

Monthly Performance Report

April 2017

Monthly Update

The Fund fell 2.74% (after fees) for the month of April, during which the Small Ords fell 0.25% and the S&P/ASX300 rose 0.98%. The run of poor returns that the Fund has experienced has been extremely disappointing, and quite extraordinary, given the positive updates and good business momentum of the stocks held, as previously detailed in monthly updates.

Over the past six months, the 'reflation' trade has seen a sharp reversal of fortune for fund managers that look for companies that are growing faster than average. The speed at which the market has sold out of both these small and mid-sized companies to invest in larger 'value' stocks, has seen a sharp correction in many stocks that the Fund holds.

This reversal of fortune has seen fund managers that adopt the value style (targeting low near term P/E ratios) move from the bottom of the performance surveys to the top, whilst growth fund managers (who target fast growing businesses where value is apparent in the medium term) have moved to the bottom.

As a refresher, Monash Investors focuses on investing in companies that exhibit a combination of the following four attributes, which with a shuffling of the mnemonic, can be referred to as G.I.V.E.:

1. Insight – that the market is misunderstanding or mispricing a stock, why that is so, and how it will be resolved
2. Growth – companies that are growing their revenues, earnings and/or cashflow quickly, for long positions
3. Value – companies must show upside to Monash Investors valuation of 60%+ for Outlook Stock long positions or 30%+ downside for our Outlook Stock short positions

Monthly Portfolio Metrics

Outlook Stocks (Long)	20 Positions: 73%
Outlook Stocks (Short)	2 Positions: -5%
Event, Pair and Group (Long)	3 Positions: 11%
Event, Pair and Group (Short)	0 Positions: 0%
Cash	21%
Gross Exposure	89%
Net Exposure	79%
Beta	0.69

Return Summary Since Inception¹

Since Inception (p.a.)	9.97%
1 Month	-2.74%
3 Months	-3.54%
6 Months	-11.84%
FYTD	-9.82%
1 Year	-11.21%
3 Years	1.02%
Cumulative	52.74%

¹Inception date of Fund is 2 July 2012.

Portfolio Analytics Since Inception

Sharpe Ratio	0.72
Sortino Ratio	1.39
Standard Deviation (p.a.)	9.36%
Positive Months	62%
Maximum Drawdown	-14.49%
Avg Gross Exposure	88.6%
Avg Net Exposure	79.2%
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

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4. Event – shorter term trading opportunities (long and short positions)

As previously highlighted, during the February 2017 reporting season, of the top twelve Outlook Stock long positions, 7 beat expectations, 4 were in line and 1 missed. On any measure, this should be considered a very strong result.

But even with these excellent results at the underlying business level, these stocks were on average only up 1.4% on the day of their earnings results, falling by 1.7% over the month. Since then, the Fund continued to see share price weakness, in an environment where the underlying businesses are continuing to perform well.

Below are charts of two such examples with Netcomm Wireless (ASX Code: NTC) and Catapult (ASX Code: CAT) – two of the Outlook Stock long positions in the Fund. As the charts highlight, on balance, they have continued to announce significant wins, whilst their share prices have been falling. In the medium term, Monash Investors know that earnings drive share prices, and will be patient.

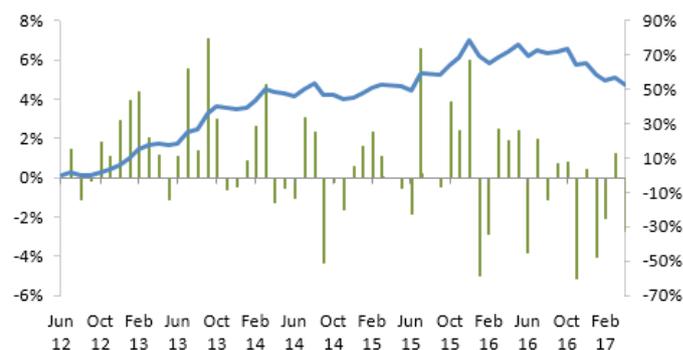
Netcomm (NTC)



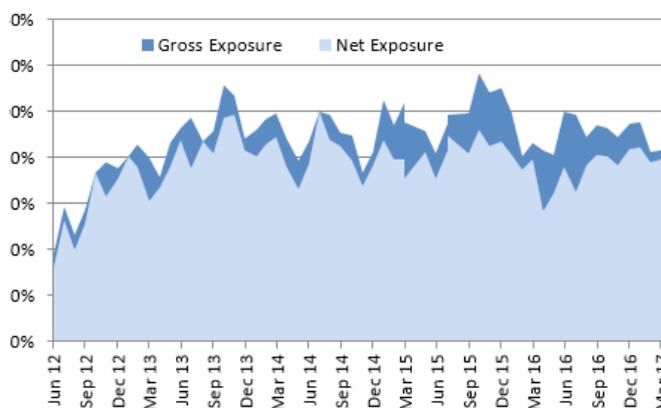
Symbol	Announcement
1	Distribution agreement for Japan
2	Distribution agreement with Arrow Electronics - North America
3	M2M agreement with Singtel
4	Hitachi selects NTC for UK Energy Project
5	Signs rural broadband agreement with USA Telco
6	Agreement with Nokia for Fixed Wireless
7	Selected by NBN for Fibre to the Curb Project
8	CEO succession
9	Initial NBN Fibre to the Curb order

(Source: Factset and Monash Investors)

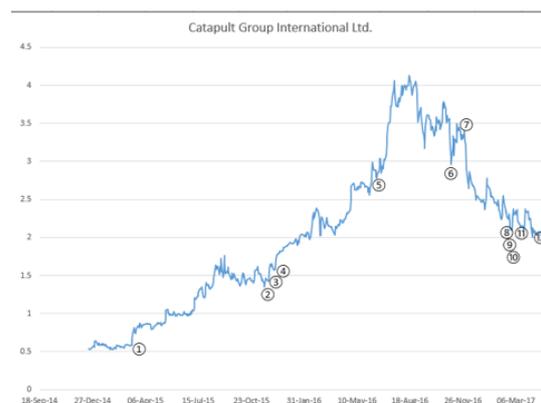
Cumulative Return Since Inception



Gross/Net Exposure Since Inception



Catapult (CAT)



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Symbol Announcement

1	Partners with XOS
2	League Wide deal with Australian Rugby Union
3	League Wide deal with NBA and Super Lig
4	League Wide deal with AFL
5	Acquires XOS and Playertek
6	League Wide deal with NBL
7	AGM - announced \$3-5m of earnings deployed in establishing Prosumer
8	League Wide deal with Argentina La Liga
9	Major League Baseball approves Catapult wearables
10	League Wide deal with Welsh Rugby Union
11	CEO succession announced
12	Push into Prosumer Market launched

(Source: Factset and Monash Investors)

Selling discipline

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True to label

Monash Investors cannot forecast how long value will outperform growth – no one can. What Monash Investors can deliver, however, is staying disciplined and 'true to label'. This may mean more short to medium term volatility with performance, but given the outlook for these companies, Monash Investors are confident, that in time, that the Fund will look back on this period as an excellent buying opportunity.

Important Information

This document is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 ("Perpetual") as responsible entity of, and issuer of units in, the Monash Absolute Investment Fund ARSN 606 855 501 ("Fund"). Monash Investors Pty Limited ABN 67 153 180 333, AFSL 417 201 ("Monash Investors") is the investment manager of the Fund. The inception date of the Fund is 2 July 2012.

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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.

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