

Monash Absolute Investment Company
ABN 86 610 290 143

EQUAL ACCESS SHARE BUY BACK

EXPLANATORY STATEMENT

6 August 2018

Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders in understanding the Equal Access Buy Back approved by Monash Absolute Investment Company Limited's (**the Company**) board of directors on 13 July 2018. The information in this Explanatory Statement is provided to Shareholders of the Company to assist them to decide whether to accept, in whole or in part, the Company's Equal Access Buy Back offer. This Explanatory Statement is prepared pursuant to and in satisfaction of the share buy back rules in the Corporations Act and the Listing Rules of the ASX. You are encouraged to consider this Explanatory Statement carefully. If you are in doubt as to how to deal with this Explanatory Statement, you should consult your legal, financial or other professional adviser as soon as possible.

This Explanatory Statement is not intended to provide financial or tax advice and has been prepared without taking into account the personal circumstances of any person. Each Shareholder should obtain their own independent professional advice before making any decisions regarding the content of this Explanatory Statement or making an Application to participate in the Equal Access Buy Back.

1. General

This Explanatory Statement and all attachments to it are important documents. They should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement, please contact your financial adviser or other professional adviser.

1. Definitions and Interpretation

Capitalised words and expressions used in this Explanatory Statement are defined throughout the Explanatory Statement and/or in the Glossary in section 8.

Unless otherwise stated, all references to sums of money, \$ and dollars are to Australian currency and all references to time are to Sydney time.

2. Purpose of this Explanatory Statement

The purpose of this Explanatory Statement is to:

- (a) explain the effect and implications of the offer to buy back Shares from Shareholders (**Equal Access Buy Back**); and
- (b) provide such information as prescribed in:
 - (i) the Corporations Act (including under section 257G of the Corporations Act); and
 - (ii) ASIC Regulatory Guide 110.

3. Timetable for the Equal Access Buy Back

The Equal Access Buy Back will open on 8 August 2018 and close on 7 September 2018. Shares bought back in the Equal Access Buy Back are proposed to be cancelled on 12 September 2018 and Shareholders who elect to participate in the Equal Access Buy Back are expected to receive payment in respect of their Shares on 17 September 2018.

The indicative timetable for the Equal Access Buy Back is set out below. Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

Event	Day
Equal Access Record Date – Record date for determining Shareholders eligible to participate in the Equal Access Buy Back	3 August 2018
Equal Access Open Date - Company sends personalised Application Forms to holders of Shares as at the Equal Access Record Date and the Equal Access Buy Back offer opens	8 August 2018
Equal Access Closing Date – Closing date for receiving of Application Forms under the Equal Access Buy Back	7.00pm (AEST) on 7 September 2018
Equal Access Buy Back Date – Date on which Shares accepted under the Equal Access Buy Back are cancelled	12 September 2018
Equal Access Payment Date – Date on which the proceeds of the Equal Access Buy Back are proposed to be distributed to participants	17 September 2018

As mentioned above, the timetable in this section is indicative only and may change in which case Shareholders will be notified accordingly.

4. Equal Access Buy Back

4.1 What is a buy back?

Under a buy back, a company buys its own shares back from shareholders who elect to participate in the buy back offer. Shareholders may elect to participate in the buy back at their discretion. The shares bought back are cancelled, which reduces the total amount of shares which the company has on issue by the number of shares bought back.

4.2 What is an equal access scheme?

An equal access scheme is a type of buy back. Section 257B(2) of the Corporations Act prescribes that, in an equal access scheme:

- (a) the offers under the scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept the offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of all the offers must be the same.

The Equal Access Buy Back is an equal access scheme for the purposes of the Corporations Act.

4.3 Overview of the Equal Access Buy Back

The directors of the Company have approved a reduction in the share capital of up to 4,922,343 Shares (comprising in aggregate approximately 10% of the entire issued capital of the Company) on an equal access basis at the Buy Back Price (**Equal Access Buy Back**).

The Company is inviting Shareholders to sell some or all of their Shares back to the Company at the Buy Back Price. All Shares bought back under the Equal Access Buy Back will be cancelled. Participation in the Equal Access Buy Back is completely voluntary and Shareholders can elect whether to sell some, all or none of their Shares under the Equal Access Buy Back.

A Shareholder who does not wish to participate in the Equal Access Buy Back does not need to do anything – the number of Shares held by such persons will remain the same but their percentage holding in the Company will increase if other Shareholders elect to participate.

Shareholders should consult their own tax advisor for specific taxation advice in connection with participation in the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

Further details of the terms of the Equal Access Buy Back and how to participate in it are set out in section 5.

4.4 No requirement for resolution

As the Company is seeking to buy back less than 10% of the smallest number of Shares it has had on issue during the last 12 months under the Equal Access Buy Back, there is no requirement to obtain Shareholder approval under the Corporations Act. The Board approved the buy back by way of resolution on 13 July 2018.

4.5 Providing Information

Section 257G of the Corporations Act requires that the Company must include with the offer to buy back shares a statement setting out all the information known to the Company that is material to the decision whether to accept the offer.

4.6 Procedure

Section 257A(b) of the Corporations Act provides that a company may only buy-back its shares if the company follows the procedures contained in the Corporations Act.

4.7 Condition of buy-back

Section 257A(a) of the Corporations Act provides that a company may only buy-back its shares provided that the buy-back does not materially prejudice the company's ability to pay its creditors.

4.8 Potential scale back

The Equal Access Buy Back only relates to 4,922,343 Shares (comprising in aggregate approximately 10% of the entire issued capital of the Company).

If Shareholders holding large parcels of Shares do not participate in the Equal Access Buy Back, Shareholders who elect to participate in the Equal Access Buy Back may be able to have all Shares the subject of their Application bought back.

However, if:

- (a) Shareholders holding large parcels of Shares do participate in the Equal Access Buy Back; and
- (b) the Company receives Applications in excess of the maximum number of Shares it has offered to buy back under the Equal Access Buy Back,

the number of Shares bought back from each Shareholder who has accepted the Equal Access Buy Back in respect of some or all of their Shares will be reduced by the same proportion to ensure that the Company does not buy back in excess of 4,922,343 Shares in aggregate under the Equal Access

Buy Back. The percentage scale back will operate on the number of Shares in respect of which a Shareholder has lodged Applications under the Equal Access Buy Back. If a scale back results in there being less than a whole number of Shares which would be bought back from a Shareholder, the number of Shares bought back from that Shareholder will be rounded down to the nearest whole number of Shares.

4.9 Who can participate in the Equal Access Buy Back?

The Equal Access Buy Back is open to all Shareholders who hold Shares on the Equal Access Record Date.

4.10 The Buy Back Price

In determining the Buy Back Price, the Board has sought to balance the interests of those Shareholders who wish to participate in the Equal Access Buy Back with those Shareholders who wish to retain their Shares in the Company. The Board has also sought to ensure that the Company remains properly funded to continue its activities and invest in its various securities as may be required by the Company's investment strategy.

The Buy Back Price will be calculated by applying a 5% discount to the Company's pre tax net tangible assets (**NTA**) per Share as at 31 August 2018. The Board will publicly announce the Buy Back Price via an ASX announcement on or around 4 September 2018. The Directors highlight that there are no current plans to pursue a path of attempting to sell Company assets and wind-up its business, and therefore the realisation of the value of the Company's net assets, by Shareholders retaining their Shares, will depend on the future performance of the Company, its ability to pay dividends, and/or a third-party offering to buy the Company's assets or Shares at some point, all of which are uncertain.

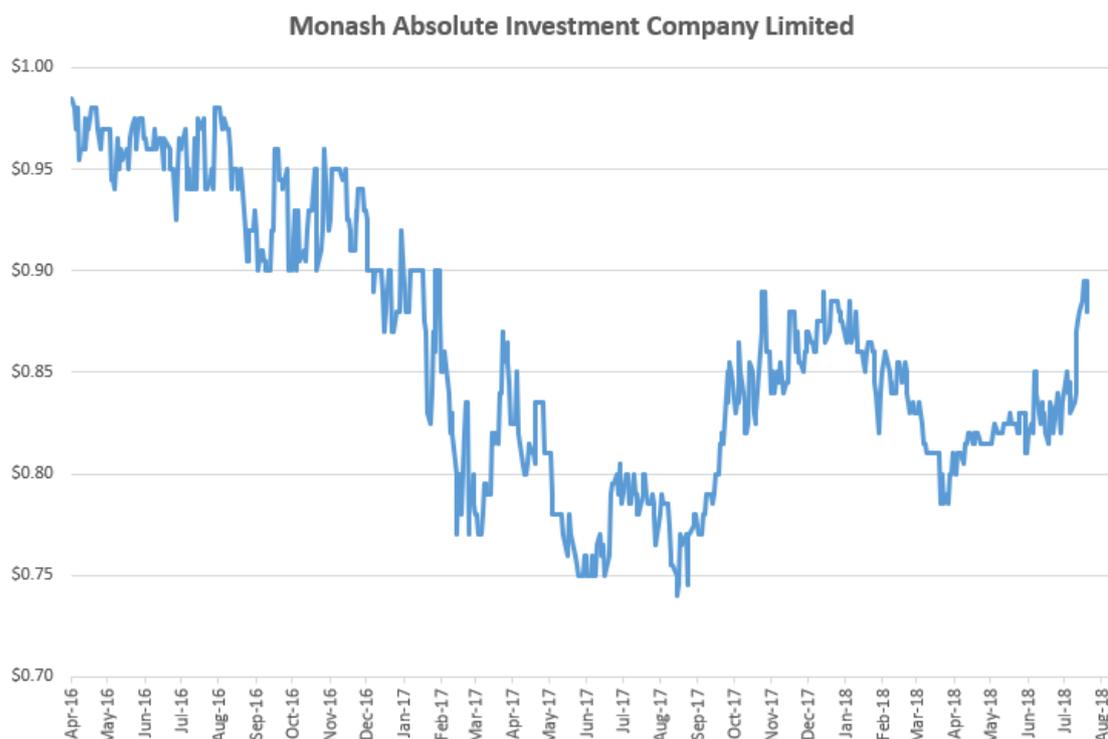
The Company has been in the process of completing an on-market share buy which was expected to complete on 2 January 2019. Upon the commencement of the Equal Access Buy Back the Company will cease conducting the on-market share buy back. The Board of the Company offers this off-market Equal Access Buy Back to allow existing shareholders to dispose of their Shares close to the net tangible asset value of the Shares.

In determining the Buy Back Price, the Directors have taken into account the above factors by:

- taking a 5% discount from the NTA in order to provide existing Shareholders with the highest realisation of their Shares as possible;
- providing a level of upside potential in the investment strategy carried out by the Company, as illustrated in the Company's last Annual Report ; and
- retaining an appropriate level of cash in the Company.

4.11 Information about the current Share price

The last sale price of Shares on ASX on the Equal Access Record Date was \$0.88. A graph of the Share price performance of the Company over the period from inception of the Company (16 April 2016) to the Equal Access Record Date is set out below:



4.12 How will the Equal Access Buy Back be funded?

The Equal Access Buy Back will be funded by the Company's existing cash reserves. After considering other options for the return of excess cash to Shareholders including renewing its on-market buy back till 2 January 2019, the Board is of the view that the best way to achieve this objective is via this Equal Access Buy Back as it provides liquidity for Shareholders who wish to realise value in their investment.

4.13 Effect of the Equal Access Buy Back

The sections below address the effect of the Equal Access Buy Back on the Company.

(a) *Effect on Share numbers and Share capital*

The Company has 49,223,436 Shares on issue as at the date of this Explanatory Statement. The Company may buy back up to 4,922,343 Shares, comprising up to approximately 10% of the Company's issued capital. The Equal Access Buy Back may therefore reduce the number of Shares on issue in the Company from 49,223,436 to a minimum of 44,301,093. The precise number of Shares which are cancelled as part of the Equal Access Buy Back will, however, depend on the extent to which Shareholders participate in the Equal Access Buy Back.

(b) *Effect on the assets and liabilities of the Company*

Under the Equal Access Buy Back the Company could buy back up to 4,922,343 Shares at the Buy Back Price. The Company's cash assets would decrease to the extent that Shareholders elect to participate in the Equal Access Buy Back. The precise impact on the Equal Access Buy Back cannot be determined until the Buy-Back Price and the size of the Equal Access Buy Back is known. The maximum decrease in the Company's cash assets (assuming 100% take up of the Equal Access Buy Back) would be the Company's cash assets as at 31 August 2018 less the total amount to be paid to complete the Buy Back (excluding costs). For example, using the NTA as at 30 June 2018 and the Company's cash assets of \$13,863,948 as at 30 June 2018, the maximum decrease amount would be \$4,600,470

(excluding costs). If Shareholders holding less than 4,922,343 Shares elect to participate in the Equal Access Buy Back, the decrease in the Company's cash would be less.

Notwithstanding the reduction in cash, the Board considers that the Equal Access Buy Back will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when due.

(c) *Effect on control of the Company*

The Equal Access Buy Back will, to the extent that Shareholders participate in it, result in the cancellation of Shares in the Company and likely therefore to impact the control of the Company.

The number of Shares held by a Shareholder who does not participate in the Equal Access Buy Back would remain the same, but their percentage holding in the Company would increase following the Equal Access Buy Back based on the extent to which other Shareholders elect to participate.

Shareholders should also note that if there is significant participation in the Equal Access Buy Back, this will lead to the cancellation of the relevant Shares and consequently an increase in the voting proportion of any substantial Shareholders in the Company who elect not to participate in the Equal Access Buy Back.

(d) *Effect of the Equal Access Buy Back on creditors*

Having regard to the Company's current, anticipated and contingent financial requirements, the Board has assessed that the Equal Access Buy Back will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due.

(e) *Effect of the Equal Access Buy Back on Shareholders*

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

(f) *Takeovers Code*

The Company would cease to be subject to the Takeovers Code if its membership falls to below 50 Shareholders as a result of take up of the Equal Access Buy Back.

(g) *Implications of the Equal Access Buy Back and Further Considerations*

Further details of the effect and implications of the Equal Access Buy Back are set out in detail in section 6.

The Board strongly advises that Shareholders read this Explanatory Statement, in particular section 6, in full and seek legal and financial advice.

4.14 Board statements

Having regard to the fact that an on-market share buy back is expected to complete on 2 January 2019, the Board wishes to offer Shareholders an alternative form of liquidity in trading of MA1 shares. The Board considers that Shareholders should be afforded an opportunity to either remain as Shareholders of the Company or to exit their investment in whole or in part (subject to any scale back) by participating in an Equal Access Buy Back. Given that Shareholders in an investment company may only realise their interest by disposing their Shares, the Board considers that regular off-market buy backs will provide existing Shareholders a viable alternative to trading on the ASX. The Board intends to offer half-yearly buy-backs, subject to market conditions.

Participation in the Equal Access Buy Back is entirely voluntary.

5. The Equal Access Buy Back Offer

5.1 Purpose of this section

This section explains to Shareholders how to participate in the Equal Access Buy Back.

The Buy Back Documents comprise all the terms on which the Shares would be acquired under the Equal Access Buy Back.

The Board strongly advises that all Shareholders read the Buy Back Documents in full and seek legal and financial advice in connection with the impact on their personal circumstances.

5.2 Eligibility to participate

The Equal Access Buy Back is open to all Shareholders who hold Shares on the Equal Access Record Date.

5.3 Overview of the buy back procedure

The Equal Access Buy Back will be implemented as follows:

- (a) Shareholders who hold Shares on the Equal Access Record Date (3 August 2018) will be sent a personalised Application Form to participate in the Equal Access Buy Back. Application Forms will be dispatched to Shareholders by post on the Equal Access Open Date (8 August 2018).
- (b) The Equal Access Buy Back will be open to Shareholders from the Equal Access Open Date until the Equal Access Closing Date (expected to be 7 September 2018) (**Equal Access Buy Back Period**). The Company may extend the Equal Access Buy Back Period, but does not presently intend to do so. If the Equal Access Closing Date is changed, Shareholders will be notified accordingly.
- (c) At any time during the Equal Access Buy Back Period, a Shareholder can submit an Application Form to accept the Equal Access Buy Back in respect of some or all of their Shares. Trustees or nominees who hold a parcel of Shares on account of more than one beneficial holder will be able to accept the Equal Access Buy Back in whole or in part on behalf of some or all underlying beneficial holders on whose behalf they hold Shares. Arrangements relating to instructions between registered Shareholders and underlying beneficiaries on whose behalf Shares are held are matters to be determined between the relevant trustee/nominees and beneficiaries. The Company will only accept and process Application Forms lodged by registered Shareholders and will not engage in correspondence with underlying beneficial owners. An Application Form can be revoked by lodging a Withdrawal Form in the manner specified below.
- (d) Notwithstanding the submission of an Application Form prior to the Equal Access Closing Date, no agreement to buy back Shares under the Equal Access Buy Back is formed and Applications are conditional in all respects until 7.00pm (AEST) on the Equal Access Closing Date.
- (e) All Shares for which a valid Application Form has been received and accepted by the Company before the Equal Access Closing Date (and in respect of which no Withdrawal Form has been lodged) will, subject to the Application of any scale back (discussed at section 5.8 and below), be cancelled on the Equal Access Buy Back Date. (expected to be 12 September 2018).
- (f) Proceeds of the Equal Access Buy Back are expected to be distributed to participants on the Equal Access Payment Date (expected to be 17 September 2018). The timetable for the Equal Access Buy Back set out above and in section 3 is indicative. Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

5.4 How to participate in the Equal Access Buy Back

If you do not wish to participate in the Equal Access Buy Back, you do not need to do anything.

If you do wish to participate in the Equal Access Buy Back, you must submit an Application Form prior to the Equal Access Closing Date.

5.5 How to submit an Application Form

You can accept and participate in the Equal Access Buy Back by completing and submitting the attached Application Form by no later than 5.00pm (AEST) on the Equal Access Closing Date:

The way you lodge your Buy Back Form will depend on the type of holding you have. This will be specified on your Buy Back Form.

(a) Issuer Sponsored Holdings

If you have an Issuer Sponsored Holding and wish to submit a Buy Back Form for your Shares to be bought back, you need to complete and sign your personalised Buy Back Form and return it to the Share Registry at either of the following addresses:

If sending by mail

Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

You can use the enclosed reply-paid envelope if you are posting in Australia. You should allow sufficient time for your Buy Back Form to be received by the Share Registry.

If delivering in person (during business hours only)

Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000

For an Issuer Sponsored Holding you should submit the Equal Access Issuer Sponsored Holders.

(b) CHESS Holdings

If you have a CHESS Holding, you should contact your controlling participant (usually your broker) in sufficient time for your controlling participant to process your Buy Back Form no later than 5.00 pm (AEST) on the Equal Access Closing Date.

Alternatively, you may complete and sign your personalised Buy Back Form and return it to the Share Registry at either of the following addresses:

If sending by mail

Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

You can use the enclosed reply-paid envelope if you are posting in Australia. You should allow sufficient time for your Buy Back Form to be received by the Share Registry.

If delivering in person (during business hours only)

Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000

For a CHESS Holders you should submit the Buy Back Form entitled Equal Access CHESS Sponsored Holders.

An Application Form will not be effective unless received prior to 7.00pm (AEST) on the Equal Access Closing Date.

5.6 Can I withdraw a submitted Application Form?

You can withdraw an Application Form you have submitted by completing and submitting a Withdrawal Form to the address provided in the Withdrawal Form so that it is received by no later than 7.00pm (AEST) on the Equal Access Closing Date.

A Withdrawal Form will not be effective unless received prior to 7.00pm (AEST) on the Equal Access Closing Date.

The effect of submitting a Withdrawal Form will be to revoke your previously submitted Application Form in its entirety. Unless a subsequent Application Form is lodged, a Shareholder who submits a Withdrawal Form is electing not to participate in the Equal Access Buy Back.

A Withdrawal Form will be provided to Shareholders on request by calling the Company on 1300 737 760.

5.7 Effect of submitting an Application Form under the Equal Access Buy Back

The effect of submitting an Application Form before 7.00pm (AEST) on the Equal Access Closing Date is as follows:

- (a) Submission of a duly completed Application Form constitutes acceptance of the Company's offer to buy back the Shares you have nominated in your Application Form under the Equal Access Buy Back on the terms set out in the Buy Back Documents (**Application**).
- (b) Submission of an Application Form does not, of itself, constitute a binding contract for the sale of Shares. Notwithstanding the submission of an Application Form prior to the Equal Access Closing Date, no agreement to buy back Shares under the Equal Access Buy Back is formed and Applications are conditional in all respects until 7.00pm (AEST) on the Equal Access Closing Date.
- (c) If you have lodged a duly completed Application Form prior to the Equal Access Closing Date, then at 7.00pm (AEST) on the Equal Access Closing Date a binding contract is formed between you and the Company for you to sell and the Company to buy back the number of Shares you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents) on the terms and conditions set out in the Buy Back Documents, including the terms and conditions set out in this section.
- (d) By submitting an Application Form you:
 - (i) agree to the terms and conditions set out in the Buy Back Documents;
 - (ii) agree to sell to the Company on the Equal Access Buy Back Date all Shares you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents);
 - (iii) agree that, providing no duly completed Withdrawal Form has been lodged in respect of those Shares prior to the Equal Access Closing Date, at 7.00pm (AEST) on the Equal Access Closing Date a binding contract is formed between you and the Company for you to sell and the Company to buy back all the Shares which you have nominated in your Application Form (subject to any scale back as described in the Buy Back Documents) on the terms and conditions set out in the Buy Back Documents, including the terms and conditions set out in this section;
 - (iv) agree that the Company may amend the timetable for the Equal Access Buy Back (including the Equal Access Record Date, Equal Access Open Date, Equal Access Closing Date, Equal Access Buy Back Date and/or Equal Access Payment Date) as permitted by law and as described in this Explanatory Statement;

- (v) waive any requirement to receive further notice or communication from the Company of its acceptance or rejection of any Application submitted by you;
- (vi) warrant to the Company that at all times after your Application is made, you are the registered holder of not less than the number of Shares in respect of which you have accepted the Equal Access Buy Back and that all such Shares are fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third-party rights and otherwise able to be sold freely by you;
- (vii) warrant that you are a person to whom the Equal Access Buy Back invitation may lawfully be made, are not a US Person and can receive the proceeds of the sale of the Shares you have nominated in your Application;
- (viii) if you are a trustee or nominee having accepted the Equal Access Buy Back on behalf of some or all underlying beneficial holders on whose behalf you hold Shares, you warrant that such acceptances have been duly made in accordance with the instructions of the beneficial holder and/or the applicable trust or nominee arrangements and that acceptance of the Equal Access Buy Back on behalf of underlying beneficial holders does not constitute a breach of trust, contract or any applicable law;
- (ix) authorise the Company (and its officers, agents, contractors or advisers) to correct any error in or omission from your Application Form and/or Withdrawal Form, and to insert any missing details therein;
- (x) undertake not to sell or offer to sell any Shares in respect of which you have submitted an Application to any other person if, as a result, you will at any time after you submit your Application until the Equal Access Closing Date hold fewer Shares than you have nominated to be bought back on your Application Form;
- (xi) acknowledge that neither the Company nor any other party involved in the Equal Access Buy Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Equal Access Buy Back;
- (xii) authorise the Company to make payment to you in respect of the buy back of the Shares you have nominated on your Application Form under the Equal Access Buy Back (subject to any scale back as described in the Buy Back Documents):
 - (A) by cheque mailed to your address shown on the Company's Share register at 7.00pm (AEST) on the Equal Access Closing Date, if you do not have a valid direct credit authority in place before that date; or
 - (B) **by direct credit to your nominated account by providing bank account details to the Company on the Application Form** by 7:00pm (AEST) on the Equal Access Closing Date.

If you complete and submit bank account details, you acknowledge that your nominated bank account details in that form will be taken to be your nominated bank account for future payments (including dividends) by the Company to you, and, in each case, you will be taken to have accepted the risk associated with the payment;

- (xiii) agree that damages is not an adequate remedy for breach of the covenants, undertakings, agreements, representations and warranties given by you in favour of the Company under the Buy Back Documents;
- (xiv) undertake that if you breach any of the covenants, undertakings, agreements, representations or warranties under the Buy Back Documents you will indemnify the Company for all its costs or losses arising from the breach; and
- (xv) agree that any obligation of the Company to buy back Shares nominated by you in your Application Form is conditional on your compliance with the covenants,

undertakings, agreements, representations and warranties in and otherwise subject to the Buy Back Documents.

- (e) You will be taken to have submitted an Application when the Company receives your validly signed and completed Application Form.

5.8 Potential scale back

By making an Application, Shareholders acknowledge and agree that any requirement for the Company to buy back Shares under the Equal Access Buy Back is subject to the application of any scale back in the circumstances described in section 4.8.

5.9 When and how will payments be made under the Equal Access Buy Back?

Payments will be made on the Equal Access Payment Date in accordance with section 5.3(f) of this Explanatory Statement.

5.10 Can I sell my Shares after submitting an Application Form?

By submitting an Application Form, you are warranting to the Company that at all times after your Application is made, you are the registered holder of not less than the number of Shares which you have nominated in your Application Form to sell back to the Company and that all such Shares are fully paid up, free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and otherwise able to be sold freely by you.

Accordingly, once you have submitted an Application Form in respect of some or all of your Shares, you should not sell or offer to sell those Shares before the Equal Access Closing Date. If you have submitted an Application, your Shares will be placed in a "subposition" in the Company's Share register. You will not be able to deal with those Shares until they have been released from the subposition. For the Shares to be released from that subposition you must withdraw your Application by lodging a Withdrawal Form in accordance with the procedures set out in section 5.6. Accordingly, if you wish to sell any of the Shares in respect of which you have submitted an Application, you must withdraw your Application before so doing.

Lodgement of a Withdrawal Form may not take immediate effect. You should take this into consideration if you wish to sell any of your Shares in respect of which you have submitted an Application. If you agree to sell any Shares the subject of your Application after you submit an Application, the Company may, in its absolute discretion:

- reject your Application in its entirety; or
- treat the Application either as if it had not been lodged or as if you had offered the number of Shares held by you at the Equal Access Closing Date.

5.11 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Equal Access Buy Back.

Trustees and nominees who hold Shares on behalf of more than one beneficial owner should aggregate all requests to participate in the Equal Access Buy Back received from beneficial owners and lodge one Application Form in respect of those acceptances. It is the responsibility of the trustee or nominee to aggregate requests to participate from underlying beneficial owners. The Company will not engage in correspondence with underlying beneficial owners

5.12 The Company's right to accept or reject Application Forms

At any time, the Company may, in its discretion and to the extent permitted by law:

- accept or reject any Application or Application Form, whether or not it complies with the Buy Back Documents;
- accept or reject an Application not made on the terms and conditions set out in or submitted in accordance with the Buy Back Documents.

5.13 Tax implications

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

5.14 No obligation to sell

Shareholders are not required to participate in the Equal Access Buy Back. Participation is entirely voluntary.

The Board strongly advises that all Shareholders read the Buy Back Documents in full and seek legal and financial advice in connection with the impact of participation in the Equal Access Buy Back on their personal circumstances.

6. Further considerations and risk factors

6.1 Overview

This section provides Shareholders with additional information (including advantages and disadvantages of remaining as a Shareholder of the Company) to assist Shareholders to determine whether or not to participate in the Equal Access Buy Back.

6.2 Current status of the Company's activities

The current principal activities of the Company involve investing in a portfolio of predominantly Australian listed securities and some pre-IPO securities, in order to target an absolute return. This absolute return strategy seeks to achieve a targeted positive return by taking long positions in some securities and short positions in other securities.

6.3 The Company's proposed activities

The Company will continue to pursue its investment objectives for the long term benefit of the members. This will require continual review of the investment strategies in place and may require changes in order to maximise returns.

The Company is not currently planning a major acquisition or fundamental change to its current business. However, the Company will continue to assess investment opportunities which may arise in the future, and which may or may not be consistent with its current activities.

6.4 The Company's financial position

As at the date of this Explanatory Statement the Company has approximately \$13,029,025 in available cash (as at 1 August 2018).

Available cash assets following the Equal Access Buy Back (assuming 100% participation), is expected to be approximately \$8,106,679 (before costs).

The Board estimates the potential costs and liabilities in connection with known matters could be up to \$80,000, however there is no certainty whatsoever that it will not be more (or less) than this amount.

6.5 Overview of claims and litigation affecting the Company

The Company is not actively engaged in any claims or litigation.

6.6 Factors relevant to remaining as a Shareholder or exiting your investment in the Company

The Directors are of the view that the following considerations are relevant factors for Shareholders to assess when determining whether or not to remain a Shareholder in the Company (whether through participating in the Equal Access Buy Back or otherwise):

(a) *Illiquidity*

In general, shares which are not available for trading on a stock exchange may be less liquid than shares which are available for trading on a stock exchange. Therefore it may be difficult for a Shareholder, in particular a minority Shareholder, to dispose of their Shares and/or find a purchaser for their Shares. Accordingly, there is no certainty that there will be a market for the Company's Shares going forward and therefore there is uncertainty about how Shareholders will be able to exit their investment.

(b) *Concentration of voting power*

The Equal Access Buy Back will, to the extent Shareholders participate, result in the cancellation of Shares in the Company. Accordingly, this may have an impact on the voting power and potential control of substantial Shareholders who elect not to participate in the Equal Access Buy Back. The extent of any impact will depend on the level of participation in the Equal Access Buy Back.

Accordingly, the number of Shares held by a Shareholder who does not participate in the Equal Access Buy Back would remain the same, but their percentage holding in the Company would increase following the Equal Access Buy Back if other Shareholders elect to participate.

However, it is noted that substantial Shareholders already hold approximately 20.36% of all Shares and so already exercise effective control of the Company.

(c) *No further risk*

Shareholders who choose to exit their investment in the Company (whether through participating in the Equal Access Buy Back or otherwise) will have no further risks or exposure in connection with holding Shares.

(d) *No further benefits*

Shareholders who choose to exit their investment in the Company (whether through participating in the Equal Access Buy Back or otherwise) will have no right to any future income of the Company.

(e) *Disclosure and compliance*

The Company is currently classified as a public company that is a disclosing entity. Therefore there is a requirement for the Company to prepare annual financial reports that are audited and lodged with ASIC within four months of financial year end. The latest annual report (which includes the audited financial statements) for the year ended 30 June 2017 are attached to this Explanatory Statement.

If the Company's membership falls below 50 Shareholders as a result of participation in the Equal Access Buy Back, it would not longer be subject to the Takeovers Code.

(f) *Tax benefits*

There may be individual tax benefits of participating or not participating in the Equal Access Buy Back. Shareholders should consult their own tax advisor for specific taxation advice in

connection with the Equal Access Buy Back in order to assess the impact on their own particular circumstances.

(g) *Scale back*

In the event that Shareholders holding large parcels of Shares do participate in the Equal Access Buy Back, the number of Shares bought back from each Shareholder who has accepted the Equal Access Buy Back in respect of all its Shares may be reduced by the same proportion to ensure that the Company does not buy back in excess of 4,922,346 Shares in aggregate under the Equal Access Buy Back. Where a scale back applies, Shareholders who participate in the Equal Access Buy Back may be left with less than a marketable parcel of Shares. See section 4.8 for further details.

(h) *No assurance of future dividends*

As the Company will be utilising cash reserves to fund the Equal Access Buy Back, there is no assurance that the Company will pay dividends in future.

7. Additional Information

7.1 Advantages

The advantages of the Equal Access Buy Back include, for example, the following:

- (a) it will be conducted on an equal access basis which entitles Shareholders to sell Shares in proportion to their shareholding;
- (b) Shareholders will have the ability to choose whether or not to participate in the Equal Access Buy Back and will retain the flexibility to tailor their participation to suit their individual circumstances;
- (c) no brokerage is payable on the sale of Shares through the Equal Access Buy Back;
- (d) the Equal Access Buy Back provides liquidity for Shareholders who want to realise value in their investment; and
- (e) it assists in achieving a more efficient capital structure for the Company.

7.2 Disadvantages

The Directors do not think that the Equal Access Buy Back would result in any significant disadvantages to Shareholders and consider that the benefits of the Share Buy-Back outweigh any possible disadvantages.

However, in deciding whether to participate in the Share Buy-Back, Shareholders should consider the fact that, for example, the Equal Access Buy Back:

- (a) Shareholders will not know the exact amount of their Shares that will be bought back under the Equal Access Share Buy Back until the Equal Access Buy Back Date;
- (b) Shareholders will not know the Buy Back Price until the Board publicly announces the Buy Back Price via an ASX announcement on or around 4 September 2018;
- (c) will result in a reduction in the capital base of the Company; and
- (d) may have personal taxation implications for each Shareholder.

7.3 Directors' interests and statement

As at the date of this Explanatory Statement, the Directors of the Company, either directly or indirectly have an interest in the following shares (as at 22 August 2017):

Director	Number of Shares
Paul Clitheroe, Independent Chairman	500,000
Suyan de Soysa, Independent Director	500,000
Simon Shields	200,001

Directors have confirmed that they will not be participating in the Equal Access Buy Back.

Based on the information available, including that contained in this Explanatory Statement and the advantages and disadvantage outlined above, it is the opinion of the Directors that:

- the Equal Access Buy Back is in the interests of Shareholders and there should be no material adverse consequences to such Shareholders in connection with the Equal Access Buy Back;
- the consideration for the Buyback Shares is fair and reasonable.

Accordingly, the Directors recommend that the Shareholders strongly consider participating in the Equal Access Buy Back.

7.4 The Company's right to vary dates or terminate the Buy Back

- (a) While the Company does not anticipate varying any of the dates or times set out in the Buy Back Documents, it reserves the right to vary them without prior notice where lawful to do so. Any change will take effect from the time it is authorised by the Board and subject to the Corporations Act, will be publicly announced on ASX as soon as practicable following the Board's authorisation.
- (b) Any such change will be taken to amend this Explanatory Statement (and the other Buy Back Documents) accordingly.
- (c) The Company may also decide not to proceed with the Buy Back. Without limitation, the Company reserves the right to terminate the Buy Back at any time prior to the Closing Date by making an ASX announcement to that effect.

7.5 Other material information

There is no other information material to the making of a decision by Shareholders whether or not to accept the offer by the Company under the Equal Access Buy Back other than as set out in this Explanatory Statement.

7.6 Lodgement

In accordance with section 257B of the Corporations Act, copies of this Explanatory Statement and attachments have been lodged with ASIC.

7.7 Forward looking statements

Certain statements contained in this Explanatory Statement may constitute 'forward looking statements' for the purposes of applicable securities laws. The Company undertakes no obligation to revise the forward looking statements included in this Explanatory Statement to reflect any future events or circumstances. The Company's actual financial performance could differ materially from the

outcomes anticipated or expressed in or implied by these forward looking statements. Factors which could cause or contribute to such differences include the number of Shares bought back under the Equal Access Buy Back and general economic and trading conditions affecting the Company. Further information relating to the Company can be found at its website <http://www.monashinvestors.com>.

7.8 Applicable law

This Explanatory Statement and the Buy Back Documents are governed by the laws applicable in Victoria and Australia.

8. Glossary

Capitalised words and expressions used in this Explanatory Statement have the following meanings (unless they are otherwise defined in the Explanatory Statement, or the context requires otherwise):

Annual Report	means the audited Annual Report of the Company for the financial year ended 30 June 2017
Application	an application by a Shareholder to participate in the Equal Access Buy Back in respect of some or all of their Shares, made under a valid Application Form
Application Form	the form to be lodged by a Shareholder to sell Shares to the Company under the Equal Access Buy Back, which form is attached to this Explanatory Statement
ASIC	Australian Securities and Investments Commission
ASIC Regulatory Guide 110	ASIC Regulatory Guide 110: Share buy-backs dated July 2007 published by ASIC
ASX	ASX Limited ABN 98 008 624 691
Board	the board of Directors of the Company
Buy Back Documents	the Explanatory Statement, the Offer Letter and Application Form and (if applicable, the Withdrawal Form)
Buy Back Price	calculated by applying a 5% discount to the Company's pre tax NTA per Share as at 31 August 2018.
Company	Monash Absolute Investment Company (ABN 86 610 290 143)
Constitution	the constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
Director	a director of the Company
Equal Access Buy Back	the meaning given in section 2 of this Explanatory Statement
Equal Access Buy Back Date	the meaning given and determined in accordance with section 3 of this Explanatory Statement
Equal Access Buy Back Period	the meaning given to it in section 5.3(b) of this Explanatory Statement
Equal Access Closing Date	the meaning given and determined in accordance with section 3 of this Explanatory Statement
Equal Access Open Date	the meaning given and determined in accordance with section 3 of this Explanatory Statement
Equal Access Payment Date	the meaning given and determined in accordance with section 3 of this Explanatory Statement

Equal Access Record Date	the meaning given and determined in accordance with section 3 of this Explanatory Statement
Explanatory Statement	This document dated 6 August 2018
Share	a fully paid ordinary share in the capital of the Company and Shares will be construed accordingly
Shareholder	the registered holder of a Share
Takeovers Code	the provisions of the Corporations Act regulating takeovers, including Chapter 6 of the Corporations Act
US Person	the meaning given by Regulation S under the United States Securities Act 1933
Withdrawal Form	the form of that name provided by the Company on request by a Shareholder and which is used to withdraw or amend a previously submitted Application