



Monash Absolute Investment Company Limited

# Prospectus

Monash Absolute Investment  
Company Limited

ABN 86 610 290 143

ASX: MA1

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A pro-rata non-renounceable offer of one Bonus Option to Eligible Shareholders for every one fully paid ordinary share held on the Bonus Option Record Date, for no consideration, exercisable at \$1.05 per option

An offer of Loyalty Options at nil consideration, to Eligible Optionholders (upon exercise of Bonus Options) exercisable at \$1.15 per option

**This document is important and  
should be read in its entirety**

If you do not understand its contents, you should consult your stockbroker, accountant or other professional adviser without delay

# Key dates

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<b>BONUS &amp; LOYALTY OPTIONS TIMETABLE</b>	
<b>Description</b>	<b>Date</b>
Lodgement of Prospectus with ASIC and ASX and release of the Appendix 3B to the ASX.	Thursday, 25 October 2018
Shares quoted on an "Ex" Bonus Option entitlement basis and Bonus Options quoted on a deferred settlement basis.	Thursday, 15 November 2018
Record Date for Bonus Option	Friday, 16 November 2018
Issue date	Monday, 19 November 2018
End of Bonus Options trading on a deferred settlement basis	Monday, 19 November 2018
Prospectus and Statement sent to Shareholders	Tuesday 20 November 2018
Normal trading of in Bonus Options (and any exercised Loyalty Options) on ASX	Tuesday, 20 November 2018
Expiry of Bonus Options	Friday, 15 May 2020
Expiry of Loyalty Options	Wednesday 15 December 2021

The above dates should be regarded as indicative only. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Company reserves the right to change the above dates or not to proceed with the Offer described in this Prospectus.

This Prospectus is dated 25 October 2018. The Company has applied for the Options offered by this Prospectus to be listed for quotation on the ASX. No securities will be issued or sold on the basis of this Prospectus later than 13 months after the date of this Prospectus, being 25 November 2019.

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# Important notice

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## 1. Offer

This Prospectus is dated 25 October 2018 and a copy of this Prospectus was lodged with ASIC on the same date. Neither ASIC nor ASX nor their respective officers take any responsibility as to the contents of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders and Eligible Optionholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. The Offer is made only to those Eligible Shareholders and Eligible Optionholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders will be offered Options. The Offer of the Options to New Zealand resident security holders, and any subsequent allotment of Shares upon exercise of those Options, will be made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013 (NZ)*. Therefore, the Company is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident security holders in respect of the Offer.

The Company has not investigated the regulatory requirements that may prevail in any country in which the Company's Shareholders may reside outside of Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

This Prospectus is issued by the Company. No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

Before deciding to invest in the Company, potential investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Options offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation and particular needs of the investor. You should carefully consider the risks that impact on the Company in the context of your personal requirements (including your financial and taxation position) and seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding whether to invest in the Company.

Some of the risks that you should consider are set out in section 3 of this Prospectus.

## 2. Electronic Prospectus

This Prospectus is available in a paper version and in electronic form. The electronic version will be available on the Company's website, [www.monashinvestors.com/listed-company/](http://www.monashinvestors.com/listed-company/), the date of this Prospectus until the Loyalty Option Expiry Date. The Offer constituted by this Prospectus in electronic form is available only to Eligible Shareholders receiving this Prospectus in electronic form in Australia and New Zealand. Persons who access the

electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

Any person may obtain a hard copy of this Prospectus free of charge by contacting the Share Registry, Boardroom Pty Ltd on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia). The Company will not be accepting electronic Applications.

### **3. How to accept an offer of Options**

#### **3.1 Bonus Options**

Eligible Shareholders do not need to do anything to apply for or accept Bonus Options. Bonus Options will be issued to them on the Bonus Option Issue Date in accordance with the procedure set out in section 5.

MA1 must receive your Eligible Optionholder Exercise Form by 5:00pm on the Bonus Option Expiry Date.

#### **3.2 Loyalty Options**

Upon the exercise of Bonus Options by Bonus Option Holders, the Company will issue an equal number of Loyalty Options as their holding of exercised Bonus Options.

MA1 must receive your Eligible Optionholder Exercise Form by 5:00pm on the Loyalty Option Expiry Date.

#### **3.3 Form of payment**

Payments of Exercise Monies will only be accepted in Australian currency by BPAY. If you are unable to make payment by BPAY, please contact Boardroom Pty Limited for instructions on paying by direct credit. You may either contact Boardroom Pty Limited on 1300 737 760 (or +61 2 9290 9600 from outside Australia) or by e-mail to [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au)

Cash payments will not be accepted. Receipts for payment will not be provided.

#### **3.4 Other information**

Subject to the Corporations Act, Listing Rules and any requirements of the ASX. Applications received after 5:00pm on the relevant Closing Dates will be rejected.

The Company will enter details of the holdings of Options of each Eligible Loyalty Optionholder to whom Options are issued in a register of Options to be maintained by the Company in accordance with section 170 of the Corporations Act.

### **4. No financial advice**

The information given in this Prospectus does not constitute financial product advice. This prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. Before making an investment decision on the basis of this Prospectus, you should consider the appropriateness of the information having regard to your investment objectives, financial needs and investment needs. If you have any questions about any of the matters contained in this Prospectus, you should contact your legal adviser, stockbroker, accountant or other relevant adviser.

## **5. Forward-looking statements and risks**

This Prospectus contains a number of forward-looking statements. Forward-looking statements provided in this Prospectus are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. They are provided as a general guide only and should not be relied on as an indication or a guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based because events and actual circumstances frequently do not occur as forecast and these differences may be material.

## **6. Disclaimers**

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Except as required by law, neither the Company nor any other person warrants the future performance of the Company nor any return on any investment made under this Prospectus. Any investment in the securities offered by this Prospectus should be considered speculative.

## **7. Company's website**

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

## **8. Privacy**

The privacy obligations and policy relating to this Prospectus are contained in the privacy disclosure statement in section 7.8 of this Prospectus.

## **9. Defined terms and abbreviations**

Defined terms and abbreviations used in this Prospectus are explained in defined terms in section 1 of this Prospectus.

# Chairman's letter

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25 October 2018

Dear Shareholder,

This Prospectus explains the purpose and effect on Monash Absolute Investment Company Limited (**MA1**) of the non-renounceable offer of Bonus Options to all Eligible Shareholders for no consideration, and the offer of Loyalty Options to Eligible Optionholders for no consideration.

The Board recommends that you read this Prospectus in its entirety and consider the following information.

## **Purpose of the Offer**

The Board has discussed a wide range of ways to grow the company and to narrow the discount between the share price and NTA. Both of these issues are important for shareholders. While I believe that share investments such as MA1 should be taken with a 7 plus year view, I also understand that the liquidity of listed investments is important for many investors. So a share price trading at or close to NTA is desirable.

The size of the company is also important. There are quite predictable fixed costs in a company such as MA1. By growing the company, investors get the benefit of scale, meaning lower costs for all shareholders as the company grows. A larger company is also, due to the greater number of shares on issue, be traded more frequently. A larger company, lower pro rata costs and with more frequent trading is likely to trade at a smaller discount to NTA and offer both buyers and sellers more liquidity. This is a real benefit to current and future shareholders.

Performance of course is a key issue. MA1, after a difficult first year, has performed very strongly for the previous twelve months to 30 September 2018 generating a return on NTA of 14.22% (after fees).

## **What are the advantages of the Offer for Eligible Shareholders?**

The offer of Bonus Options to Eligible Shareholders means they are issued an Option for no consideration that they may exercise at a set price of \$1.05 until 15 May 2020.

The offer of Loyalty Options permits Eligible Optionholders to be issued a Loyalty Option that they may exercise at a set price of \$1.15 until the expiry date on 15 November 2021.

The Company has applied for quotation of the Bonus Options on the ASX, to allow holders to potentially trade their Options ahead of their expiry. The Company also intends on making an application for quotation of Loyalty Options once it is able to.

This Prospectus provides details of the Offer and an overview of the business and activities of the Company.

On behalf of the Board of Directors, I would like to thank all Shareholders for their ongoing support.

Yours sincerely



Paul Clitheroe AM

Independent Chairman

## 1. Defined terms & interpretation

In this Prospectus:

'**MA1**' means Monash Absolute Investment Company Limited ABN 86 610 290 143;

'**Application Form**' means the application form accompanying this Prospectus

'**Application Monies**' means monies payable by Eligible Optionholders in respect of applications for Loyalty Options;

'**ASIC**' means the Australian Securities and Investments Commission;

'**ASX Settlement**' means ASX Settlement Pty Limited;

'**ASX Settlement Rules**' means the operating rules of ASX Settlement;

'**ASX**' means ASX Limited;

'**Bonus Option**' means an option granted for no consideration pursuant to this Prospectus to acquire one (1) fully paid Share, exercisable no later than 5:00pm on the Bonus Option Expiry Date.

'**Bonus Option Entitlement**' means the entitlement to receive one (1) Bonus Option for every one (1) Shares held by an Eligible Shareholder as at the Bonus Option Record Date.

'**Bonus Option Expiry Date**' means 15 May 2020.

'**Bonus Option Issue Date**' means 19 November 2018.

'**Bonus Option Record Date**' means 5.00pm on Monday, 16 November 2018.

'**Business Day**' means a day on which the ASX is open for the transaction of business;

'**Company Secretary**' means the company secretary at the date of this Prospectus.

'**Constitution**' means the constitution of the Company.

'**Corporations Act**' means *Corporations Act 2001* (Cth).

'**Directors**' means the directors of MA1 at the date of this Prospectus.

'**Eligible Optionholders**' means those persons who have a registered address in Australia or New Zealand and who are registered as holders of Options as at the Loyalty Option Record Date.

'**Eligible Shareholders**' means those persons who have a registered address in Australia or New Zealand and who are registered as holders of Shares as at 5:00pm on the Bonus Option Record Date (for eligibility to Bonus Options)

'**Eligible Optionholder Application Form**' means the application form accompanying the holding statement.

'**Entitlement Statement**' means the statement provided to each Eligible Shareholder and Eligible Loyalty Optionholder setting out the number of Bonus Options and /or Loyalty Options to which that person is entitled under the Offer.

**'Exercise Notice'** means a notice given to the Company by a Recipient requiring the Company to issue Shares on exercise of the Option.

**'Exercise Price'** means

- (a) in relation to Bonus Options: \$1.05; and
- (b) in relation to Loyalty Options: \$1.15.

**'Investment Manager'** means the investment manager of MA1, being Monash Investors Pty Ltd, Level 5, 139 Macquarie Street, Sydney NSW 2000.

**'Listing Rules'** means the official listing rules of ASX.

**'Loyalty Option'** means an option granted at nil consideration upon exercise of a Bonus Option pursuant to this Prospectus, to acquire one (1) fully paid Share, exercisable no later than 5:00pm on the Loyalty Option Expiry Date.

**'Loyalty Option Allocation'** means the one (1) Loyalty Option for every one (1) Bonus Option exercised on or before the Bonus Option Exercise Date.

**'Loyalty Option Issue Limit'** means 44,314,634 Loyalty Options.

**'Loyalty Option Closing Date'** means 15 November 2021.

**'Loyalty Option Expiry Date'** means 15 November 2021.

**'Loyalty Option Issue Date'** means within 21 days of the Company receiving the consideration in relation to an Eligible Option Holder exercising their Bonus Option(s) (but no earlier than 19 November 2018).

**'Management Agreement'** means the the Investment Manager for the provision of investment management services to the Company referred to in sections 2 and 7.6.

**'Offer'** means the pro rata offer of Bonus Options to Eligible Shareholders and of Loyalty Options to Eligible Optionholders, pursuant to this Prospectus.

**'Official Quotation'** means official quotation of securities by the ASX in accordance with the ASX Listing Rules.

**'Other Investor'** means a person, including any Director and employees of MA1, who is not an Optionholder or Shareholder.

**'Options'** means Bonus Options and / or Loyalty Options.

**'Optionholder'** means a person who holds Options in MA1.

**'Prime Broker'** means Morgan Stanley & Co. International plc, Level 26, Chifley Tower 2 Chifley Square, Sydney NSW 2000.

**'Prospectus'** means this transaction specific prospectus dated 25 October 2018.

**'Recipient'** means a person who holds Options issued pursuant to this Prospectus.

**'Share'** means an ordinary share in the capital of MA1 and 'Shares' has a corresponding meaning.

**'Shareholders'** means a person who holds Shares.

'Share Registry' means Boardroom Pty Limited, the share registry of the Company.

## 2. Investment overview and details of the Offer

The information provided in this section is an introduction and overview of the Offer and the Company only. It is not intended to replace the Prospectus. Investors should read this investment overview in conjunction with the information contained in the remainder of this Prospectus before any decision is made to invest in the Company.

Question	Answer	Section
<p><b>What are the Company's activities?</b></p>	<p>The investment objectives of Monash Absolute Investment Company Limited ("<b>the Company</b>") are to achieve a targeted positive return over a full investment cycle which it considers to be a minimum period of 5 to 7 years; and avoid a negative return each financial year.</p> <p>The Company's investment strategy is to invest in a portfolio of Australian and international listed equity securities, pre-IPO securities, exchange-traded and over-the-counter derivatives and cash, in order to target an absolute return.</p> <p>The Company's absolute return strategy seeks to achieve a targeted positive return by taking long positions in some securities and short positions in other securities. Various investment techniques are used to maximise returns including pairs trading, price targets, stop loss levels (set by reference to price or changes to circumstances), holding cash and the use of derivatives.</p> <p>The Company employs an investment approach which is high conviction, benchmark unaware, security size agnostic, investment style (i.e. growth, value, discounted cash flow) agnostic and has a capital preservation focus.</p>	<p><b>Sections 3 and 4</b></p>
<p><b>Overview and description of the Offer</b></p>	<p><b>Bonus Options</b></p> <p>The Company offers its Eligible Shareholders, as recorded with the Share Registry on the Bonus Option Record Date, a pro-rata offer of one (1) Bonus Option for every one (1) Share held at the Bonus Option Record Date, for no consideration.</p> <p>No monies will be raised from the issue of Bonus Options. The holder may exercise the Bonus Options at \$1.05 per option at any time prior to 5.00 pm on the Bonus Option Expiry Date. If the Bonus Options are exercised in full, the Company will raise approximately \$46,530,366.</p> <p><b>Loyalty Options</b></p> <p>The Company offers its Eligible Optionholders (as recorded with the Share Registry as the holder of Bonus Options) the opportunity to be issued Loyalty Options at nil consideration.</p> <p>Eligible Optionholders will be issued one (1) Loyalty Option for every one (1) Bonus Option exercised.</p> <p>Eligible Shareholders who are not Eligible Optionholders do not have an entitlement to Loyalty Options, meaning they must have disposed of their Bonus Option(s).</p>	<p><b>Sections 4 and 5.1</b></p>

Question	Answer	Section
	<p>The Loyalty Options issue will also be issued for no consideration. Because they are contingent on the exercise of Bonus Options on a 1:1 basis, then in order for the Loyalty Options to be fully issued, the Company would raise approximately \$46,530,366 being the full receipt of funds from the exercise of the Bonus Options (before costs and expenses).</p> <p>A Loyalty Option entitles the holder to exercise the Loyalty Option for a Share for a price of \$1.15. The holder may exercise the Loyalty Option at any time prior to 5:00 pm on the Loyalty Option Expiry Date. If the Loyalty Options are exercised in full, the Company will raise approximately \$50,961,829.</p> <p>For further details of the Offer please see section 5.1 of this Prospectus.</p>	
<p><b>What is the purpose of the Offer?</b></p>	<p>This Prospectus is being issued in order to comply with provisions of the Corporations Act which require that an offer of securities be made pursuant to a disclosure document, such as a prospectus.</p> <p>The Company is conducting this Offer with the objective of providing long-term supportive shareholders and Optionholders a potential benefit of greater exposure to the potential future success of MA1, and in the near term to support the Company's effort to increase the market capitalisation of the Company as part of a broader strategy to address the factors that allow MA1's stock price to trade at a discount to NTA.</p> <p>Each Eligible Shareholder has the potential to fully benefit from the Offer by receiving one Bonus Option for every one Share held as at the Bonus Option Record Date. They can then choose to exercise, at their discretion in order to qualify for the issue of an Eligible Loyalty Optionholder.</p> <p>Each Eligible Loyalty Optionholder likewise have the potential to benefit from the above Offer by choosing to exercise, at their discretion, the Loyalty Option for each Bonus Option they exercise.</p>	<p><b>Section 3 and 4.1</b></p>
<p><b>What makes the Offer an attractive investment?</b></p>	<p>The Directors believe the reasons the Offer is an attractive investment are:</p> <ul style="list-style-type: none"> <li>• The offer of Bonus Options allows Eligible Shareholders to acquire an Option for no consideration.</li> <li>• Holders of Bonus Options will have until 15 May 2020 in which to exercise the Options, in which time the Company's Share price may potentially rise above the Exercise Price;</li> <li>• The offer of Loyalty Options further allows Eligible Optionholders to acquire a second Option for no consideration.</li> <li>• Holders of Loyalty Options will have until 15 November 2021 in which to exercise Loyalty Options, in which time the Company's Share price may potentially rise above the Exercise Price;</li> </ul> <p>The Company has applied for the Quotation of the Bonus Options on the ASX, to allow holders to potentially trade their Options ahead</p>	<p><b>Section 4</b></p>

Question	Answer	Section															
	of their expiry (although quotation of the Options cannot be guaranteed).																
<p><b>What are the key risks involved with investing in the Company?</b></p>	<p>Eligible Shareholders and Eligible Optionholders who choose to exercise Options may be exposed to risks, including those set out below.</p> <p>Persons who choose to exercise their Options before the Expiry Date will, on subscribing for Shares, be issued Loyalty Options and be Eligible Loyalty Option Holders.</p> <p>Likewise if they choose to exercise Loyalty Options, in subscribing for Shares may be exposed to risks, including those set out below.</p> <p>If a Bonus Option and/or a Loyalty Option is not exercised prior to their relevant expiry date, they shall lapse.</p> <p>There are general risks associated with owning securities in publicly listed companies.</p> <p>The price of securities may trade at a discount to the net asset backing or at a premium, based on many factors, some of which are outside the control of the Company. Such risk factors include Australian and worldwide economic and political stability, natural disasters, performance of the Australian stock market as a whole, the Australian interest rate, foreign exchange, taxation and labour relations environments.</p> <p>Specific risks associated with an investment in the Company are set out in section 3 of this Prospectus.</p>	<p><b>Section 3</b></p>															
<p><b>What is the key financial information relating to the Company?</b></p>	<p>The Company's financial reports for the financial year ended 30 June 2018 are available from the Company's website (<a href="http://www.monashinvestors.com">www.monashinvestors.com</a>) or the ASX website (<a href="http://www.asx.com.au">www.asx.com.au</a>). The Company's annual financial report was lodged with ASX on 21 August 2018.</p> <p>To illustrate the effect of the Offer on the Company, the Company's pro forma statement of financial position as at 30 June 2018 is set out at section 4.3 of this Prospectus.</p>	<p><b>Sections 4.3</b></p>															
<p><b>Who are the Directors and Company Secretary of the Company?</b></p>	<table border="1" data-bbox="427 1346 1291 1581"> <thead> <tr> <th data-bbox="427 1346 730 1413">Board member</th> <th data-bbox="730 1346 1058 1413">Position</th> <th data-bbox="1058 1346 1291 1413">Date of appointment</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 1413 730 1469">Mr Paul Clitheroe</td> <td data-bbox="730 1413 1058 1469">Independent Chairman and Independent Director</td> <td data-bbox="1058 1413 1291 1469">20/01/2016</td> </tr> <tr> <td data-bbox="427 1469 730 1514">Mr Suvan de Soysa</td> <td data-bbox="730 1469 1058 1514">Independent Director</td> <td data-bbox="1058 1469 1291 1514">20/01/2016</td> </tr> <tr> <td data-bbox="427 1514 730 1547">Simon Shields</td> <td data-bbox="730 1514 1058 1547">Non-Independent Director</td> <td data-bbox="1058 1514 1291 1547">20/01/2016</td> </tr> <tr> <td data-bbox="427 1547 730 1581">Ms Laura Newell</td> <td data-bbox="730 1547 1058 1581">Company Secretary</td> <td data-bbox="1058 1547 1291 1581">13/08/2018</td> </tr> </tbody> </table> <p>For additional information, including biographies of each Director, please refer to section 6 of this Prospectus.</p>	Board member	Position	Date of appointment	Mr Paul Clitheroe	Independent Chairman and Independent Director	20/01/2016	Mr Suvan de Soysa	Independent Director	20/01/2016	Simon Shields	Non-Independent Director	20/01/2016	Ms Laura Newell	Company Secretary	13/08/2018	<p><b>Section 6</b></p>
Board member	Position	Date of appointment															
Mr Paul Clitheroe	Independent Chairman and Independent Director	20/01/2016															
Mr Suvan de Soysa	Independent Director	20/01/2016															
Simon Shields	Non-Independent Director	20/01/2016															
Ms Laura Newell	Company Secretary	13/08/2018															
<p><b>Who are the Key Management Personnel?</b></p>	<table border="1" data-bbox="427 1704 1291 1783"> <thead> <tr> <th data-bbox="427 1704 616 1749">Name</th> <th data-bbox="616 1704 1291 1749">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 1749 616 1783">Simon Shields</td> <td data-bbox="616 1749 1291 1783">Managing Director and CEO, Monash Investors Pty Ltd</td> </tr> </tbody> </table> <p>For additional information, including biographies of Key Management Personnel, please refer to section 6 of this Prospectus.</p>	Name	Position	Simon Shields	Managing Director and CEO, Monash Investors Pty Ltd	<p><b>Section 6</b></p>											
Name	Position																
Simon Shields	Managing Director and CEO, Monash Investors Pty Ltd																
<p><b>Are there any relevant interests or relate parties to</b></p>	<p>As at the date of this Prospectus all directors have either a direct or indirect interest in Shares. Set out below is a table summarising the Bonus Option Entitlement:</p>	<p><b>Section 3, and 7.3 – 7.6</b></p>															

Question	Answer	Section																				
<p><b>this transaction?</b></p>	<table border="1" data-bbox="432 221 1254 618"> <thead> <tr> <th data-bbox="432 221 571 320">Director</th> <th data-bbox="576 221 695 320">Shares</th> <th data-bbox="700 221 831 320">Existing options</th> <th data-bbox="836 221 991 320">Bonus Option Entitlement</th> <th data-bbox="995 221 1254 320">Loyalty Option Entitlement</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 327 571 421">Mr Paul Clitheroe</td> <td data-bbox="576 327 695 421">500,000</td> <td data-bbox="700 327 831 421">0</td> <td data-bbox="836 327 991 421">500,000 Bonus Options</td> <td data-bbox="995 327 1254 421">Subject to the exercise of the Bonus Options.</td> </tr> <tr> <td data-bbox="432 427 571 521">Mr Suvan de Soysa</td> <td data-bbox="576 427 695 521">500,000</td> <td data-bbox="700 427 831 521">0</td> <td data-bbox="836 427 991 521">500,000 Bonus Options</td> <td data-bbox="995 427 1254 521">Subject to the exercise of the Bonus Options.</td> </tr> <tr> <td data-bbox="432 528 571 618">Simon Shields</td> <td data-bbox="576 528 695 618">200,001</td> <td data-bbox="700 528 831 618">0</td> <td data-bbox="836 528 991 618">200,001 Bonus Options</td> <td data-bbox="995 528 1254 618">Subject to the exercise of the Bonus Options.</td> </tr> </tbody> </table> <p data-bbox="459 636 1134 667">The Company has agreements with each of its Directors.</p> <p data-bbox="459 678 1267 741">Further information on material agreements and related parties are set out in sections 7.</p> <p data-bbox="459 754 1267 853">The Company has entered into an Investment Management Agreement with the Investment Manager for the provision of investment management services to the Company.</p> <p data-bbox="459 866 1267 929">Simon Shields is a director and shareholder of both the Investment Manager and the Company.</p> <p data-bbox="459 976 1267 1106">Further details about these related in sections 7.3 - 7.6 is a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.</p>	Director	Shares	Existing options	Bonus Option Entitlement	Loyalty Option Entitlement	Mr Paul Clitheroe	500,000	0	500,000 Bonus Options	Subject to the exercise of the Bonus Options.	Mr Suvan de Soysa	500,000	0	500,000 Bonus Options	Subject to the exercise of the Bonus Options.	Simon Shields	200,001	0	200,001 Bonus Options	Subject to the exercise of the Bonus Options.	
Director	Shares	Existing options	Bonus Option Entitlement	Loyalty Option Entitlement																		
Mr Paul Clitheroe	500,000	0	500,000 Bonus Options	Subject to the exercise of the Bonus Options.																		
Mr Suvan de Soysa	500,000	0	500,000 Bonus Options	Subject to the exercise of the Bonus Options.																		
Simon Shields	200,001	0	200,001 Bonus Options	Subject to the exercise of the Bonus Options.																		
<p><b>What is the effect of the Offer on the Company?</b></p>	<p data-bbox="427 1171 1094 1202">The effect of the Offer on the Company will be as below:</p> <ol data-bbox="475 1218 1286 1357" style="list-style-type: none"> <li data-bbox="475 1218 1286 1312">1. if Bonus Options and Loyalty Options are applied for and exercised, to provide the Company with funds to be utilised as set out in section 4.4 of this Prospectus; and</li> <li data-bbox="475 1328 1286 1357">2. to alter the capital structure of the Company as described below.</li> </ol> <p data-bbox="459 1373 1267 1538">The table below sets out the existing capital structure of the Company, and the effect on the Company's capital structure of issuing the securities offered under this Prospectus. The information set out below assumes that all Options offered under this Prospectus are allotted.</p> <table border="1" data-bbox="427 1541 1254 1872"> <tbody> <tr> <td data-bbox="427 1541 1027 1585">Existing Shares on issue #</td> <td data-bbox="1032 1541 1254 1585">44,314,634</td> </tr> <tr> <td data-bbox="427 1592 1027 1653">Bonus Options to be issued under this Prospectus*</td> <td data-bbox="1032 1592 1254 1653">44,314,634</td> </tr> <tr> <td data-bbox="427 1659 1027 1720">Maximum Loyalty Options to be issued under this Prospectus*</td> <td data-bbox="1032 1659 1254 1720">44,314,634</td> </tr> <tr> <td data-bbox="427 1727 1027 1798">Shares to be issued if all Options issued under this Prospectus are exercised*</td> <td data-bbox="1032 1727 1254 1798">88,629,268</td> </tr> <tr> <td data-bbox="427 1805 1027 1872"><b>TOTAL Shares on issue (if all Bonus Options and Loyalty Options exercised)</b></td> <td data-bbox="1032 1805 1254 1872"><b>132,943,902</b></td> </tr> </tbody> </table> <p data-bbox="427 1888 1267 1951">* Shareholders with an address outside Australia or New Zealand are not be eligible to participate in the Offer and will not be issued Options.</p>	Existing Shares on issue #	44,314,634	Bonus Options to be issued under this Prospectus*	44,314,634	Maximum Loyalty Options to be issued under this Prospectus*	44,314,634	Shares to be issued if all Options issued under this Prospectus are exercised*	88,629,268	<b>TOTAL Shares on issue (if all Bonus Options and Loyalty Options exercised)</b>	<b>132,943,902</b>	<p><b>Section 4.4</b></p>										
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<b>TOTAL Shares on issue (if all Bonus Options and Loyalty Options exercised)</b>	<b>132,943,902</b>																					

Question	Answer	Section
	<p>As at the close of business on 25 October 2018, the Business Day immediately before lodgement of this Prospectus with ASIC, such Ineligible Shareholders hold 8,180 Shares.</p> <p>If any of those Shareholders or Optionholders dispose of their Shares before the Bonus Option Record Date or Loyalty Option Expiry Date (as applicable) and Eligible Shareholders or Eligible Optionholders acquire those Shares in time to be registered as the holder of those Shares on the Bonus Option Record Date or Loyalty Option Record Date (as applicable), the number of Options issued may increase.</p> <p># The maximum number of Bonus Options that would be issued if all Shareholders were Eligible Shareholders is 44,314,634 and the maximum number of Loyalty Options that would be issued if all Optionholders were Eligible Optionholders is a further 44,314,634.</p>	
<p><b>How will the proceeds of the Offer be used?</b></p>	<p>The proceeds raised from the exercise of Options issued under this Offer will be applied as follows:</p> <ul style="list-style-type: none"> <li>(a) meeting expenses associated with the Offer; and</li> <li>(b) The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives and paying the costs of the Offer, including obtaining quotation on the ASX.</li> </ul> <p>For additional information please refer to section 4.4 of this Prospectus.</p>	<p><b>Section 4</b></p>
<p><b>Interests, key benefits and related party transactions</b></p>	<p>The Company has agreements with each of its Directors.</p> <p>Further information on material agreements and related parties are set out in sections 7.</p> <p>The Company has entered into an Investment Management Services Agreement with the Investment Manager for the provision of investment management services to the Company.</p> <p>Simon Shields is a director and shareholder of both the Investment Manager and the Company.</p> <p>Further details about these related party agreements are set out in section 7.5 and 7.6.</p>	<p><b>Sections 7</b></p>
<p><b>What is the financial position of the Company?</b></p>	<p>The Company's financial position is subject to periodic audited financial reporting on the ASX. The Pro-forma Statements of Financial Position have been prepared for illustrative purposes only to show the financial position of the Company following completion of the Offer and <b>subject to full subscription of the Bonus Options and the Loyalty Options</b>, and may not actually reflect the position of the Company as at the date of the Prospectus or at the conclusion of the Offer.</p>	<p><b>Section 4.3</b></p>
<p><b>What are the costs associated with the Offer</b></p>	<p>The total estimated expenses of the Offer payable by the Company, including fees for drafting the prospectus, lodgement fees, listing fees, Share Registry expenses and administrative and</p>	

Question	Answer	Section						
	<p>miscellaneous expenses, is approximately \$69,600 (excluding GST).</p> <table border="1" data-bbox="477 327 1150 589"> <tr> <td data-bbox="485 333 954 432">Prospectus preparation, ASIC lodgment &amp; registry fees, and mailing</td> <td data-bbox="954 333 1142 432">\$21,900</td> </tr> <tr> <td data-bbox="485 432 954 510">ASX Listing Fees</td> <td data-bbox="954 432 1142 510">\$47,700</td> </tr> <tr> <td data-bbox="485 510 954 589"><b>TOTAL</b></td> <td data-bbox="954 510 1142 589"><b>\$69,600</b></td> </tr> </table>	Prospectus preparation, ASIC lodgment & registry fees, and mailing	\$21,900	ASX Listing Fees	\$47,700	<b>TOTAL</b>	<b>\$69,600</b>	
Prospectus preparation, ASIC lodgment & registry fees, and mailing	\$21,900							
ASX Listing Fees	\$47,700							
<b>TOTAL</b>	<b>\$69,600</b>							
<p><b>What is the Company's capital management policy / dividend policy?</b></p>	<p>Dividend policy is reviewed periodically by the Board, taking into account the best interests of the Shareholders and the working capital requirements of the Company.</p> <p>The Company intends to pay dividends out of available cash flow and subject to franking credits. The quantum of dividend to be paid will be subject to the Board's discretion. The dividend will be paid at the end of the Company's first financial year and then annually thereafter. Any dividend paid will be franked to the maximum extent possible.</p> <p>The Company gives no assurances about the payment of dividends or the extent of payout ratios.</p> <p>The previous dividend was declared at A\$0.01 fully franked (with an ex date of 14 September 2018), to be paid on 31 October 2018.</p>	<p><b>Refer to Section 3 and 3.8</b></p>						
<p><b>What is the tax consequences?</b></p>	<p>The taxation consequences of any investment in Options or Shares (following exercise of Options) will depend on the particular circumstances of the Eligible Loyalty Optionholder or Eligible Shareholder. It is the obligation of potential investors to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you have any questions about the taxation consequences of an investment in the Company, please contact your stockbroker, accountant, independent financial advisor or other independent advisor.</p>	<p><b>Refer to Section 3</b></p>						
<p><b>Issue, Allocation and Withdrawal of Options</b></p>	<p><b>Issue</b></p> <p>The number of Bonus Options issued to Eligible Shareholders will be shown on the Entitlement Statement.</p> <p>The number of Loyalty Options that an Eligible Loyalty Optionholder will entitled to exercise will be shown on the Entitlement Statement.</p> <p><b>Quotation</b></p> <p>The Company has applied to ASX for quotation of Bonus Options.</p> <p><b>Withdrawal</b></p> <p>The Company may, subject to any legal requirements, at any time decide to withdraw this Prospectus and the Offer in which case no Options will be issued.</p>	<p><b>Section 5</b></p>						

Question	Answer	Section
<p><b>Who should I contact if I have further enquiries?</b></p>	<p>If you have any questions on how to exercise Options, please contact the Company's Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).</p> <p>Alternatively, you should contact your stockbroker, accountant or Independent professional financial adviser prior to subscribing to Options.</p>	<p><b>Refer to Corporate Directory on final page.</b></p>

### 3. Key risks

The Options offered under this Prospectus are considered speculative because of the inherent risks associated with a listed investment company like MA1. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the Options. The risks identified by the Directors are not exhaustive.

Intending investors should be aware that subscribing for Shares and Options involves various risks. There are general risks associated with owning Securities in publicly listed companies. The price of Securities can go down as well as up due to factors outside the control of the Company.

These factors include Australian and worldwide economic and political stability, natural disasters, performance of the domestic and global share markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

To reduce the impact of risk, it is important to obtain get professional advice suited to your investment objectives, financial situation and particular needs. Potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for Loyalty Options (as previously noted, Eligible Shareholders do not need to subscribe for Bonus Options to subscribe.

The Company should not be seen as a predictable, low risk investment. The Company's investments are predominantly in ASX listed securities and pre-IPO securities and the Company therefore should be viewed as having a higher risk profile than cash assets.

It is not possible to identify every risk associated with investing in the Company, however, the following provides a list of significant risks associated with the Company.

This investment is regarded as speculative. Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of its Shares or Options, including those offered by this Prospectus, will be achieved.

There are risks associated with exercising both Loyalty Options and Bonus Options. If the holder exercises a Loyalty Option or a Bonus Option, the holder will be issued with a Share. There are significant risks associated with an investment in Shares. The risks associated with an investment in Shares include the risks associated with an investment in MA1.

#### 3.1 Risks associated with Bonus Options

Bonus Options entitle the holder to subscribe for a Share at a price of \$1.05. Because Shares are readily available on the market, a Bonus Option is only valuable if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. Shares are currently trading at a price of approximately \$0.85. Accordingly, except for the fact that a Bonus Option can be exercised at any time up to the Expiry Date, a Bonus Option will have

no value other than its market price on the ASX (*if any*). Eligible Shareholders should have regard to the fact that Bonus Options will only have value if and to the extent that at a particular time, the Bonus Option allows the holder to acquire a Share at less than the market price, or if, and to the extent at the time there is, a prospect that the Bonus Option will in the future, but prior to the Bonus Option Expiry Date, allow the holder to acquire a Share at less than the prevailing market price.

Because Bonus Options will be quoted on the ASX, many of the risk factors applicable to Shares also apply to Bonus Options. Fluctuations in the market price of the Bonus Options are a key risk for recipients of the Bonus Options.

### **3.2 Risks associated with Loyalty Options**

Loyalty Options entitle the holder to subscribe for a Share at a price of \$1.15. Because Shares are readily available on the market, a Loyalty Option is only valuable if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. Shares are currently trading at a price of approximately \$0.85. Accordingly, a Loyalty Option will have no value other than any market price on the ASX (*if any*).

Eligible Shareholders should have regard to the fact that Loyalty Options will only have value if and to the extent that at a particular time, the Loyalty Option allows the holder to acquire a Share at less than the market price, or if, and to the extent at the time there is, a prospect that the Loyalty Option will in the future, but prior to the Loyalty Option Expiry Date, allow the holder to acquire a Share at less than the prevailing market price.

However many of the risk factors applicable to Shares also apply to Loyalty Options. Loyalty Options are less likely to be quoted on the ASX, as the Company will consider applying for quotation subject to satisfaction of the criteria described in Listing Rule 2.5, Condition 6. In any case fluctuations in the perceived and real value of the Loyalty Options remain a key risk for investors in the Loyalty Options.

### **3.3 Risks Associated with Shares**

The Loyalty Options and Bonus Options following issue may be exercised and entitle the holder to participate in an increase in the value of MA1, by way of dividends that may be declared by MA1 in the future (refer to the dividend information in section 2 for information on the Company's dividend policy) and in the event that the assets of MA1 are wound up.

MA1, being a company listed on ASX, is subject to the market forces that influence the broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the continuing threat of terrorism and the global financial climate, may cause share price fluctuations in the Australian share market and globally. Fluctuations in the price of the Shares are therefore a key risk for recipients of the Bonus Options or *subject to their exercise*, and Loyalty Options.

### **3.4 Specific development risks**

The Company's investment activities will expose it to a variety of risks. The Company has identified some as being particularly relevant to its Investment Strategy, these include the risks in this Section 3.4.

#### **Reliance on the Investment Manager**

The success and profitability of the Company in part will largely depend on the Investment Manager's ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments set out in this

Prospectus. Even if the Company does not perform as expected, it may be difficult to remove the Investment Manager (see section 7.6 for further detail).

The ability of the Investment Manager to continue to manage the Portfolio may be compromised by such events as the loss of its AFSL or its non-compliance with conditions under its AFSL or the Corporations Act. If the Investment Manager ceases to manage the Portfolio or the Investment Management Agreement is terminated, the Company will need to identify and engage a suitably qualified and experienced investment manager to implement the Company's investment strategy.

### **3.5 Company specific risks**

#### **(a) Key Man Risk**

Portfolio managers, Simon Shields and Shane Fitzgerald have responsibility for the Investment Manager implementing the Investment Strategy. The Company is exposed to the risk that Simon Shields and/or Shane Fitzgerald cease to be involved with the Investment Manager.

#### **(b) Investment Strategy Risk**

The success and profitability of the Company in part will depend upon the ability of the Investment Manager to invest in a Portfolio which will have the ability to generate a return for the Company. The past performance of portfolios managed by the Investment Manager are not necessarily a guide to future performance of the Company. There are risks inherent in the Absolute Return investment strategy that the Investment Manager will employ for the Company.

- The success and profitability of the Company depends almost entirely on the ability of the Investment Manager to construct a Portfolio comprised of Long Positions, exposed to well managed businesses that have the ability to increase in value over time, while minimising the Portfolio's exposure to market direction via Short Positions within the Portfolio.
- Because the Investment Manager must first borrow a security to establish a Short Position, there is a risk that a security will not be available at a particular time or an acceptable price and therefore the Investment Manager may not be able to implement its investment strategy.
- The Investment Manager may be required to cover its Short Position at a higher price than the short price, resulting in a loss. Losses on short sales are potentially unlimited as a loss occurs when the value of a security sold short increases and there is no upper limit on the price of a security.

#### **(c) Prime Broker Risk**

- Until the Investment Manager replaces a borrowed security, the Company will be required to maintain assets with the lending broker as collateral. In this way, Short Positions involve credit exposure to the Prime Broker that lends the securities.
- The Company uses the service of a Prime Broker and custodian and must post Collateral with the Prime Broker under this agreement. In the event of insolvency of the custodian or the Prime Broker, the Company may not be able to recover the entire value of the relevant Stocks.

### **3.6 Significant Risks in investing in the Company.**

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

#### **(a) Market Risk**

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

The Company's Portfolio will be exposed to market risks. Certain events may have a negative effect on the price of all types of investments within a particular market.

These events may include changes in economic, social, technological or political conditions, as well as market sentiment. In a strong share market, the Portfolio may underperform against the market indices.

#### **(b) Short Selling Risk**

Selling securities short involves borrowing securities and selling these borrowed securities. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the lender may request return of the securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

#### **(c) Leverage Risk**

The Investment Manager may employ leverage through monies borrowed under an overdraft facility and use of Derivatives to increase investment exposure. Leverage increases gross exposure to the share market and can enlarge the fluctuations in the value of the Portfolio of the Company.

#### **(d) Derivative Risk**

The Company may use various Derivatives including options and forward contracts, which may be volatile and speculative. Use of Derivatives involves various risks such as tracking, liquidity and leverage.

When the Company enters into a Derivatives arrangement that requires it to deliver collateral or other credit support to the Derivatives counterparty, the Company will be exposed to the following additional risks in respect of that collateral. The Company:

- may be required to post upfront margin/collateral with the Derivatives counterparty (whether cash or other securities). The Company will need to have sufficient liquid assets to satisfy this obligation; and
- may, from time to time if the value of the derivatives arrangements moves against it, be required to post additional collateral with the Derivatives counterparty on an ongoing basis.

The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the Derivatives counterparty may have the right to terminate such Derivatives arrangements.

The Company will also be subject to credit risk of the counterparty. In the event the Derivatives counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Company, the Company will be an unsecured creditor of the Derivatives counterparty, and will

rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law (for example, employees).

**(e) Default Risk**

Investment in securities involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.

The Company outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company. There is a risk that the company may unintentionally breach an obligation under an agreement with a service provider which could allow one or more of the service providers to terminate their arrangement with the company.

**(f) Compensation Fee Structure Risk**

The Investment Manager is expected to receive compensation based on the Company's performance. Performance fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

**(g) Regulatory Risk**

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

**(h) Interest Rate Risk**

Interest rate movements may adversely affect the value of the Company through their effect on the price of a security and the cost of borrowing.

**(i) Liquidity Risk**

The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a security cannot be bought or sold quickly enough to minimise potential loss the Company may have difficulty satisfying commitments associated with financial instruments.

**3.7 Risks Associated with Investments in Shares and Options**

The prices at which Shares and Options will trade on the ASX are subject to a number of risks, including:

**(a) Market Risk**

Share markets tend to move in cycles, and individual Securities prices may fluctuate and under perform other asset classes over extended periods of time. The value of Shares and Options quoted on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares and Options as well as through the Company's Portfolio.

**(b) Economic Risk**

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

**(c) Liquidity Risk**

The Company is a listed entity, therefore the ability to sell Shares and Options will be a function of the turnover of the Shares and Options at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

**(d) Discount to NTA**

The Company is listed on the ASX and may not trade in line with the underlying value of the Portfolio. The Company may trade at a discount or a premium to its NTA.

**3.8 Other Risk Factors**

Before deciding to subscribe for Shares and Options, Applicants should consider whether Shares and Options are a suitable investment.

There may be tax implications arising from the application for Shares and Options, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on-market share buy-back and on the disposal of Shares or Options. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares and Options, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

**3.9 Time Frame for Investment**

Recipients are strongly advised to regard any investment in the Company as a medium-to-long term proposition for at least 7 years and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period.

**3.10 General Risks**

**(a) General Economic Climate**

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs.

The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any products or services that the Company may acquire or sell.

**(b) Stock Market Conditions**

The Options are expected to be quoted on the ASX, where their price may rise or fall. The market has historically experienced significant fluctuations in price and trading volumes which

may be unrelated to the performance of individual companies. The Options issued under this Prospectus (and any Shares subsequently issued on exercise of Options) carry no guarantee in respect of profitability, dividends, return of capital, liquidity or the price on which they may trade on the ASX. If an Option is not exercised prior to the relevant expiry date, it will lapse and the holder of that Option will have no recourse to recover their original investment if acquired from a previous holder. The stock market has in the past and may in the future be affected by a number of matters including:

- market confidence;
- supply and demand for money; and
- currency exchange rates.

**(c) Government Policy Changes**

Any material adverse changes in government policies or legislation of any countries in which it may operate may affect the viability and profitability of the Company.

**(d) Foreign Currency and Exchange Rate Fluctuations**

Revenue and expenditure of the Company may be domiciled in currencies other than Australian dollars and as such expose the Company to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of such revenue and expenditure.

The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist managing these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

**(e) Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is speculative. In particular, Eligible Optionholders should consult their professional advisers before deciding whether to apply for Loyalty Options.

## **4. Purpose and effect of the offer**

### **4.1 Purpose of the Offer**

The investment objectives of Monash Absolute Investment Company Limited ("the Company") are to achieve a targeted positive return over a full investment cycle which it considers to be a minimum period of 5 to 7 years; and avoid a negative return each financial year.

The Company's investment strategy is to invest in a portfolio of Australian and international listed equity securities, pre-IPO securities, exchange-traded and over-the-counter derivatives and cash, in order to target an absolute return.

The Company's absolute return strategy seeks to achieve a targeted positive return by taking long positions in some securities and short positions in other securities. Various investment techniques are used to maximise returns including pairs trading, price targets, stop loss levels (set by reference to price or changes to circumstances), holding cash and the use of derivatives.

The Company employs an investment approach which is high conviction, benchmark unaware, security size agnostic, investment style (i.e. growth, value, discounted cash flow) agnostic and has a capital preservation focus.

Under this reward regime, the Company wishes to issue the Bonus Options to Eligible Shareholders on a pro rata basis and to make the offer of Loyalty Options to Eligible Optionholders to provide all long-term supportive shareholders and optionholders a benefit of greater exposure to the potential future success of MA1.

#### **4.2 Expenses of Offer**

The estimated costs of the Offer are set out in section 2. In addition, the Company will incur ASX and ASIC fees in connection with lodgement of the Prospectus and quotation of Options on ASX.

#### **4.3 Effect of the Offer on the financial position of the Company**

The Company's financial reports for the financial year ended 30 June 2018 are available from the Company's website ([www.monashinvestors.com](http://www.monashinvestors.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Company's annual financial report was lodged with ASX on 21 August 2018.

The effect of the Offer on the financial position of the Company will consist of the expenses incurred by the Company in conducting the Offer, as set out in section 2 of this Prospectus. In addition, if the Options are exercised, the Company will issue Shares on exercise of the Options and receive the subscription moneys paid by those shareholders.

##### **(a) Bonus Options**

No monies will be raised from the issue of Bonus Options.

The maximum amount of funds that may be raised by the Company if all Bonus Options are exercised, is approximately \$46,530,366 before costs and expenses.

##### **(b) Loyalty Options**

No monies will be raised from the issue of Loyalty Options.

The maximum amount of funds that may be raised by the Company if all Loyalty Options are exercised, is approximately \$50,961,829 before costs and expenses.

The Directors are not able to provide any information as to how many Loyalty Options or Bonus Options may be exercised or when they may be exercised.

##### **(c) Pro Forma Statement of Financial Position**

To illustrate the effect of the Offer on the Company, the Company's pro forma statement of financial position as at 30 June 2018 is set out below. The pro forma historical statement of financial position is adjusted only for completion of the Offer.

The pro forma financial information in this section is based on the Company's full year accounts for the financial year ended 30 June 2018. It has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards Board (**AASB**). The pro forma financial information is presented in an abbreviated form insofar as it

does not include all the disclosures, statements or comparative information as required by the AASB applicable to annual financial reports prepared in accordance with the Corporations Act.

<b>Consolidated Statement of Financial Position</b>				
	<b>30 June 2017</b>	<b>30 June 2018</b>	<b>30 June 2019*</b>	<b>30 June 2020**</b>
	<b>\$ AUD</b>	<b>\$ AUD</b>	<b>100% of Bonus Options exercised</b>	<b>100% of Loyalty Options exercised</b>
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	13,474,238	13,863,948	26,967,779	41,319,593
Trade and other receivables	1,099,613	34,868	67,824	103,919
Financial assets at fair value through profit or loss	35,486,490	37,191,771	72,344,432	110,844,966
Other current assets	19,439	33,880	65,902	100,975
<b>Total Current Assets</b>	<b>50,079,780</b>	<b>51,124,467</b>	<b>99,445,938</b>	<b>152,369,453</b>
<b><u>Non-Current Assets</u></b>				
Deferred tax assets	2,202,836	1,384,496	2,693,084	4,126,300
<b>Total Non-Current Assets</b>	<b>2,202,836</b>	<b>1,384,496</b>	<b>2,693,084</b>	<b>4,126,300</b>
<b>TOTAL ASSETS</b>	<b>52,282,616</b>	<b>52,508,963</b>	<b>102,139,022</b>	<b>156,495,753</b>
<b><u>LIABILITIES</u></b>				
<b><u>Current Liabilities</u></b>				
Trade and other payables	378,039	169,132	328,991	504,075
Financial liabilities at fair value through profit or loss	4,253,584	2,494,607	4,852,442	7,434,834
<b>Total Current Liabilities</b>	<b>4,631,623</b>	<b>2,663,739</b>	<b>5,181,433</b>	<b>7,938,908</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	4,084	615,759	1,197,758	1,835,185
<b>Total non-current liabilities</b>	<b>4,084</b>	<b>615,759</b>	<b>1,197,758</b>	<b>1,835,185</b>
<b>TOTAL LIABILITIES</b>	<b>4,635,707</b>	<b>3,279,498</b>	<b>6,379,191</b>	<b>9,774,093</b>
<b>NET ASSETS</b>	<b>47,646,909</b>	<b>49,229,465</b>	<b>95,759,831</b>	<b>146,721,660</b>

<b>EQUITY</b>				
Contributed equity	50,664,284	48,454,318	94,252,036	144,411,441
Profit Reserve	1,236,026	8,094,292	15,744,799	24,123,926
Accumulated losses	(4,253,401)	(7,319,145)	(14,237,004)	(21,813,707)
<b>TOTAL EQUITY</b>	<b>47,646,909</b>	<b>49,229,465</b>	<b>95,759,831</b>	<b>146,721,660</b>

*Note: As at 30 September 2018, the Company's cash and cash equivalents stood at \$14,924,861*

*\*Assumption based on 100% Bonus Option exercise, at 30 June 2019, which is before the expiry date of 15 May 2020.*

*\*\*Assumption based on 100% Loyalty Option exercise, which is itself is based on 100% Bonus Option exercise, at 30 June 2020, which is prior to their expiry date of 15 December 2021.*

#### **4.4 Use of Proceeds**

##### **(a) Bonus Options**

No monies will be raised from the issue of the Bonus Options.

Given the period before the Bonus Options mature and the associated risks, a detailed consideration of the use of 'potential capital' raised from the exercise of the Bonus Options is not warranted.

If all of the Bonus Options are exercised, MA1 expects to raise approximately \$46,530,366 (before costs and expenses). The money raised under the Offer would be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 4.1 for details) and paying the costs of the Offer, including successfully applying for quotation on the ASX.

##### **(b) Loyalty Options**

If the offer of Loyalty Options is fully subscribed, MA1 would expect to raise approximately \$50,961,829 (before costs and expenses).

It is intended that any funds raised from the exercise of Loyalty Options will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 4.1 for details) and paying the costs of the Offer, including obtaining any ASX fees.

Given the period before the Loyalty Options mature and the associated risks, a detailed consideration of the use of 'potential capital' raised from the exercise of the Loyalty Options is not warranted. If all of the Loyalty Options are exercised, MA1 expects to raise approximately \$50,896,829 (before costs and expenses). Funds raised from the exercise of Loyalty Options will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 4.1 for details) and paying any remaining costs.

#### **4.5 Effect on the Company's Capital Structure**

Set out below are two (2) illustrative tables showing changes to the capital structure of the Company following the Offer, using different participation rate scenarios.

**Table 4.5.1**

Scenario 1: 50% exercise of the Bonus Options and 100% exercise of the Loyalty Options.

Loyalty Options	As at Bonus Option Issue Date	50% Bonus Options exercised	50% Loyalty Options exercised
Shares	44,314,634	66,471,951	77,550,610
Bonus Options	44,314,634	22,157,317	11,078,659
Loyalty Options	0	22,157,317	0

**Table 4.5.2**

Scenario 2: 100% exercise of Bonus Options and 100% exercise of the Loyalty Options.

Bonus Options	As at Bonus Option Issue Date	100% Exercise of Bonus Options	100% Exercise of Loyalty Options
Shares#	44,314,634	88,629,268	132,943.902
Bonus Options*	44,314,634	0	0
Loyalty Options*	0	44,314,634	0

# Existing Shares on issue as at 25 October 2018

\* Bonus Options are not subject to subscription variability

\*\*This number **assumes** that no other securities are issued, other than through the exercise of options pursuant to this prospectus.

#### 4.6 Effect on control of the Company

Given that Options do not convey ownership in the Company unless exercised, the Offer will have no material effect on the ownership of the Company at the date of issue of the Bonus Options and Loyalty Options.

The exercise of Bonus Options and Loyalty Options will be dilutive to existing Shareholders.

## 5. Details of the Offer

### 5.1. Who is entitled to participate

#### (a) Bonus Options

Every shareholder registered as the holder of fully paid ordinary shares in MA1 at 5.00 pm on the Bonus Option Record Date, will be issued Bonus Options on a pro rata basis. Those registered address is in Australia or New Zealand, are entitled to exercise the Bonus Options.

#### (b) Loyalty Options

Every person registered holder of Bonus Options at any date prior to the Loyalty Option Expiry Date, and whose registered address is in Australia or New Zealand, and who exercise their Bonus Options, are entitled to be issued Loyalty Options (on a 1:1 basis).

### 5.2. The Offer: Bonus Options

#### (a) Bonus Options

- (i) Eligible Shareholders will receive one (1) Bonus Option for every one (1) Share held by them at the Bonus Option Record Date for no consideration. Fractional entitlements will be rounded up to the nearest whole number.
- (ii) Given that there are currently 44,314,634 Shares on issue, under the Offer approximately 44,314,634 Bonus Options may be issued.
- (iii) A Bonus Option entitle the holder to exercise the Bonus Option for a Share for a price of \$1.05.
- (iv) The offer of Bonus Options is only made to Eligible Shareholders on a pro rata basis.

#### (b) Issue of Bonus Options

- (i) Bonus Options will be issued no later than Monday, 19 November 2018. Holding statements will be dispatched by Monday, 19 November 2018.
- (ii) Issues of Bonus Options under this Prospectus will only be made after permission for their quotation on ASX has been granted.

#### (c) Exercise and Issue of Shares

- (i) The holder may exercise the Bonus Option at any time prior to 5:00pm on the Bonus Option Expiry Date. A Recipient may exercise some or all of the Bonus Options held by them.
- (ii) Bonus Options may be exercised by a Recipient sending an Exercise Notice to the Company in accordance with the instructions on the Exercise Notice.
- (iii) Following receipt of the relevant Exercise Price, the Company will issue one Share for each Bonus Option exercised. If the amount of funds subscribed by a Recipient is less than the amount required to exercise the Bonus Options specified on the applicable Exercise Notice, the Company will issue the number of Shares for which sufficient funds have been subscribed.
- (iv) The exercise of Bonus Options will be processed by the Company within a reasonable amount of time of receipt by the Company of payment of the relevant Exercise Price and in any event within 21 days of receipt by the Company of payment of the Company of the relevant Exercise Price.

- (v) Bonus Options will not carry any right to dividends until they are exercised.
- (vi) Shares issued on the exercise of Bonus Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and have the same rights and liabilities as existing Shares on issue in the capital of the Company.
- (vii) Trading of Bonus Options is expected to commence on ASX on 20 November 2018.
- (viii) The Offer is non-renounceable. Eligible Shareholders may not sell or transfer to a third party their right to receive Bonus Options.

**(d) Lapse**

- (i) A Bonus Option which has not been exercised by 5:00pm on the Bonus Option Expiry Date will lapse.
- (ii) An Exercise Notice is not effective if it is received by the Company after 5:00pm on the Bonus Option Expiry Date.

**5.3. The Offer: Loyalty Options**

**(a) Loyalty Options**

- (i) Eligible Optionholders will be offered one (1) Loyalty Option for every one (1) Bonus Option they exercise any time prior to the Loyalty Option Expiry Date.
- (ii) Under the Offer, up to 44,314,634 Loyalty Options will be issued for nil consideration.
- (iii) A Loyalty Option entitles the holder to exercise one (1) Loyalty Option in order to be issued one (1) Share at an exercise price of \$1.15.

**(b) Allocation of Loyalty Options**

Loyalty Options will be issued to Holders of Bonus Option holders who have exercised their Bonus Options (1 for 1 on the basis of Bonus Options exercised).

**(c) Issue of Loyalty Options**

- (i) Loyalty Options will be issued no later than Tuesday, 16 December 2021 (noting that Loyalty Options expire on 15 December 2021). Holding statements will be dispatched no later than 7 January 2022.
- (ii) The Company will only apply for quotation of the Loyalty Options upon satisfaction of Listing Rule 2.5 Condition 6. If the Company does not meet the requirements of Listing Rule 2.5 Condition 6, then the Loyalty Options will not be quoted.

**(d) Exercise and Issue of Shares**

- (i) The holder may exercise the Loyalty Option at any time prior to 5:00 pm on the Loyalty Option Expiry Date. A Recipient may exercise some or all of the Loyalty Options held by them.
- (ii) Loyalty Options may be exercised by a Recipient sending an Exercise Notice to the Company in accordance with the instructions on the Exercise Notice. A copy of the notice will be sent upon the issue of Shares as the result of the exercise the underlying Bonus Options. Alternatively Exercise Notices will be available on the Company's website at ([www.monashinvestors.com](http://www.monashinvestors.com)).

- (iii) Following receipt of the Exercise Price, the Company will issue one (1) Share for each one (1) Loyalty Option exercised. If the amount of funds subscribed by a Recipient is less than the amount required to exercise the Loyalty Options specified on the applicable Exercise Notice, the Company will issue the number of Shares for which sufficient funds have been subscribed.
- (iv) The exercise of Loyalty Options will be processed by the Company within a reasonable amount of time of receipt by the Company of payment of the relevant Exercise Price and in any event within 21 days of receipt by the Company of payment of the Company of the relevant Exercise Price.
- (v) Loyalty Options will not carry any right to dividends until they are exercised.
- (vi) Shares issued on the exercise of Loyalty Options will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and have the same rights and liabilities as existing Shares on issue in the capital of the Company.

**(e) Lapse**

- (i) A Loyalty Option which has not been exercised by 5:00 pm on the Loyalty Option Expiry Date will lapse.
- (ii) An Exercise Notice is not effective if it is received by the Company after 5:00 pm on the Loyalty Option Expiry Date.

**5.4. Participation Right: Bonus Options and Loyalty Options**

**(a) General**

The terms and conditions of the Options are described below.

**(b) Transfer / transmission**

Options may be transferred or transmitted in any manner approved by the ASX.

**(c) Exercise**

On exercise, the Company will issue a Share for each Option exercised. An Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the Option, together with payment to the Company of \$1.05 per Bonus Option being exercised, and \$1.15 per Loyalty Option being exercised.

- (i) A Recipient may only participate in new issues of securities to holders of Shares in the Company in respect of an Option, if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.
- (ii) The Company must give at least 7 business days' notice to Recipients of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules. This will give Recipients the opportunity to exercise their Options prior to the date for the determination of entitlements to participate in that new issue.
- (iii) Except as expressly set out in this Prospectus, a Recipient does not have any right to change the Exercise Price of an Option or the number of Shares over which an Option can be exercised.

**(d) Rights Issues**

- (i) If between the date of the issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro-rata issue of Shares that is not a bonus issue), the exercise price of the Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E [P - (S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option; OE is the old exercise price of the Option;

E is the number of underlying Shares into which one Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of the ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

**(e) Bonus Issues**

If there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

**(f) Reconstructions of Capital**

In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Bonus Option Expiry Date or the Loyalty Option Expiry Date, the rights of a Recipient will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.

**5.5. Additional Offer information**

**(a) Maintenance of Register and Transfers of Options**

- (i) The Company will keep and maintain, or cause to be kept and maintained, a register of holders of Loyalty Options and Bonus Options.
- (ii) The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

**(b) Transfers of Options**

- (i) Subject to the Constitution, Listing Rules and ASX Settlement Rules, all Options are transferable.

- (ii) Subject to paragraph (i) above, the provisions of the Constitution relating to a transfer of Shares apply, with necessary alterations, to a transfer of Options.

**(c) Severance**

- (i) If a provision of these terms and conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable.
- (ii) If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these terms and conditions are not affected or impaired in any way.

**(d) Recipient bound by Constitution**

A Recipient is bound by these terms and conditions and the Constitution.

**(e) Waiver and variation**

- (i) Subject to the ASX Listing Rules, ASX Settlement Rules and the Constitution, the directors of the Company may by resolution:
  - (A) waive strict compliance with any of these terms and conditions; or
  - (B) add to, vary or otherwise change any of these conditions for any reason including to ensure compliance with the ASX Listing Rules either generally in relation to all Recipients or as they apply to a particular Recipient.
- (ii) Any waiver, addition, variation or other change under paragraph (i) above must not be made unless:
  - (A) any Recipient affected by the waiver, addition, variation or other change so consents in writing; or
  - (B) the Directors reasonably consider that the waiver, addition, variation or other change is required to ensure compliance with the ASX Listing Rules or any law or requirement binding on the Company or does not adversely affect a Recipient's rights under these conditions.

**(f) Notice of Expiry**

The Company must send a Recipient before the relevant expiry date of the Option any notice required by the Listing Rules to be sent to holders of Options.

**(g) Governing law**

The terms and conditions of the Options are to be construed according to and are governed by the laws of Victoria, Australia. Each of the Company and the Recipients submits to the exclusive jurisdiction of the courts in and of Victoria in relation to any dispute arising under these conditions.

**(h) ASX quotation**

MA1 will apply for admission of Bonus Options for quotation on ASX on the date of this Prospectus.

If ASX does not grant Official Quotation of the Bonus Options within 3 months of the date of issue of this Prospectus then MA1 will not issue Bonus Options (or Loyalty Options).

**(i) ASX Listing**

The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued ordinary shares of the Company.

The rights and liabilities attaching to the Company's Shares are set out in the Constitution and are affected by the Corporations Act, the Listing Rules, statute and general law. The Company's constitution has been lodged with ASIC. The Constitution contains provisions of the kind commonly found in constitutions of listed public companies in Australia and are taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the constitution during the application period of the Prospectus, which the Company will provide free of charge.

**(j) Important information**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia and New Zealand will not receive Options. No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to apply for or exercise Options. MA1 refers the recipients of this Prospectus to the Key Risks described in section 3.

## **6. Directors and Key Management Personnel**

This section sets out the experience and expertise of each of the Directors and Key Management Personnel listed in section 2 of this Prospectus.

### **6.1 Mr Paul Clitheroe AM, Independent Chairman and Non-Executive Director**

Paul Clitheroe has had an extensive career within the financial services industry as a company director, key practitioner and also educator. Paul Clitheroe has been Chairman of the Australian Government Financial Literacy Board since 2002, which sets and implements the national strategy for financial literacy with a particular focus on schools, universities and vocational education. Paul Clitheroe was host of "Money" on Channel 9 from 1993 to 2002. His Talking Money segments run on radio stations across Australia and his Money books have sold over 750,000 copies. Paul was appointed as a Member of the Order of Australia in 2008 for services to the financial services industry and the community. In 2012 he was made a Life Member by FINSIA. Paul Clitheroe holds the Chair of Financial Literacy at Macquarie University and is a Professor in the School of Business and Economics.

Paul Clitheroe holds a Bachelor of Arts from the University of NSW.

## **6.2 Mr Suvan de Soysa, Non-Executive Independent Director and Chairman of the Audit and Risk Committee**

Suvan de Soysa has over 30 years' experience in wealth management. He was a co-founder of Ipac Securities Limited, which became a leading financial planning and portfolio management firm that was acquired by AXA APH in 2002. At Ipac Securities Limited, Suvan held a range of senior executive roles with accountability for financial planning, strategic partnerships, investment product and registry services, and was managing director of the private client business AXA Life subsidiary in the UK. Suvan has consulted extensively to the financial services industry and held a range of governance roles, as a director of Ipac

Securities Limited and Ipac Asset Management, and director of joint ventures with several Australian financial institutions. He has served on audit and compliance committees and been a nominated responsible officer on behalf of the trustee of superannuation funds in Australia.

Suvan de Soysa was appointed as Chief Executive Officer of Chancellor Portfolio Services Pty Ltd in February 2018.

Suvan de Soysa holds a Bachelor of Science (Economics) Hons from University of London and Bachelor of Laws from University of Sydney. He gained his admission as a solicitor in 1985, is a Certified Financial Planner, and a Fellow of FINSIA and a Fellow of the Australian Institute of Company Directors.

## **6.3 Mr Simon Shields, Non- Independent Director**

Simon Shields is one of Australia's leading fund managers with over 30 years of industry experience including as Head of Australian Equities at UBS Asset Management (Australia) Limited (UBS) and Head of Australian Equities at Colonial First State Limited (CFS). Simon has been a member of and/or led multi-award winning equity teams across a range of investment styles. Simon commenced his career as an analyst with Westpac Investment Management Limited (now part of BT Investment Management Limited), before moving into a portfolio management role. In 1995, he moved to Rothschild Australia Asset Management Limited as a Portfolio Manager, responsible for value-style Australian equities.

In March 1998, he joined CFS as a Senior Portfolio Manager, responsible for growth style Australian and New Zealand equities, before becoming the Head of Australian Equities in January 2004.

In July 2007, he moved to UBS as Managing Director and Head of Australian Equities and in 2011 also took responsibility for the ING Investment Management Limited Australian equity team following its acquisition by UBS.

Simon Shields is a Director and beneficial owner of Monash Investors Pty Limited, the entity appointed to manage the investment portfolio of Monash Absolute Investment Company Limited.

Simon Shields holds a Bachelor of Commerce with honours, Bachelor of Law and Masters of Business Administration and is a Chartered Financial Analyst.

## 7. Additional information

### 7.1 Additional available information - continuous disclosure obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the Shares or Options (if the latter are admitted to quotation).

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities, or options offered to acquire securities, under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the Listing Rules of ASX.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company, and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with, and has not been exempted from, the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liability, financial position and performance, profits and losses and prospects of the body; and
  - (ii) the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus. The Company will make further announcements in respect of any such

discussions or negotiations in accordance with its disclosure obligations as developments occur.

## 7.2 Company announcements

Investors may view a record of the Company's ASX announcements at [www.asx.com.au](http://www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with information previously publicly disclosed by the Company.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus:

- (a) the Company's financial statements for the financial year ended 30 June 2018 lodged with ASIC on 21 August 2018; and
- (b) any continuous disclosure notices given by the Company since the lodgement of the Company's annual financial report referred to above and before the lodgement of this Prospectus.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since 21 August 2018:

Date	Headline
24/10/2018	Loyalty Option Issue Timetable
22/10/2018	SNC: SNC disappointed by MA1 response to merger proposal
22/10/2018	MA1 rejects costly proposal to liquidate company
22/10/2018	Month to Date Performance Update
15/10/2018	Month to Date Performance Update
12/10/2018	Response to the Sandon Capital Investments (SNC) Proposal
12/10/2018	NTA - September 2018
12/10/2018	SNC: MA1 fails to respond to SNC Merger Proposal
11/10/2018	Loyalty Option Issue
8/10/2018	Month to Date Performance Update
3/10/2018	Month end update - September 2018
2/10/2018	ASIC Form 484 - Notice of Cancellation
2/10/2018	2018 Notice of Annual General Meeting/Proxy Form
24/09/2018	Month to Date Performance Update
20/09/2018	Change in substantial holding
17/09/2018	Month to Date Performance Update
14/09/2018	Appendix 3B
13/09/2018	NTA - August 2018
12/09/2018	Change in substantial holding
12/09/2018	Completion of Equal Access Buy Back & SPP inc. Appendix 3F
11/09/2018	MA1 Switzer Conference Presentation

Date	Headline
10/09/2018	Month to Date Performance Update
6/09/2018	Webcast - Post Reporting Season Update
4/09/2018	Buy Back Price and Share Purchase Plan Issue Price
4/09/2018	Month end update - August 2018
30/08/2018	Webcast - Post Reporting Season Update
27/08/2018	Month to Date Performance Update
21/08/2018	Dividend/Distribution - MA1
21/08/2018	Appendix 4G
21/08/2018	2018 Annual Report to shareholders & Appendix 4E

### 7.3 Are there any relevant interests, benefits and related party transactions?

Sections 7.4, 7.5 and 7.6 set out a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.

Subject to the provisions of the Constitution, the Listing Rules and the Corporations Act, Directors and related parties can participate in the Offer and will have equal rights with any other Shareholder or investor.

### 7.4 Interests of Directors - Right to be issued Options

The Directors' direct and indirect interests in Shares and Bonus Options of the Company as at the date of this Prospectus are set out in section 2 of this Prospectus and also reproduced below.

The Directors are entitled to participate in the offer of Bonus Options without the need for Shareholder approval. The Directors have indicated that they do not intend to sell their Bonus Options and therefore, subject to their exercise, will be entitled to be issued Loyalty Options. The Directors have also indicated that they do not intend to sell the Loyalty Options (if received).

Each of the Directors will receive Options under this Offer as set out in section 2 and exercise those Options their respective direct and indirect interests will increase and upon issue of the Shares they will have, subject to their exercising of the Bonus Options and Loyalty Options as shown below based on their direct or indirect interests:

Director	Shares	Bonus Options	Loyalty Options	Total interest if all options exercised
Paul Clitheroe	500,000	500,000	500,000	1,500,000
Suvan de Soysa	500,000	500,000	500,000	1,500,000
Simon Shields	200,001	200,001	200,001	600,003

## 7.5 Interests of Directors – remuneration

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. In respect of the total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration in the two year period to June 2018, please refer to the disclosures contained in the annual reports filed with the ASX for the periods of July 2016 to June 2017 and July 2017 to June 2018.

The total amounts paid or payable (excluding GST) to current Directors as fees and executive service remuneration for the 5 month period from 31 July 2018 to 30 November 2018 are set out below:

- (a) Mr Suvan de Soysa: \$16,667
- (b) Mr Paul Clitheroe: \$20,833
- (c) Simon Shields: Nil in directors' fees, please refer to 7.6

Except as disclosed in this Prospectus, no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualifications, a Director of the Company or otherwise for services rendered by the Director in connection with the promotion of the Offer.

## 7.6 Director Related Entity Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Mr Simon Shields received no fees as an individual. Mr Simon Shields is a shareholder and officer of Monash Investors Pty Limited. During the year ending 30 June 2018, Monash Investors Pty Limited was entitled to receive fees of \$750,754 (2017: \$744,908) net of reduced input tax credits for the management of the Company, out of which costs of corporate and investment management are paid.

### Director Related Entity Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Simon Shields is a Director and beneficial owner of Monash Investors Pty Limited, the entity appointed to manage the investment portfolio of Monash Absolute Investment Company Limited. In its capacity as Investment Manager, Monash Investors Pty Limited was paid a management fee of 1.50% p.a. (plus GST) of gross assets amounting to \$750,754 net of reduced input tax credits (2017: \$744,908).

As at 30 June 2018, the balance payable to the Investment Manager was \$65,804 (2017: \$61,713).

In addition, Monash Investors Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the Portfolio's outperformance and subject to a high water mark.

For the year ended 30 June 2018 in its capacity as Investment Manager, Monash Investors Pty Limited was not paid a performance fee (2017: \$nil).

No Director has received or become entitled to receive a benefit ( other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

### Remuneration of Executives

There are no executives that are directly paid by the Company. However, Simon Shields is considered a Non-Independent Director on the basis that he is a Director and a shareholder

of Monash Investors Pty Limited and due to his role as an Investment Manager in that entity, is integrally involved in the operation of the Company. Monash Investors Pty Limited remunerates Simon Shields as an employee and also provides day to day management of the Company and is remunerated as outlined above.

## **7.7 Interests of advisers**

Other than otherwise set out elsewhere in this Prospectus, no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or as a promoter or stockbroker to the Company has, or during the last two years before the date of this Prospectus has had, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation, promotion or the securities offered under this Prospectus; or
- (c) securities offered under this Prospectus;

and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the securities offered under this Prospectus.

## **7.8 Interests and consents of experts and advisers**

The following parties have given (and not before the date of this document withdrawn) their written consent to be named in this document in the form and context in which they are named:

- Boardroom Pty Limited in its capacity as Share Registry and it's Company Secretarial Team with respect to the appointed Company Secretary.
- Boardroom Pty Limited in its capacity as the Technical Advisory Team that supported the preparation of this Prospectus.
- Other than being named in the above capacities, Boardroom Pty Ltd has not authorised or caused the issue of, and expressly disclaims, and takes no responsibility for, any part of the claims and statements by the Company under this Prospectus.

## **7.9 Privacy disclosure statement**

The Company holds certain personal information regarding Shareholders that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration including communications with members.

If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for its records, the Company will destroy or de-identify it.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for 7 years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish

to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Share Registry by telephoning 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) or the address shown in the Corporate directory.

By submitting an Application form, each investor agrees that MA1 may use the information provided on these forms for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, related bodies corporate, agents, contractors and third party service providers including mailing houses and professional advisers, and to ASX and other regulatory authorities. If the information required on an Application Form is not provided, MA1 may not be able to accept or process the application.

#### **7.10 Overseas Shareholders**

The Company is of the view that it is unreasonable to make the Offer to Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Shareholders registered outside of Australia and New Zealand which represent less than 0.2% of the members of the Company as at 25 October 2018;
- (b) the number and value of the securities to be offered to Shareholders registered outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

Accordingly, the Company is not required to make the Offer to Shareholders registered outside of Australia and New Zealand (**Excluded Shareholders**).

No offer is made under this Prospectus to any person in a country or jurisdiction outside Australia and New Zealand if any such offer would be unlawful.

#### **7.11 New Zealand Regulatory Requirements**

The Offer of the Options to New Zealand resident security holders, and any subsequent allotment of Shares upon exercise of those Options, will be made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (NZ). Therefore, the Company is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident security holders in respect of the Offer.

#### **7.12 Other countries**

This Prospectus does not constitute an offer for securities in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law, and persons outside Australia and New Zealand who come into possession of this Prospectus should seek advice on, and observe any, such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or the Options or otherwise to permit a public offering of the securities in any jurisdiction outside Australia and New Zealand. The Offer Shares have not been, and will not be, registered under the *United States Securities Act of 1933* and should not be offered or

sold within the USA. Any person accessing the electronic version of this Prospectus for the purpose of investing in the Company must only access it from within Australia or New Zealand.

### **7.13 Directors' statement**

The Directors' report that, in their opinion, after having made relevant inquiries:

- (a) except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Offer; and
- (b) they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

### **7.14 Governing law**

This Prospectus is governed by the law of Victoria.

### **7.15 Approval**

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

# Corporate directory

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## Monash Absolute Investment Company Limited

<b>Item</b>	<b>Description</b>
<b>Registered office</b>	Level 5, 139 Macquarie Street, Sydney NSW 2000
<b>Directors</b>	Mr Paul Clitheroe, Chairman and Independent Director
	Mr Simon Shields, Non-Independent Director
	Mr Suvan de Soysa , Independent Director
<b>Company secretary</b>	Laura Newell, Company Secretary
<b>Shareholder enquiries</b>	Tel: 1300 737 760 (within Australia) Tel: + 61 2 8016 2832 (outside Australia) Fax: + 61 2 9279 0664
<b>Share registry</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW 2000