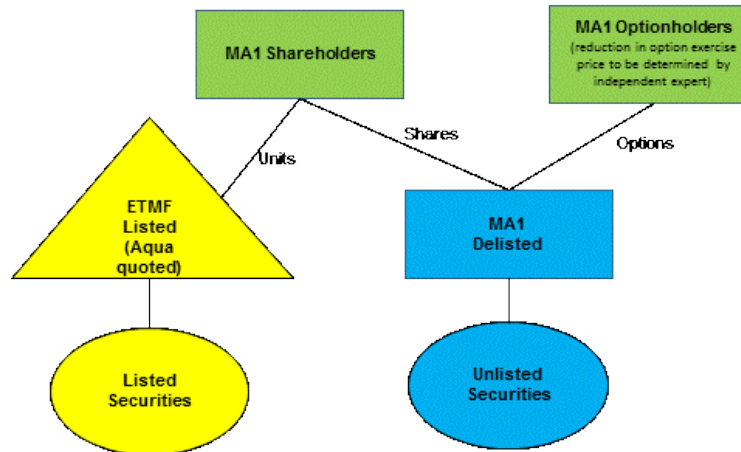


# MA1 Proposed Restructure into an ETMF – Structure Diagram

BEFORE



AFTER



# MA1 Proposed Restructure into an ETMF

The proposed restructure is the least cost way of returning value to shareholders.

- Tax Deferred Assets – value preserved for later use
- Unlisted Equities – no loss of current value because no forced liquidation
- Unlisted Equities – preserves future value opportunity for shareholders
- Avoids Manager Termination Costs
- Shareholders will be able to buy/sell ETMF on market at NTA

	Existing MA1 Structure	Proposed ETMF Structure
Access to Investment	Listed on ASX	Listed on ASX
Liquidity	Closed-Ended – Liquidity solely determined by number of buys and sellers on the ASX	Open-Ended- Liquidity supplied by the issuing and redeeming of units
Price vs NTA	Determined by the buyers and sellers on the ASX. Poor liquidity often sees LICs trade at large discounts	A Market Maker ensured that the price stays within a tight band around the NTA

- Under the Proposed Restructure, MA1's shareholders would receive units in an ASX listed Exchange Traded Managed Fund (**ETMF**) that would hold MA1's existing portfolio of listed investments, with a small percentage (approximately 3.5% of the current value of MA1) of unlisted investments retained in MA1 (to be realised on an orderly basis and the proceeds distributed to shareholders) (**Proposed Restructure**).
- The Proposed Restructure will be subject to a number of conditions precedent, including shareholder approvals required under the Corporations Act and the ASX Listing Rules, satisfactory resolution of the current ASIC review of the ETMF sector, ASX approval for the new ETMF to be listed and a satisfactory opinion from an Independent Expert in relation to the restructure. If these conditions are not satisfied, the Proposed Restructure will not proceed.
- Subject to the conclusion of the ASIC review being satisfactory, the Board expects to send to shareholders over the coming months a Notice of Meeting, an Explanatory Memorandum and an Independent Expert's report on the Proposed Restructure.



# Q&A

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- Questions are now welcome from callers



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# Contact Information to learn more about Monash Investors

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If you would like to learn more about the Monash Investors strategies, please email one of the following: -

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