

# Monthly Performance Report

## February 2016

### 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

For the financial year to date, the Fund's performance is up 10.6% after fees while the ASX200 is down 7.6%.

The Fund declined by 2.9% after fees in February, which was another weak month for the Australian market and the ASX200 fell 1.8%. As businesses, our stocks generally reported very good results in February, but in common with many growth stocks this month, a few of ours had their stock prices marked down. By contrast, February was a great month for resources stocks, to which the Fund has little exposure. During the month we were concerned that market sentiment going into the Presidents Day long weekend in the US was so bad, that there was a risk of market collapse. The extra protection we purchased cost the portfolio 1.3%.

### Monthly Portfolio Metrics

Outlook Stocks (Long)	16 Position: 59%
Outlook Stocks (Short)	1 Positions: -3%
Event, Pair and Group (Long)	6 Positions: 19%
Event, Pair and Group (Short)	0 Positions: 0%
Cash	25%
Gross Exposure	80%
Net Exposure	75%
Beta	0.36

### Return Summary Since Inception<sup>1</sup>

<b>Since Inception (p.a.)</b>	<b>14.61%</b>
1 Month	-2.88%
3 Months	-2.17%
6 Months	3.54%
FYTD	10.59%
1 Year	9.19%
2 Years	7.26%
3 Years	12.76%
Cumulative	64.85%

<sup>1</sup>Inception date of Fund is 2 July 2012.

### Portfolio Analytics Since Inception

Sharpe Ratio	1.29
Sortino Ratio	2.97
Standard Deviation (p.a.)	9.12%
Positive Months	64%
Maximum Drawdown	-7.71%
Avg Gross Exposure	88%
Avg Net Exposure	77%
Avg Beta	0.59
Avg VAR	1.16%

### Key Fund Information

FUM	\$28m
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

## February 2016

### Stock Focus

**Silver Chef (ASX Code: SIV)**  
**Market Cap \$300m**  
**Sector: Diversified Financials**

Over the course of the reporting season, our outlook stocks posted some great results and importantly confirmed strong outlook statements. A particular highlight was Silver Chef (SIV) which delivered a result well above expectations on the back of growth rates that even surprised us, thus confirming our investment thesis on the stock.

SIV is an equipment finance company offering an innovative financing option to small business. It offers a Rent-Try-Buy product which provides a novel solution to its customers as well as delivering fantastic financial returns to SIV.

SIV's customer base is small business owners, ranging from startups to established businesses. Businesses of this size typically have limited financing options, with Banks generally unwilling to lend directly to the business. As a result the majority of these businesses are cash financed, usually out of the business owner's mortgage. The other feature of most small businesses is that it nearly always takes longer and costs more than initially planned for any business to get up to speed.

SIV's business pitch to its customers, is instead of taking money out of their mortgage to buy a new piece of equipment, rent it from SIV, try it and see if it works for you business, and then you have the option of buying it from SIV once you know it works out. This way the business owner still has their mortgage to draw down on if required, and have therefore de-risked their business. SIV only offer finance on business critical assets and these have relatively deep secondary markets so they are able to offload unwanted equipment, and due to the monthly rental rate of 4% generates EBITDA margins in the mid 60% range after impairment expenses.

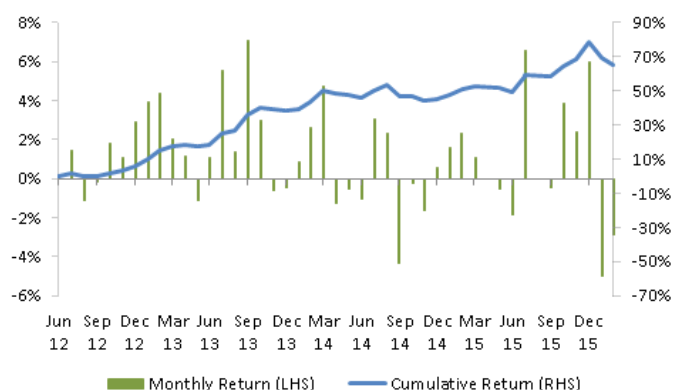
So how does SIV meet our investment criteria

#### Insight:

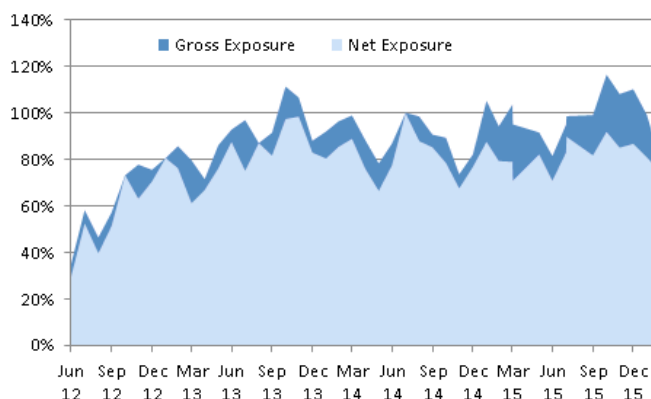
**Customer Behavior** -The Rent-Try-Buy product is a very novel financing option for small business that provides much greater flexibility to the business owner and helps to "share" the risk of purchasing new business equipment.

**Drive by Boards to exploit opportunities** – SIV has significant growth opportunities within its GoGetta division and Canada and in time other Geographic regions. Its product is unique on a Global basis and produces very attractive returns.

### Cumulative Return Since Inception



### Gross/Net Exposure Since Inception



# Monthly Performance Report

## February 2016

### Growth:

During 1H16, SIV achieve 33% growth in rental assets (the lead indicator of revenues) on the back of record breaking growth in the GoGetta business and continued strong growth in the hospitality business. The newly established Canadian operations are now breakeven with a huge market opportunity still to be exploited.

### Value:

Based on consensus earnings estimates (which we believe the company will easily exceed) the stock is trading on a 1 year forward PE of only 11.5x and an EBITDA multiple of 4.0x. Given the growth profile and strong balance sheet of this company there is significant valuation upside.

### Event:

While we are not expecting any specific event from SIV over the coming months, it is clear that the business has tremendous momentum.

### For all business development enquiries, please contact

Andrew Fairweather

Winston Capital partners (Acting on behalf of Monash Investors)

P. +61 401 716 043

E. Andrew@winstoncapital.com.au

### For all investor enquiries, please contact

White Outsourcing Pty Ltd (Acting on behalf of the Fund)

P. +61 2 8262 2800

E. registry@whiteoutsourcing.com.au

Monash Fund Unit Registry, GPO Box 5482, Sydney NSW 2001

### For all other enquiries

E. contactus@monashinvestors.com

The above information is only available to Wholesale clients as defined under the Corporations Act 2001 (Cth) and not for retail clients use or distribution.

"This information is issued by Monash Investors Pty Limited ABN 67 153 180 333 AFSL 417 201 (Monash Investors) in relation to the Monash Absolute Investment Fund (Fund). The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 (Perpetual) is the responsible entity of, and issuer of units in the Fund, and Monash Investors is the investment manager of the Fund.

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. Monash Investors accepts no 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.

Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance.

Neither Monash Investors or Perpetual guarantee repayment of capital or any particular rate of return from the Fund. Neither Monash Investors or Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgements of Monash Investors as at the date of this document are subject to change without notice."