MonashINVESTORS

Monthly Performance Report

December 2015

Fund Strategy

The Monash Absolute Investment Fund (Fund) offers investors an Australian equity fund that aims to deliver high absolute returns of 12-15% p.a. (after fees), over a full investment cycle and preserve investor capital each financial year.

The Fund is benchmark unaware, style and stock size agnostic, both long and short and only invests in compelling opportunities. In keeping with the Fund's absolute return objectives, if the team cannot find stocks that meet the very high return hurdle requirements, the Fund will preserve that capital in cash at bank.

Monthly Update

The Fund rose 6.0% in December. This built on what was already a strong year for us, with the fund finishing up 22.9%, despite the Australian equity market struggling – the ASX 200 price index was negative for 2015.

Looking back on the year as a whole, our philosophy of only making compelling investments succeeded because:

- It focusses us on finding companies that have extremely strong outlooks, and as these play out their share prices tend to do quite well.
- Even when these companies don't do as well as expected, they generally still do pretty well, more than offsetting the occasional disaster.
- Our shorting is the opposite of this, focusing on companies facing intense competition and declining profits, and it added value too.
- Our focus on compelling stocks kept us out of resources and banks, which were large contributors to the market's overall decline.

Monthly Portfolio Metrics

Outlook Stocks (Long)	17 Position: 71%
Outlook Stocks (Short)	4 Positions: (-9%)
Event, Pair and Group Trades	7 Positions: (26%)
Gross Exposure	110%
Net Exposure	87%
Beta	0.41

Return Summary Since Inception[1]

1 Month	6.00%
3 Months	12.70%
6 Months	19.83%
FYTD	19.83%
CYTD	22.94%
1 Year	22.94%
2 Years	13.59%
3 Years	18.99%
Since Inception (p.a.)	18.03%
Cumulative	78.62%

[1] Inception date of Fund is 30 June 2012.

Portfolio Analytics Since Inception

Sharpe Ratio	1.79
Sortino Ratio	5.14
Standard Deviation (p.a.)	8.42%
Positive Months	67%
Maximum Drawdown	-6.05%
Avg Gross Exposure	87%
Avg Net Exposure	77%
Avg Beta	0.60
Avg VAR	1.2%

Key Fund Information

FUM	$31m
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

![Monash Investors logo]

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Stock Focus

In December, a number of our stocks significantly benefitted from specific events, during what is normally a pretty quiet month. The following is a brief summary:

Nohla Therapeutics (Unlisted) +253%. It is a biotech expected to list 1Q17. We purchased a 1% weight for the portfolio early last year. They had another capital raising round late last month, in which we did not participate, at a premium to our entry price.

AirXpanders (AXP) +32%. It supplies medical devices benefitting breast reconstruction patients. It released an investor newsletter in December highlighting surprisingly strong adoption rates in Australia. Also, that it's presentation at the American Society of Plastic Surgeons meeting in Boston, the world's largest plastic surgery conference, was made to a standing room only crowd and received the top presentation award for the conference

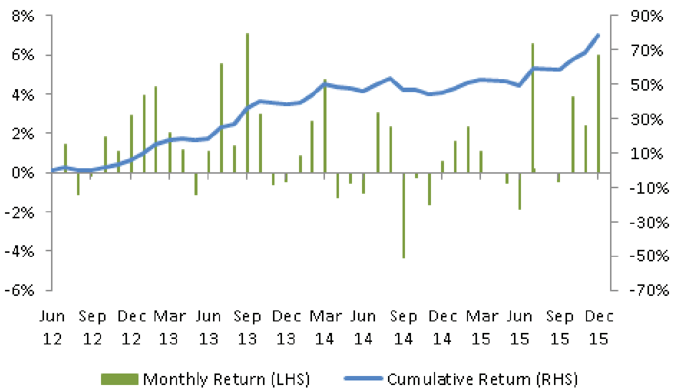
Emerchants (EML) +18%. It supplies task specific cash cards. It has been growing its volumes strongly with corporate bookmakers. In December it announced that it was launching a cash load system 'Each Way' with bet365 and had signed William Hill as a new client.

Catapult (CAT) +17%. It supplies player monitoring devices. It has been growing its volumes strongly, globally. In December it signed a binding memorandum of understanding to be the provider of GPS based athlete tracking services to all 18 AFL teams and the AFL talent pathways program for 5 years.

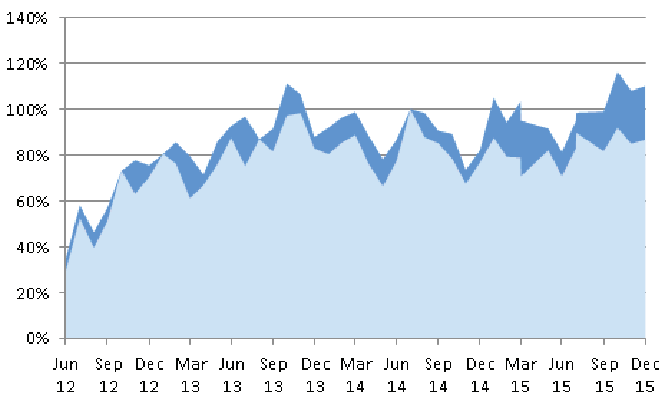
Greencross (GXL) +12%. Australia's largest integrated pet care company with over 130 veterinary practices and over 200 retail stores. It continues to have strong organic growth. TPG, A large global private equity firm tried to buy 20% of the company on market.

Collection House (CLH) -14%. We are SHORT. It is Australia's second largest debt collection agency. Encore (a large US based debt collection group) recently bought a majority stake in Australia's number three player, Baycorp, which should see an increase in competition. In December CLH announced restructuring costs and a lower first half profit guidance.

Cumulative Return Since Inception



Gross/Net Exposure Since Inception



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