

Monthly Performance Report

January 2021

Monthly Update

In January, the portfolio rose 0.26% (after fees). This compares to the S&P/ASX200 that was up 0.31%, and the Small Ords which was down -0.25%.

For the financial year to the end of January, the Fund is up 35.98% (after fees). This compares to the A&P/ASX200 that is up 13.55% and to the Small Ords, which is up 19.98%.

January is typically a quiet month before the storm of the February reporting season, excluding the few companies that need to fulfil their continuous disclosure obligations, by confessing early to a surprisingly good or bad result. This was no exception and the market in effect “marked time” despite its continuing volatility, with five out of January’s nineteen business days experiencing a market move of greater than +/- 1%.

Monthly Portfolio Metrics

Outlook Stocks (Long)	13 Positions: 68%
Outlook Stocks (Short)	1 Positions: -2%
Event, Pair and Group (Long)	3 Positions: 11%
Event, Pair and Group (Short)	2 Positions: -3%
Cash	27%
Gross Exposure	83%
Net Exposure	73%

Return Summary Since Inception¹(after all fees)

Since Inception (p.a.)	12.50%
1 Month	0.26%
3 Months	19.32%
6 Months	31.41%
FYTD	35.98%
1 Year	26.10%
3 Years	15.15%
5 Years	10.11%
Cumulative	174.91%

Portfolio Analytics Since Inception²

Sharpe Ratio	0.65
Sortino Ratio	1.15
Standard Deviation (p.a.)	16.30%
Positive Months	63%
Maximum Drawdown	-29.10%
Avg. Gross Exposure	90.20%
Avg. Net Exposure	78.90%
Avg. Beta	0.62
Avg. VAR	1.20%

¹ Inception date is 2 July 2012. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

²Glossary of terms can be found on the Fund’s website at www.monashinvestors.com/glossary/

Monthly Performance Report

January 2021

The portfolio has little appetite for businesses that are not progressing at least in line with our expectations. During the month the Fund exited Polynovo Ltd (ASX:PNV) following a disappointing update.

During calendar year 2020, management had repeatedly stated that their sales were resilient to COVID-19, and indeed their sales for the June and September quarters were in line with expectations. However, following director selling in early December, there was a sales update in mid-January. To quote their announcement³, there had been “slower than expected sales in October and November” with COVID-19 being blamed for the disruption. As a result, the company is unlikely to meet its near-term growth targets.

Our concern was that the company requires substantial medium term growth to justify our (now former) target price, and in the circumstances, we no longer had the confidence that they would be able to do so, and we sold out.

The net effect of this and other investment decisions during February saw our cash weighting increase from 23% to 28%, which is above our average long term cash holdings which been around 20%. Our cash holding is an outcome of “bottom-up” investment decisions, rather than being a “top-down” view about the value or risk of the market overall. In other words, we sell positions in companies as the share price reaches our price targets, which are derived through bottom-up research and financial modelling. Nevertheless, it does indicate that we are identifying fewer compelling opportunities at present than on average, which may indicate that the market is more fully priced than usual.

**For all business development enquiries, please contact
Winston Capital Partners (Acting on behalf of Monash Investors)**

SA, NT and WA Advisers	Andrew Fairweather	P: +61 401 716 043 andrew@winstoncapital.com.au
VIC, NSW and ACT Advisers	Stephen Robertson	P: +61 418 387 427 stephen@winstoncapital.com.au
VIC, QLD & NSW Advisers	Cameron Harris	P: +61 400 248 435 cameron@winstoncapital.com.au

For all investors enquiries, please contact
Link Fund Solutions Pty Limited (Acting on behalf of the Fund)
+612 9547 4311
LFS_registry@linkgroup.com

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.

³ https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02329907-3A559355?access_token=83ff96335c2d45a094df02a206a39ff4

Monthly Performance Report

January 2021

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