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Prospectus

Offer of Shares and Options to raise a minimum of \$25,000,000 and a maximum of \$80,000,000 (with the ability to accept up to \$20,000,000 in oversubscriptions)

Joint Lead Managers:


AFS Licence 237121


AFS Licence 243480

 TAYLOR COLLISON
AFS Licence 247083

Legal Advisors


WATSON MANGIONI

Investigating Accountant:

 PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Important Information

This Prospectus contains important information for you as a prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

IMPORTANT NOTICES

This document (**Prospectus**) is dated 23 February 2016 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is issued by Monash Absolute Investment Company Limited (ACN 610 290 143) (**Company**) and is an invitation to apply for a minimum of 25,000,000 Shares and up to 80,000,000 Shares at an Application Price of \$1.00 per Share to raise between \$25,000,000 to \$80,000,000 (with the ability to accept oversubscriptions to raise a further \$20,000,000). For every 1 Share issued under the Offer, Applicants will receive 1 Option. Each Option is exercisable at \$1.00 at any time on or before 29 September 2017.

None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Securities (other than Shares to be issued on the exercise of Options) will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of this Prospectus.

ASX Listing

The Company will apply within 7 days after the date of this Prospectus for admission to the official list of ASX and for the Shares and Options to be quoted on ASX.

The fact that ASX may admit the Company to the official list and quote the Securities is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares and Options will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Securities unless and until the Minimum Subscription has been received and the Shares and Options have been granted permission to be quoted on the ASX on terms acceptable to the Company.

If the Minimum Subscription has not been received or permission is not granted for the Shares and Options to be quoted before the end of 3 months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of 7 days after the date of the Prospectus, which period may be extended by ASIC by a further period of 7 days (**Exposure Period**).

The Exposure Period enables this Prospectus to be

examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and Ord Minnett Limited, the holder of an AFSL (**Arranger**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Arranger to make offers to people to arrange for the issue of Shares and Options by the Company under the Prospectus and the Company will only issue Shares and Options in accordance with such offers if they are accepted.

The Joint Lead Managers will manage the Offer on behalf of the Company. The Joint Lead Managers are Ord Minnett Limited, Bell Potter Securities Limited and Taylor Collison Limited.

The Joint Lead Managers' and the Arranger's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. The Joint Lead Managers do not guarantee the success or performance of the Company or the returns (if any) to be received by investors. None of the Joint Lead Managers is responsible for, or has caused the issue of, this Prospectus.

Investment Decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares and Options. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 5. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Securities.

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

Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Information About the Investment Manager

This Prospectus contains certain information about Monash Investors Pty Limited (ABN 67 153 180 333) (**Investment Manager**), its senior executives and business. It also contains details of its investment approach, strategy and philosophy. To the extent that the Prospectus includes statements by the Investment Manager or includes statements based on any statement of, or information provided by, the Investment Manager, the Investment Manager consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Electronic Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from www.monashinvestors.com. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if the person asks during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares and Options to which the Electronic Prospectus relates will only be issued on receipt of a completed Application Form accompanying the Prospectus.

How to Apply

You can only make an Application for Shares and Options under the Offer by completing and submitting an Application Form. You can find detailed instructions on completing the Application Forms on the back of the paper Application Form. You will be provided with prompts and instructions to assist you to complete the electronic Application Form.

Applications must be for a minimum of 2,000 Shares at \$1.00 each (i.e. for a minimum subscription amount \$2,000) and 2,000 Options. A larger number of Shares and Options may be applied for in multiples of 100 Shares and Options.

Application Monies

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Monash Absolute Investment Company Limited" and crossed "Not Negotiable".

No stamp duty or brokerage is payable by Applicants.

Application Forms

Completed paper Application Forms, together with Application Monies, should be forwarded to the following address:

By Mail

Monash Absolute Investment Company Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

Monash Absolute Investment Company Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Alternatively, Applicants can apply online and pay their Application Price by BPAY at www.monashinvestors.com.

When to Apply

Completed Applications and Application Monies under the Offer must be received by 5:00 pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

Defined Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in Section 11.

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HIGHLIGHTS OF THE OFFER

Important Dates

| | |
|---|-----------------------|
| Lodgement of Prospectus with ASIC | 23 February 2016 |
| Expected expiry of Exposure Period | 1 March 2016 |
| Offer expected to open | 2 March 2016 |
| Broker Firm Closing Date - Broker Firm Offer expected to close | 5.00pm, 23 March 2016 |
| Closing Date - Offer expected to close | 5.00pm, 31 March 2016 |
| Expected date of allotment / date of dispatch of holding statements | 7 April 2016 |
| Shares expected to commence trading on ASX | 12 April 2016 |
| Options expiry date | 29 September 2017 |

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the Broker Firm Closing Date, the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicant.

Key Offer Statistics

| | |
|--|--|
| Company | Monash Absolute Investment Company Limited (ACN 610 290 143) |
| Proposed ASX codes | Shares: MA1 Options: MA1O |
| Securities offered | Fully paid ordinary shares and 1 Option for every Share issued under the Offer |
| Minimum number of Securities available under the Offer | 25,000,000 Shares 25,000,000 Options |
| Minimum proceeds from the Offer (before exercise of any Options) | \$25,000,000 |
| Maximum number of Securities available under the Offer (before oversubscriptions and exercise of any Options) | 80,000,000 Shares 80,000,000 Options |
| Maximum proceeds from the Offer (before oversubscriptions and the exercise of any Options) | \$80,000,000 |
| Maximum number of Securities available under the Offer (assuming oversubscriptions are fully subscribed but before the exercise of any Options) | 100,000,000 Shares 100,000,000 Options |
| Maximum proceeds from the Offer assuming oversubscriptions are fully subscribed (before the exercise of any Options) | \$100,000,000 |
| Application Price per Share* | \$1.00 |
| Option exercise price | \$1.00 |
| Pro forma Net Asset Value (NAV) backing per Share if the Minimum Subscription amount is raised (based on pro forma balance sheet set out in Section 6.2) | \$0.971 |
| Pro forma NAV backing per Share if the Maximum Subscription amount (before oversubscriptions) is raised (based on pro forma balance sheet set out in Section 6.2) | \$0.976 |
| Pro forma NAV backing per Share if the Maximum Subscription amount and \$20,000,000 in oversubscriptions is raised (based on pro forma balance sheet set out in Section 6.2) | \$0.976 |

* This price per Share is expected to change after the Shares are listed on ASX.

Enquiries

Investors with questions or who require additional copies of the Prospectus should contact the Registry, Boardroom Pty Limited on 1300 737 760 (from within Australia) and (+612) 9290 9600 (outside Australia).

Dear Investor,

It is my pleasure to invite you to join me and my fellow directors and become a shareholder in Monash Absolute Investment Company Limited (ACN 610 290 143) (**Company**), a new company which proposes to list on the Australian Securities Exchange. The Company will aim to provide its shareholders with access to a diversified portfolio of predominantly Australian securities that will be actively managed using an Absolute Return investment style that has a focus on capital preservation, no regard to an equity index and that aims to achieve targeted positive returns over a full investment cycle of roughly 5 to 7 years (see Section 3 for further detail of the investment objectives and the processes).

Investment Strategy

I am always looking for what I consider to be sensible investment ideas that I believe could help diversify my portfolio and in my view are well suited to the complex world we live in. I believe that the Company's investment manager, Monash Investors Pty Ltd (**Investment Manager**) and its founders Simon Shields and Shane Fitzgerald have the skills and experience I am looking for.

This prospectus provides a large amount of detail and it is important that you to read it and seek advice if necessary. A key rule of investing for all of us is not to invest unless we understand who is getting our money and what they plan to do with it!

So let me try to explain the essence of how the Company and its Investment Manager are going to invest my money and yours, if you choose to invest. This is not your typical "buy a bit of everything" investment fund. It is best described as a "high conviction" investment vehicle. What this means is that the Investment Manager will invest in securities which it has researched intensively (see Section 3 for details of the investment process).

That sounds good, but I always want to understand exactly how an investment manager will do this. In the case of the Company, Monash Investors Pty Ltd will look for securities that have one or more of these four key features:

- **Insight:** securities that the Investment Manager considers to be underestimated or misunderstood in some way by the market;
- **Growth:** securities with high growth in revenue, cash flow or earnings per share forecast by the Investment Manager;
- **Value:** securities that represent a high expected pay-off to a target price calculated by the Investment Manager; and

- **Event:** securities that the Investment Manager has identified a near term event or catalyst that it believes should drive a share price reaction.

Importantly, if the Investment Manager is unable to find opportunities to invest in such securities, it will hold cash at bank, waiting patiently until such opportunities emerge.

Key risks and investment term

Notwithstanding our excitement to be able to offer you this opportunity, as with any investment, the Company is subject to a range of risks. The Company is investing to achieve targeted returns and as you may have heard me regularly say over the decades, "you can't get higher returns without taking risk". And speaking of these risks, I really want you to take careful notice of Section 5 of this Prospectus for details of these key risks. It should also be noted that past performance of the Investment Manager is no assurance as to how your investment in the Company will perform in the future.

You are strongly advised to consider any investment in the Company as a long term proposition, so over 7 years in your portfolio. You should also be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

Experienced Investment Manager

So who exactly is making investment decisions on behalf of the Company and what is their experience and track record? Founded in 2012, Monash Investors Pty Ltd has a successful track record of managing Australian equity portfolios on behalf of high net worth investors. Since inception from July 2012, the Investment Manager has managed Monash Absolute Investment Fund (**MAIF**). The same Absolute Return strategy used for MAIF will be employed for the Company's investment strategy (see Sections 4.5 and 4.6 for further details).

The Investment Manager's team consists of two experienced portfolio managers in Simon Shields (27+ years of experience), who previously headed UBS Asset Management (Australia) and Colonial First State Limited Australian equities teams and Shane Fitzgerald (23+ years of experience), who previously worked at UBS Asset Management (Australia) and JPMorgan Securities (Australia) (see Section 4.4 for further information about Simon's and Shane's experience).

Because the Company and MAIF will have the same investment strategy, the Company considers the performance of MAIF to be relevant for investors assessing an investment in the Company. Since its inception in July 2012 to 31st January 2016, MAIF has experienced an average annual positive return of 15.91% p.a. return after fees. *Of course, past performance is not indicative of future performance and there can be no certainty that the performance of the Company will be similar to the historic performance of MAIF.* You will find a lot more detail about this performance as you read the prospectus (see Sections 4.5 and 4.6 in particular).

The Offer

The Company is seeking to raise a minimum of \$25 million and a maximum of \$80 million and the Company reserves the right to accept additional subscriptions for Shares up to an additional \$20 million over the maximum subscription. In addition, Applicants will receive, for no additional consideration, 1 Option for every 1 Share issued under the Offer. See Section 2 for details about the Offer and how you can apply.


Please read this Prospectus

I encourage you to read this Prospectus in full and carefully consider the information contained in it before making your investment decision. This Prospectus contains detailed information about the Company, the Investment Manager, the Investment Strategy and the Securities that are being offered. Again, please seek advice if you are unsure about any of this information.

I will personally be investing in the Offer.

We very much look forward to welcoming you as a Shareholder in the Company.

Yours sincerely,



Paul Clitheroe AM
Chairman

1. OFFER SUMMARY

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Options.

| Question | Answer | More Information |
|--|---|-----------------------|
| A. Key Investment Highlights | | |
| What are the key highlights of the Offer | <p>The Company will provide Shareholders with the opportunity to invest in a diversified Portfolio of predominantly Australian securities (listed and some Pre-IPO securities), with the aim of achieving targeted positive returns with no regard to an equity index, through an Absolute Return style of investing that has a focus on capital preservation (see Section 3).</p> <p>Taking up this Offer will allow investors to:</p> <ul style="list-style-type: none"> access to an investment strategy that seeks to: <ul style="list-style-type: none"> achieve a targeted positive return over a full investment cycle (which the Investment Manager and the Company consider to be a period of 5 to 7 years); and avoid a negative return each financial year. access an experienced, specialist investment manager with deep expertise across equity markets; benefit from an investment manager that: <ul style="list-style-type: none"> has successfully implemented the same investment strategy since July 2012 as the manager of Monash Absolute Investment Fund (MAIF), a fund that has consistently outperformed and had lower overall volatility than various market indices (see, Section 4 for details); and has a strong and robust investment process; and access a Portfolio that will be predominantly comprised of Long and Short Positions in Australian listed securities as well as some Long Positions in Pre-IPO securities and that will be actively managed in a manner that seeks to reduce equity market risk. | Sections 3 and 4 |
| What is the business model of the Company? | <p>The Company is a newly incorporated company which has not conducted business to date. Upon completion of the Offer, the Company will be a listed company that will invest predominantly in Australian securities. This will include mostly listed and some Pre-IPO securities. The Company may also invest in exchange traded and over-the-counter Derivatives and cash.</p> <p>The Company's Portfolio will be managed by the Investment Manager in accordance with the terms of the Investment Management Agreement (see Section 9.1 for a summary of this agreement).</p> | Sections 3, 4 and 9.1 |
| Will the Company pay dividends? | <p>The Company will seek to maximise the total return to Shareholders with a combination of capital growth and income, with the aim of allowing fully franked dividends to be paid to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practices to do so.</p> <p>The Company intends to pay its first dividend at the end of its first full financial year (30 June 2017) subject to available profits, cash flow and franking credits. After that, the Company intends to pay a dividend to Shareholders twice a year, subject to available profits, cash flow and franking credits¹.</p> | Sections 3.8 and 10.5 |

¹ This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

| Question | Answer | More Information |
|---|--|---|
| | <p>The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deems relevant.</p> <p>The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 10.5.</p> | |
| <p>What are the key risks associated with the business model and the Offer?</p> | <p>The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company are investment risks and include:</p> <p>a. <i>Investment Manager Risk</i>: The success and profitability of the Company will largely depend on the Investment Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Even if the Company does not perform well, it may be difficult to remove the Investment Manager.</p> <p>b. <i>Investment Strategy Risk</i>: The success and profitability of the Company will largely depend upon the ability of the Investment Manager to invest in a Portfolio which generates a return for the Company. The past performance of MAIF's portfolio managed by the Investment Manager is not a guide to future performance of the Investment Strategy or the Company. There are risks inherent in the Investment Strategy that the Investment Manager will employ for the Company.</p> <p>c. <i>Key man risk</i>: The Company is exposed to the risk that the Investment Manager's portfolio managers, Simon Shields and Shane Fitzgerald, cease to be involved with the Investment Manager and as a result, cease to manage the Portfolio.</p> <p>d. <i>Market risk</i>: The Company's Portfolio will be exposed to market risks. The market risk of assets in the Company's Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors such as economic conditions, regulations, sentiment and geopolitical events as well as environment, social and technological changes. The Investment Manager will seek to reduce market and economic risks.</p> <p>e. <i>Short selling risk</i>: There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls then the Company can buy those securities at a lower price to transfer back to the lender of the securities. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio and exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.</p> <p>f. <i>Debt leverage risk</i>: Leverage involves borrowing monies to purchase securities, allowing the Company to increase its exposure to one or more securities. Leverage occurs when the Portfolio exposure to investments exceeds the value of the net asset value, and can magnify both the gains and losses. Leverage risks 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.</p> | <p>Investors should read these risks together with the other risks described in Section 5</p> |

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| Question | Answer | More Information |
|----------|--|------------------|
| | <p>g. <i>Liquidity risk</i>: The Portfolio and the Securities are each subject to liquidity risk as follows:</p> <ol style="list-style-type: none"> i. 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. ii. The Company's Securities are also exposed to liquidity risk. The ability of an investor in the Company to sell their Securities on the ASX will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Securities at the time, in the volumes or at the price they desire. <p>h. <i>Default risk</i>: The Company will 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 one or more of these counterparties may intentionally or unintentionally breach their obligations to the Company causing loss to the Company. There is also a risk that the company could allow one or more of the third party service providers to terminate these arrangements.</p> <p>i. <i>Derivative risk</i>: The Investment Manager is permitted to use Derivatives to manage risk within the Portfolio. Investments in Derivatives may causes losses associated with the value of the Derivative failing to move in line with the underlying security or as expected.</p> <p>j. <i>Compensation for fee structure risk</i>: The Investment Manager may receive compensation based on the Company's performance. The performance fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company.</p> | |

B. Key Information About the Portfolio and the Investment Strategy

| | | |
|---|---|--|
| <p>What is the Company's investment strategy?</p> | <p>The Investment Strategy is to invest in a portfolio of predominantly Australian listed securities, as well as some Pre-IPO securities, in order to target an Absolute Return.</p> <p>The Company's Absolute Return strategy seeks to achieve a targeted positive return, while preserving capital, by taking Long Positions in some securities and Short Positions in other securities. Various investment techniques will be used to maximise returns including Pairs Trading, price targets, stop loss levels, holding cash and the use of Derivatives.</p> <p>The Investment Manager will employ 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>A feature of the Investment Strategy is the ability for the Investment Manager to run variable net exposure. The Investment Manager believes that greater flexibility will help to increase the likelihood of achieving its investment objectives.</p> <p>The key features of the Investment Strategy are:</p> <ul style="list-style-type: none"> • a Portfolio with a small cap bias compared to a market capitalisation based index, such as the S&P/ASX300 Index; • exposure short selling opportunities; • construction of a Portfolio with exposure to Pre-IPO securities; and | <p>Sections 3, 3.5, 3.13, 4, and 5.2</p> |
|---|---|--|

| Question | Answer | More Information |
|--|---|---------------------------------|
| | <ul style="list-style-type: none"> • seeking to maintain a more consistent return profile and lower volatility than the market (represented by various indices, including the S&P/ASX100, S&P/ASX200 and S&P/ASX300 Indices). <p>The Investment Manager will actively manage the Portfolio.</p> <p>The Investment Strategy is the same strategy that the Investment Manager has employed since July 2012 as the investment manager of MAIF's portfolio (see Section 4 for further information about the Investment Manager and see Section 3 for further information about the Investment Strategy).</p> | |
| How will the Portfolio be constructed? | The Investment Manager is responsible for the Portfolio construction. The Portfolio will be constructed in accordance investment guidelines agreed with the Company from time to time (initially being the guidelines set out in Sections 3.6 of this Prospectus). The Company will invest in a diversified Portfolio of predominantly Australian securities (largely Long and Short Positions in listed securities and some Long Positions in Pre-IPO securities) as well as Derivatives and cash. | Sections 3.2, 3.6, 3.8 and 3.13 |
| Will the Portfolio be leveraged using debt? | <p>The Investment Manager may employ debt leverage through monies borrowed under an overdraft facility.</p> <p>Whilst the use of leverage may increase the potential return on an investment in the Company, it also increases the level of risk and size of potential losses (see Section 5 for details).</p> | Section 3.10 |
| What is the Company's valuation policy? | The Company's valuation policy is set out in Section 3.12. | Section 3.12 |
| What is the Company's Derivatives Policy? | <p>Exchange traded and over-the-counter Derivatives may be used to hedge overall market risk at the Portfolio level or to manage individual securities risk. See Section 3.13 for further details.</p> <p>For key risks to the Company associated with the collateral requirements of the Derivative counterparties, please see Section 5.2.</p> | Sections 3.13 and 5.2 |
| Will the Company participate in short selling? | <p>The Company will engage in short selling as part of the Investment Strategy to benefit from falling security prices. The Company is expected to engage in short selling by borrowing securities from the Prime Broker and providing collateral on the terms and conditions set out in the Prime Brokerage Agreements (see Section 9.3 for details). Short selling can magnify gains in the Portfolio, but can also magnify losses. To manage this risk, the Company has adopted the policy in Section 3.10.</p> <p>For key risks to the Company associated with short selling, please see Section 5.2.</p> | Sections 3.10, 5.2 and 10.3 |
| What is the time frame for Portfolio construction? | The Investment Manager estimates that the Portfolio will be fully constructed within 20 business days of Shares and Options being issued under the Offer. | Section 3.2 |
| What is the investment term? | <p>The Company's objective is to achieve a targeted positive return over a full investment cycle (which the Investment Manager and the Company consider to be a period of 5 to 7 years).</p> <p>For this reason investors are strongly advised regard any investment in the Company as a medium to long term proposition (7+ years) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.</p> | Section 5.6 |

| Question | Answer | More Information |
|---|---|-----------------------------|
| C. Key Information about the Company and Investment Manager | | |
| Who are the Company's Directors? | <p>The Directors of the Company are:</p> <ul style="list-style-type: none"> a. Paul Clitheroe (Independent Chairman); b. Suvan de Soysa (Independent Director); and c. Simon Shields (Non-independent Director). <p>See Section 8.1 for further details regarding the background of the Directors.</p> | Section 8.1 |
| What is the financial position of the Company? | <p>The Company has no performance history as it is yet to commence trading. Pro-forma statements of financial position are set out in Section 6.2</p> | Section 6.2 |
| Who will manage the Portfolio? | <p>Monash Investors Pty Limited (ACN 153 180 333) is the Investment Manager. The Investment Manager will manage the Portfolio in accordance with the Investment Management Agreement and the guidelines and limitations agreed with the Company from time to time (initially being the guidelines set out in Sections 3.6 of this Prospectus). The Investment Management Agreement is summarised in Section 9.1.</p> <p>Simon Shields and Shane Fitzgerald will be responsible for the investment decisions of the Investment Manager. Simon Shields and Shane Fitzgerald will dedicate 80% to 100% of their time to the implementation of the Investment Strategy (currently employed in the management of the Company's and MAIF's portfolios). See Section 4.4 for detailed information regarding the experience and expertise of each of the portfolio managers.</p> <p>The Company believes that its Directors and the Investment Manager bring together the required experience and expertise in funds management, Australian listed and Pre-IPO securities and corporate governance.</p> | Sections 3.6, 4 and 9.1 |
| Does the Board approve investments? | <p>Board approval is not required for investments undertaken by the Investment Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments agreed from time to time (initially being those summarised in this Prospectus). Any investments that the Investment Manager proposes outside of these parameters must be approved by the Board.</p> | See Section 9.1 |
| What experience does the Investment Manager have? | <p>The Investment Manager has not previously managed a listed investment company.</p> <p>However, the Investment Manager provides investment management services to MAIF. Since its inception in 2012, the Investment Manager has exclusively employed an investment strategy and process in managing MAIF that is the same as the Investment Strategy.</p> <p>The Company considers the performance of MAIF to be representative of the historical performance of the Investment Strategy and therefore relevant for investors assessing an investment in the Company. Section 4.6 sets out the historic performance of MAIF (from inception in July 2012). There can be no certainty that the performance of the Company will be similar to the historic performance of MAIF set out in Section 4.6.</p> <p>There are also a number of structural and legal differences between an investment in the Company and MAIF which could impact the returns for investors. See Section 4.5 for details.</p> | Sections 4, 4.4 4.5 and 4.6 |

| Question | Answer | More Information |
|---|--|----------------------------------|
| <p>Will any related party have a significant interest in the Company or in connection with the Offer?</p> | <p>Each of the Directors are related parties of the Company. The independent Directors, Paul Clitheroe and Suvan de Soysa, will be remunerated for their services. Paul's and Suvan's annual salaries (inclusive of superannuation) are summarised in Section 8.7.</p> <p>Simon Shields is both a Director and the sole Shareholder of the Company. Simon is also a director and shareholder of the Investment Manager. Simon will be remunerated by the Investment Manager and will not receive Directors' fees from the Company.</p> <p>In addition to their annual salary (if applicable), each of the Directors will be entitled to be reimbursed for certain costs and expenses. Full details of Director remuneration are set out in Section 8.7.</p> <p>The Directors and their associates have not determined their exact participation in the Offer at the date of this Prospectus but intend to subscribe for up to the following numbers of Shares and Options respectively:</p> <ol style="list-style-type: none"> Paul Clitheroe: 500,000 Shares and Options; Suvan de Soysa: 300,000 Shares and Options; and Simon Shields: 200,000 Shares and Options. <p>Other than as set out above and in this Prospectus there are no other existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.</p> | <p>Sections 8.5, 8.8 and 8.7</p> |
| <p>What are the key terms of the Investment Management Agreement?</p> | <p>The Investment Management Agreement has an initial fixed term of no less than 5 years and a maximum of 10 years. Unless terminated, the term will be automatically extended for a further five years upon the expiry of the initial term and each subsequent 5 year term).</p> <p>The Company will apply to ASX for a waiver to allow an initial term period of 10 years. If ASX refuses the waiver application, the initial term of the Investment Management Agreement will be 5 years.</p> <p>The Investment Manager will be responsible for managing the Portfolio in accordance with the Investment Strategy set out in Section 3 (as amended from time to time by the Company).</p> | <p>Section 9.1</p> |
| <p>What fees will the Investment Manager receive?</p> | <p>Management Fee</p> <p>In return for the performance of its duties as Investment Manager of the Portfolio, the Investment Manager is entitled to be paid a monthly management fee equal to 1.50% per annum (plus GST) of the NTA before all taxes (calculated on the last business day of each month and paid at the end of each month in arrears).</p> <p>As a worked example, assuming an initial NTA before all taxes of \$100,000,000 at 1 July 2016, and nil performance on the Portfolio each month, the management fee payable on the Portfolio for the 12 month period 1 July 2016 to 30 June 2017 would be approximately \$1,500,000 (plus GST) or 1.5% of the initial NTA before all taxes for the period.</p> <p>Management fees would increase if the NTA before all taxes increases, and decrease if the NTA before all taxes decreases, over the month.</p> | <p>Section 9.1</p> |

| Question | Answer | More Information |
|----------|---|------------------|
| | <p>Performance Fee</p> <p>In addition to the monthly management fee, in return for the performance of its duties, the Investment Manager is entitled to be paid a performance fee of 20% (plus GST) of the Portfolio performances in excess of the Hurdle (being the average RBA cash rate), subject to a High Water Mark (calculated by reference to the Company's NTA before all taxes and corporate costs but after payment of all management and performance fees). The formula used to calculate the performance fee is set out in full in section 9.1.</p> <p>If the Portfolio performance is below the Hurdle or the High Water Mark, no performance fee is payable. If the Portfolio performance is negative, no performance fee is payable, even if the Portfolio outperforms the Hurdle.</p> <p>As a worked example, assuming a Performance Fee Period of 1 July 2016 to 30 June 2017, a RBA Cash Rate of 2%, an opening NTA (calculated before all taxes and corporate expenses, but after the payment of management fees) and High Water Mark of \$100,000,000 and a closing NTA (before all taxes and corporate expenses, but after the payment of management fees) 12% higher of \$112,000,000:</p> <ol style="list-style-type: none"> There would be a Performance Fee payable as the example closing NTA is above the Hurdle, being \$102,000,000 (the example opening NTA plus 2%) with an aggregate portfolio outperformance of approximately \$10,000,000; and In this instance, there would be an estimated performance fee payable at 20.0% of this amount equating to \$2,000,000 (plus GST) for that Performance Fee Period. The new High Water Mark in this example would be the NTA at the end of the Performance Fee Period, calculated before all taxes and corporate expenses, but after the payment of management fees and the \$2,000,000 performance fee, of \$110,000,000. <p>If the Portfolio performance is below the Hurdle, no performance fee is payable.</p> <p>As a worked example, assuming a Performance Fee Period of 1 July 2017 to 30 June 2018, a High Water Mark equal to the NTA (calculated before all taxes and corporate expenses, but after the payment of management fees at the beginning of the Performance Fee Period) of \$110,000,000, a RBA Cash Rate of 2%, and a NTA before all taxes and corporate expenses, but after the payment of management fees at the end of the Performance Fee Period 1% higher than at the beginning of \$111,100,000:</p> <ol style="list-style-type: none"> The Portfolio performance is positive but the Portfolio underperformed the Hurdle. There would be no Performance Fee payable as the closing NTA before all taxes and corporate expenses, but after the payment of management fees is below the Hurdle, even though it is above the High Water Mark. The existing High Water Mark (of \$110,000,000) will be carried forward to future Performance Fee Periods in this worked example. <p>If the Portfolio Performance is negative, no performance fee is payable and the High Water Mark will be carried forward to future Performance Fee Periods. Further details in relation to the calculation of the management fee and performance fee and worked examples are set out in section 9.1.</p> | |

| Question | Answer | More Information |
|--|---|---------------------------|
| D. About the Offer | | |
| Who is the issuer of the Shares and Options under this Prospectus? | The issuer is Monash Absolute Investment Company Limited (ACN 610 290 143). | Section 2 |
| What is the Offer? | <p>The Company is offering for subscription fully paid Shares at an Application Price of \$1.00 to raise a minimum of \$25,000,000 (Minimum Subscription) and up to \$80,000,000 (Maximum Subscription). However, the Company reserves the right to accept additional subscriptions for Shares to raise up to an additional \$20,000,000 over the Maximum Subscription. In addition, Applicants will receive, for no additional consideration, 1 Option for every 1 Share issued under the Offer.</p> <p>Each Option is exercisable at \$1.00 at any time after issue on or before 29 September 2017.</p> <p>The Offer is made up of the General Offer and the Broker Firm Offer.</p> | Sections 2.1, 2.2 and 2.3 |
| What is the purpose of the Offer? | The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 3 for details) and paying the costs of the Offer, including obtaining a listing on ASX. | Sections 3 and 6.1 |
| Is there a Minimum Subscription? | Yes. For the Offer to proceed, valid Applications for no less than \$25,000,000 Shares and Options must be received by the Company. | Section 2.4 |
| Is the Offer underwritten? | No. | Section 2.5 |
| Is there a cooling off period? | No. | |
| Who can participate in the Offer? | Investors who have a registered address in Australia. | Sections 2.1 and 2.13 |
| Who can participate in the Broker Firm Offer? | The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. | Sections 2.2 and 2.7 |
| How do I apply for Shares and Options? | <p>The procedures for making an investment in the Company are described in Section 2.</p> <p>The Company, the Registry, the Joint Lead Managers may be required to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.</p> | Section 2 |

| Question | Answer | More Information |
|--|--|----------------------|
| How do I participate in the Broker Firm Offer | <p>Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Prospectus.</p> <p>Shares and Options will be allotted under the Broker Firm Offer provided the Application Forms are received or commitments are given to the Broker to lodge the Broker Firm Application Form by 5.00pm, 23 March 2016.</p> <p>The Company, the Registry and the Joint Lead Managers take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Form Application Form or Application Monies (including, without limitation, failure to submit a Broker Form Application Form in accordance with the deadlines set by your Broker).</p> <p>Please contact your Broker if you have any questions.</p> | Sections 2.2 and 2.7 |
| Is there a minimum number of Shares and Options Applicants must apply for? | Yes, each Applicant must subscribe for a minimum of 2,000 Shares and 2,000 Options. | Section 2.4 |
| What is the Application Price payable by Applicants under the Offer? | <p>Under the Offer, Applicants will pay an Application Price of \$1.00 per Share. Applicants do not have to pay to subscribe for Options under the Offer.</p> | Sections 2.1 and 2.6 |
| What are the fees and costs of the Offer? | <p>The Company will pay the Joint Lead Managers a fee equal to 1.50% (plus GST) of the total proceeds raised under the Offer (inclusive of a fee of 1.2% (plus GST) of the total gross proceeds to each Joint Lead Manager equally and a fee of 0.3% (plus GST) of the total gross proceeds to Ord Minnett Limited, as arranger). In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (or through its retail broking channel).</p> <p>The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares and Options.</p> <p>These costs are estimated to be:</p> <ol style="list-style-type: none"> \$733,422, assuming the Minimum Subscription; and \$1,958,877, assuming the Maximum Subscription; and \$2,401,697, assuming the Offer is fully subscribed and the Company accepts \$20,000,000 in oversubscriptions. | Section 6 |
| Who are the Joint Lead Managers? | Ord Minnett Limited, Bell Potter Securities Limited and Taylor Collison Limited are Joint Lead Managers to the Offer. | Section 10.2 |

| Question | Answer | More Information |
|---------------------------------------|--|------------------|
| How can I obtain further information? | <p>For further information or if you have any questions relating to the Offer, you can contact the Registry, Boardroom Pty Limited on 1300 737 760 (from within Australia) and (+612) 9290 9600 (outside Australia).</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p> | |

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares and Options.

For personal use only

2. DETAILS OF THE OFFER

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Options.

2.1. The Offer

Shares

The Company is offering for subscription a minimum of 25,000,000 fully paid ordinary Shares and Options and a maximum of 80,000,000 fully paid ordinary Shares and Options to raise a minimum of \$25,000,000 and a maximum of \$80,000,000. However, the Company reserves the right to accept additional subscriptions for Shares and Options to raise up to an additional \$20,000,000 over the Maximum Subscription.

Shares will be issued at an Application Price of \$1.00 per Share. The rights attaching to the Shares are set out in Section 10.3.

Options

For each Share issued to an Applicant, the Company will also grant one Option.

Each Option is exercisable at \$1.00 until 5.00pm (Sydney time) on 29 September 2017.

The terms of the Options are set out in Section 10.4.

The Offer

The Offer is made up of the Broker Firm Offer (see Section 2.2) and the General Offer (see Section 2.3).

To participate in the Offer, your Application Form must be received by the Registry by 5:00pm Sydney time on the Closing Date.

The Offer will be made to investors who have a registered address in Australia only.

Applications will be processed and Shares and Options will be allocated under the General Offer as agreed by the Company and the Joint Lead Managers.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the Exposure Period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act.

The Directors reserve the right to terminate the Offer at any time.

2.2. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.

To participate in the Broker Firm Offer, your Application Form must be received by your Broker by 5:00pm Sydney time on the Broker Firm Closing Date.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

2.3. General Offer

To participate in the General Offer, your Application Form must be received by your Broker by 5:00pm Sydney time on the Broker Firm Closing Date.

The General Offer is open to all Applicants with a registered address in Australia.

2.4. Minimum Subscription

The Minimum Subscription required for the Offer to proceed is \$25,000,000. In addition, the minimum Application Monies payable by an Applicant under the Offer is \$2,000.

2.5. Offer Not Underwritten

The Offer is not underwritten.

2.6. Applications under the General Offer

Application Forms

Applications under the Offer must be made and will only be accepted on the applicable Application Form that accompanies this Prospectus.

Application Forms will be accepted at any time after the Opening Date and prior to the Closing Date.

The Application Form marked "General Offer" must be completed by Applicants who are not participating in the Broker Firm Offer.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Shares issued in respect of Applications received by the Company will be issued at \$1.00. Applications under the Offer must be for a minimum of 2,000 Shares (at the Application Price of \$1.00 per Share i.e. \$2,000) and 2,000 Options.

Applications and Application Monies for Shares and Options under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date or close the Offer early any time after the expiry of the exposure period without prior notice. Accordingly, early lodgement of your Application is recommended.

The Directors may extend the Closing Date. Applications must be accompanied by payment in Australian currency.

Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "Monash Absolute Investment Company Limited" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques have cleared as at 5.00pm pm the Closing Date) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed paper Application Forms and accompanying cheques may be lodged with:

By Mail

Monash Absolute Investment Company Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

Monash Absolute Investment Company Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Payment by BPAY

You may apply for Shares and Options online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.monashinvestors.com and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

2.7. Applications under the Broker Firm Offer

If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 23 March 2016. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares and Options to Brokers will be determined by the Company. Shares and Options that are allocated to Brokers for allocation to their

Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares and Options from those Brokers.

It will be a matter for the Brokers how they allocate Shares and Options among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares and Options.

The Company and Boardroom Pty Limited take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the Broker Firm Offer Closing Date).

Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your broker or the Joint Lead Managers for further details.

Please contact your Broker if you have any questions.

2.8. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of this Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

2.9. Allotment

The Company will not allot Shares and Options until the Minimum Subscription has been received and ASX has granted permission for quotation of the Shares and Options unconditionally or on terms acceptable to the Company.

It is expected that the issue of Shares and Options under the Offer will take place by 7 April 2016. Application Monies will be held on trust until allotment. The Company may retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

The Application constitutes an offer by the Applicant to subscribe for Shares and Options on the terms and subject to the conditions set out in this Prospectus.

A binding contract to issue Shares and Options will only be formed at the time Shares and Options are allotted to Applicants.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Where the number of Shares and Options allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) as soon as reasonably practicable.

It is the responsibility of each Applicant to confirm their holding before trading in Securities. Applicants who sell

Securities before they receive an initial statement of holding do so at their own risk. The Company, Registry and each Joint Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Securities before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

2.10. ASX and CHESS

The Company will apply within 7 days of the date of this Prospectus for admission to the official list of the ASX and for the Shares and Options to be quoted.

The Company will apply to participate in the ASX's CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares and Options become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Registry may charge a fee for these additional issuer sponsored statements.

2.11. Brokerage, Commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares and Options under the Offer.

See Sections 2.12 and 9.2 for details of fees that the Company will pay to the Joint Lead Managers.

2.12. Licensed Dealers

Offers under this Prospectus will be made under an arrangement between the Company and Ord Minnett Limited, the holder of an AFSL (**Arranger**), under Section 911A(2)(b) of the Corporations Act. The Company will only

authorise the Arranger to make offers to people to arrange for the issue of Shares and Options by the Company under the Prospectus and the Company will only issue Shares and Options in accordance with Applications made under such offers if they are accepted.

The Company will pay the Joint Lead Managers in aggregate fees equal to 1.50% (plus GST) of the total proceeds raised under the Offer (inclusive of a fee of 1.2% (plus GST) of the total gross proceeds to each Joint Lead Manager equally and a fee of 0.3% (plus GST) of the total gross proceeds to Ord Minnett Limited, as Arranger). In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager and their Brokers. The Joint Lead Managers will have sole responsibility to pay to each Broker the proportion of that fee referable to the funds raised through each Broker's firm allocation.

The Joint Lead Managers' and Arranger's functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Neither the Arranger nor any Joint Lead Manager guarantees the success or performance of the Company or the returns (if any) to be received by the Shareholders.

Neither the Joint Lead Manager nor the Arranger is responsible for or caused the issue of this Prospectus.

2.13. Overseas Investors

The Offer is an offer to Australian investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state Securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these Securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.14. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- a. you are required to provide the Company with certain personal information to:
 - i. facilitate the assessment of an Application;
 - ii. enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - iii. carry out appropriate administration;
- b. the Company may be required to disclose this information to:
 - i. third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
 - ii. third parties if that disclosure is required by law; and
 - iii. related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Investment Manager.

2.15. Tax implications of investing in the Company

The taxation consequences of any investment in the Securities will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 10.8 and are based on current tax law and ATO tax rulings. The information in Section 10.8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.16. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, Investment Manager or any Joint Lead Manager may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

3. ABOUT THE COMPANY

3.1. Overview

The Company is a newly incorporated company and has been established to provide investors with the opportunity to invest through a listed investment company in a diversified Portfolio of predominantly Australian securities, both listed and some Pre-IPO securities, with the aim of achieving targeted positive returns, with no regard to an equity index, through its Absolute Return focused style of investing.

The Company's business will consist primarily of investing in accordance with the investment objective, strategy and process set out in Section 3.

The Company has engaged Monash Investors Pty Limited to manage the Portfolio. The Investment Manager is a specialist equity investment manager. See Section 4 for details.

3.2. Investment Objective

The Company's investment objectives are:

- to achieve a targeted positive return over a full investment cycle (which the Investment Manager and the Company consider to be a minimum period of 5 to 7 years); and
- to avoid a negative return each financial year.

The Company will seek to maximise the total return to Shareholders, incorporating capital gains and will pay dividends from the profit, dividend and interest income it receives from its investments to the extent permitted by law and prudent business practices. Dividends are expected to be franked to the extent that available imputation credits permit. See Section 3.8 for further information regarding the Company's dividend policy. This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective

3.3. Investment Strategy

The Investment Strategy will be to invest in a portfolio of predominantly Australian listed securities, and some Pre-IPO securities, 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 Investment Manager 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. The Investment Manager believes that having greater flexibility will increase the likelihood of achieving its investment objectives.

The key features of the Investment Strategy are:

- a Portfolio with a small cap bias compared to a market capitalisation based index, such as the S&P/ASX 300 Index;
- exposure to short selling opportunities;
- construction of a Portfolio with exposure to some Pre-IPO securities; and
- seeking to maintain a more consistent return profile than the market², with lower volatility and lower Beta.

In order to achieve a positive return and preserve capital, the Investment Manager will also:

- set price targets to lock in returns and limit losses;
- diversify within the Portfolio in terms of securities, sectors and investment themes; and
- may reduce exposure through holding cash, options, futures and shorting securities; and
- allow a financial year time horizon for Portfolio capital preservation.

The Investment Manager will actively manage the Portfolio. The Investment Strategy is the same strategy that the Investment Manager has employed since July 2012 in relation to MAIF.

²The market in this context is represented by various indices, including the S&P/ASX100, S&P/ASX200 and S&P/ASX300 Indices.

3.4. Investment Philosophy

The Investment Manager believes that most securities are fairly priced most of the time, but some will be significantly mispriced. The Investment Manager will work to identify and exploit situations where it perceives significant mispricing. The Investment Manager believes there are many potential causes of mispricing that arise from recurring situations or patterns of behaviour.

The Investment Manager seeks to identify these to help inform its search for investment opportunities.

Possible causes of mispricing include:

- underestimation of significant change (product rollout, competition, technology and customer behaviour);
- analyst reputation management ("managing" their forecasts and client relationships);
- drive by boards to exploit high returning opportunities in their core businesses;
- limitations of company guidance (restrictions of regulations and process);
- overlooked signals (abrupt resignations and guarded language);
- business disruption (industry cycle and unusual circumstances);
- misjudging risks (focus on the short term only);

- corporate motives by stockbrokers; and
- lack of analyst coverage.

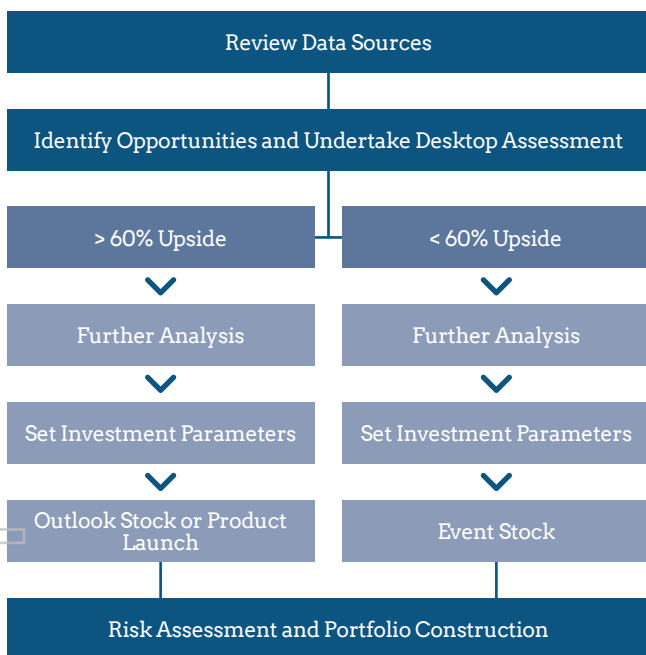
The Investment Manager is focused on identifying securities that meet one or more of the following characteristics:

- **Insight:** securities that the Investment Manager considers to be underestimated or misunderstood in some way by the market;
- **Growth:** securities with high growth in revenue, cash flow or earnings per share forecast by the Investment Manager;
- **Value:** securities that represent a high expected pay-off to a target price calculated by the Investment Manager; and
- **Event:** securities where the Investment Manager has identified a near term event or catalyst that it believes should drive a share price reaction.

3.5. Investment Process

This section describes the investment process used by the Investment Manager for listed and Pre-IPO securities as of the date of the Prospectus.

Currently the Investment Manager's investment process generally involves the steps set out in the chart below. These steps are explained further below:



Step 1: Review Data Sources (Idea generation)

The Investment Manager is continuously applying its investment philosophy to help identify securities that have one or more of the characteristics detailed in Section 3.4 (**Insight, Growth, Value and Event**) by:

- filtering news and ideas from a number of data sources including company releases, news media, equity broking research houses and meetings with equity broking analysts:

- meeting with the senior management of the companies in which the Investment Manager may consider investing; and or
- consulting with the business and professional networks of the Investment Manager.

Step 2: Identify Opportunities and Undertake Desktop Assessment

Once a potential opportunity is found, a desktop assessment is undertaken to determine whether the security will meet the Investment Manager's hurdle rates of return.

If the anticipated return on buying the investment is greater than 60%, the security is a potential candidate to become an Outlook Stock or Product Launch Stock. If the expected return on "shorting" the investment is greater than 30%, the security is a candidate to become an Outlook Short Position.

If the expected return is less than 60% for buying or 30% for "shorting", then the security may qualify as an Event Stock. As indicated above, securities will only qualify as Event Stocks if the Investment Manager can identify an Event or catalyst that it believes will drive returns (see below for further details).

What are Outlook Stocks or Product Launch Stocks?

Outlook Stocks and Product Launch Stocks (both Long Positions and Short Positions) are securities, in the Investment Manager's view, whose current valuation does not reflect the future earnings potential of the business.

- **Long Outlook Positions** have strong business outlooks with large valuation upside and moderate to low downside risk;
- **Short Outlook Positions** have poor business outlooks with large valuation downside; and
- **Product Launch Stocks** are early stage businesses in the process of launching a new product or expanding into a new region, which the Investment Manager believes is highly attractive to the business, and may be higher risk.

What are Event Stocks (Long and Short Positions)?

Event Stocks (Long and Short Positions) are securities that, in the Investment Manager's view, are due to experience, or have experienced, a catalyst that has not yet been factored into the value of the issuer (an **Event**). An Event can be information or news about the equity investment that should have an impact on the valuation of the investment. Events fall into three broad categories:

- pre-Events, for example, ahead of an earnings announcement or strategy briefing;
- post-Events, for example, following an earnings announcement or strategy briefing; and
- liquidity Events, for example, as a result of a share issue or sell down by an existing holder.

Step 5: Further Analysis & Setting Investment Parameters

Further Analysis

For Outlook Stocks and Product Launch Stocks, a further analysis is undertaken to confirm the expected upside to the investment opportunity. This may include:

- visits with the company, its competitors, suppliers, customers, regulators or industry experts;
- creating a detailed financial model of the company; and
- writing up an investment proposal that summarises the investment thesis, expected signposts and potential thesis violations.

For Event Stocks, the Investment Manager will consider the effect and likelihood of an Event impacting a company that may drive its share price. An Event is not required for an Outlook Stocks or Product Launch Stocks; it is the outlook for the underlying business and the Investment Manager's assessment of the existing mispricing of the security if the market was fully aware of the opportunity that drives these investments. An Event Stock it is all about the Event itself and the expected share price reaction to that event that drives the investment.

The Investment Manager continually monitors for any new information that can impact positively or negatively on each investment (the rationale for the investment in a particular security).

Setting Investment Parameters

Price targets are determined for each investment and continually monitored.

Stop loss levels are determined based on either share price movements (for Event Stocks) or the occurrence of investment thesis violations (for Outlook Stocks or Product Launch Stocks).

Step 6: Portfolio Construction based on Risk Assessment

The Portfolio will be constructed in accordance with investment guidelines required by the Company from time to time (initially being the guidelines set out in Sections 3.6 of this Prospectus). The Investment Manager will aim to diversify within the Portfolio for securities, sectors and investment themes.

Once an investment opportunity is identified, the risk will be reviewed to determine the weight of the security in the Portfolio. The risk assessment "triangulates" the following factors:

- the likelihood of the investment thesis success versus thesis violation. That is, the Investment Manager's confidence that the investment thesis will play out as expected;
- the potential upside pay-off;
- the liquidity of the security; and
- the Portfolio's risk exposure to similar investment themes and industries.

Outlook Stocks are currently expected to be the majority of the securities held by Portfolio weight. Given the higher risk associated with Product Launch Stocks, the investment hurdle rate is significantly higher than for Outlook Stocks. To allow for the increased uncertainty, the Investment Manager will maintain a lower Portfolio weighting of Product Launch Stocks. For investments in Pre-IPO securities the hurdle is higher again and the Investment Manager expects that the the Portfolio will be weight is low to reflect the lack of liquidity. Portfolio weights in Event Stock will be modest. The Investment Manager will usually liquidate or sell an Event Stock once the relevant Event has accrued and the resulting impact has been realised.

The Investment Manager will be able to reduce exposure through holding cash, options, futures and shorting securities. The Portfolio may at times have a large amount of cash holdings.

3.6. Permitted Investments and Investment Guidelines

Permitted Investments

The Investment Manager may invest in:

- Australian and international listed equity securities;
- Pre-IPO securities, being unlisted equities (including convertible notes) issued by entities that the Investment Manager expects to become listed in the foreseeable future (typically between 9 months and 2 years);
- exchange traded and over-the-counter Derivatives;
- cash.

Investment Guidelines

The following investment guidelines apply to the Investment Manager's implementation of the Investment Strategy as at the date of this Prospectus:

| | Guidelines as a % of NAV | Expected average over an investment term of 7 years |
|---------------------------------|--------------------------|---|
| Asset Class Market Value | | |
| Cash | 0 to 100 | 0 to 40 |
| Australian listed equities | -100 to 200 | 60 to 90 |
| Australian Pre-IPO equities | 0 to 20 | 2.5 to 7.5 |
| International listed equities | 0 to 20 | 2.5 to 7.5 |
| Exchange traded Derivatives | -20 to 40 | 0 to 5 |
| Over-the-counter Derivatives | -20 to 40 | 0 to 5 |
| Market exposure | | |
| Net exposure range | +150 to -50 | 60 to 100 |
| Gross exposure range | +300 to -50 | 80 to 120 |
| Total Long Positions exposure | +200 to 0 | 70 to 100 |
| Total Short Positions exposure | -100 to 0 | -20 to 0 |
| Single security exposure | +15 to -10 | +7 to -3.5 |
| Sector exposure | +25 to -15 | +15 to -5 |
| Stock Holdings | | |
| Number of Positions | | |
| Number of Long Positions | No minimum or maximum | |
| Number of Short Positions | No minimum or maximum | |

The same guidelines apply to the Investment Manager's implementation of the Investment Strategy with respect to MAIF. The averages above are consistent with MAIF's portfolio since over the period from July 2012 and 31 January 2016.

3.7. Risk Management

The Company and the Investment Manager seek to manage the risk that the Portfolio will decrease in value over each financial year.

The Investment Strategy, investment process, investment guidelines and risk measurement tools used by the Investment Manager are directed towards managing the risk that the Portfolio will fall in value whilst targeting an Absolute Return.

3.8. Dividend Objective

The Company's dividend objective is to pay dividends to Shareholders semi-annually provided the Company has sufficient profits reserves and franking credits available and it is within prudent business practices to do so.

Subject to available profits, cash flow and franking credits, the Company intends to pay its first dividend at the end of its first full financial year (30 June 2017). After that, the Company intends to pay a dividend to Shareholders twice a year, subject to available profits, cash flow and franking credits.

This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 10.5.

3.9. Capital Management Policy

The Company may undertake capital management initiatives which may involve:

- the issue of other shares (through bonus option issues, placements, pro rata issues etc);
- the buy-back of its shares; and / or
- other capital reductions.

3.10. Short Selling / Leverage Policy

The Investment Manager intends to employ short selling for two purposes:

- to enhance potential investment returns; and
- to hedge exposures.

Short selling increases the gross market exposure of the Company.

In addition, from time to time, the Company may borrow cash from an overdraft facility which is provided by the Prime Broker. When used to increase the Portfolio's exposure, this will increase the Portfolio's leverage. The use of the overdraft facility is limited by the market exposure of the Portfolio as a whole. The Portfolio's net market exposure is expected to average between 60% to 100% of the Portfolio's NAV but may be up to 150% of the Portfolio's NAV (see Section 3.6).

The Company may also use Derivatives to manage investment risk or to gain market exposure. When used to manage investment risk, Derivatives can act to reduce the Portfolio's exposure to individual equity prices and general market movements.

When used to gain investment exposure, Derivatives will increase exposure to individual equity prices and general market movements. The use of Derivatives is limited by the market exposure limits of the Portfolio as a whole and, for the market value of Derivatives as an asset class, to its NAV. The Portfolio's net market exposure is expected to average between 60% to 100% of the Portfolio's NAV but the maximum allowed market value of both derivatives by asset class to Derivatives is 150% of the Portfolio's NAV.

Exchange traded Derivatives and over-the-counter Derivatives are both expected to average between 0% to 5% of the Portfolio's NAV over time, but the maximum allowed exposure is between -20% to 40% (see Section 3.6).

Where Derivatives other than exchange traded derivatives are held, the counterparty will be the Prime Broker, which may expose the Portfolio to losses in the event of the insolvency of the Prime Broker.

3.11. Allocation Policy

The Investment Manager is also the investment manager of MAIF and applies the same investment process in managing MAIF as it intends to apply to the Portfolio (see Section 4.5 for details of MAIF). The Investment Manager will use its portfolio management system to manage the allocation of trades and investments across its different portfolios.

The Investment Manager has an allocation policy that has been designed to pre-allocate trades on a fair and equitable basis between MAIF and the Company.

Under this policy, trades will be allocated across the Investment Manager's portfolios on a pro rata basis (based on each portfolio's NAV), having regard to their respective composition and targets from time to time. Transactions may be specific to a particular portfolio, in which case they will not be allocated pro rata.

3.12. Valuation Policy and Custody of Assets

White Outsourcing Pty Ltd will be appointed as the administrator for the Company and is not related to the Company or the Investment Manager. The NAV will be calculated monthly by the administrator and the Company's assets will be valued in a manner that is consistent with current industry practice and regulatory requirements.

For those exchange traded assets held by the Company, the administrator will obtain the closing market prices from the relevant exchange for use in the valuation.

Another valuation method will be used for non-exchange traded assets which will be consistent with ordinary commercial practices for valuing assets of the relevant kind and produces a value that is reasonably current at the time of valuation.

The Company has appointed an external custodian, UBS Nominees Pty Ltd to hold the Company's assets and will also arrange for settlement of sales and purchases of assets. A summary of the custody agreement with UBS Nominees Pty Ltd is set out in Section 9.3.

3.13. Derivatives Policy

Investment Strategy involves the use of Derivatives from time to time to manage market risk and gain investment exposure.

Both exchange traded and over-the-counter Derivatives may be employed to manage risk or gain exposure to investments as appropriate. Exchange traded and over-the-counter Derivatives include options (including options over futures), futures, warrants, swaps, swap options and currency Derivatives (including forwards). See Section 3.10 for further details.

3.14. Changes to Investment Strategy

The Investment Strategy outlined in this Section is expected to be implemented by the Investment Manager upon listing of the Company on ASX.

While no material changes to the Investment Strategy are presently contemplated, if there are changes, these changes would be made with the approval of the Board, after consultation with the Investment Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's Investment Strategy.

3.15. Status as a listed investment company

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- the Company must be listed; and
- 90% of the Portfolio value must comprise certain permitted investments as defined in section 115 290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment), financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

3.16. Reports to Shareholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to Securityholders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company may also release to the ASX (and place on its website) reports, prepared by the Investment Manager from time to time, to keep Shareholders informed about the current activities of the Company, the performance of the Company's Portfolio and the investment outlook.

4. ABOUT THE INVESTMENT MANAGER

4.1. The Investment Manager

Monash Investors Pty Limited (ACN 153 180 333) is an experienced specialist Australian equity investment manager established by Simon Shields and Shane Fitzgerald who are the portfolio managers and will be responsible for the investment decisions of the Investment Manager. The Investment Manager holds an Australian Financial Services Licence (number 417201).

The majority shareholders of the Investment Manager are entities controlled by Simon and Shane and their respective associates.

4.2. Investment Strategy

The Investment Manager's objective is to deliver an Absolute Return investment strategy to investors.

The Investment Manager has managed Monash Absolute Investment Fund (ARSN 606 855 501) (MAIF) since its inception in July 2012. Originally established as a wholesale unit trust, MAIF was registered with ASIC as a managed investment scheme in July 2015. The Trust Company (RE Services) Limited is the MAIF responsible entity. As at 31 January 2016 MAIF has \$28.2 million of funds under management.

The Investment Manager will employ the same investment strategy across the Portfolio and MAIF. The key structural differences between the entities managed by the Investment Manager and the potential impact on their respective portfolios are explained in Section 4.5.

4.3. Role of the Investment Manager

The Investment Manager will be responsible for making the investment decisions for the Company and implementing the Investment Strategy on the terms and conditions set out in the Investment Management Agreement (a summary of this agreement is set out in Section 9.1).

4.4. Investment Manager Personnel

Simon Shields – Portfolio Manager

Simon is one of Australia's leading fund managers with over 27 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 holds a Bachelor of Commerce with Honours, Bachelor of Law and Masters of Business Administration and is a Chartered Financial Analyst.

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 is a director and co-founder of the Investment Manager. As the senior portfolio manager, Simon is responsible for the Investment Manager's investment management activity. His role includes research, analysis, dealing and investment management.

Shane Fitzgerald – Portfolio Manager

Shane has over 22 years financial services experience working at JP Morgan Securities (Australia) Limited (JP Morgan) and UBS. He holds a Bachelor of Commerce with Honours in Economics.

Shane commenced his career at JP Morgan as an analyst, before moving into a senior research analyst role and eventually becoming the Head of Insurance and Diversified Financial Research, as well as an executive director.

In 2008, he joined UBS as a director and investment analyst.

Shane is a director and co-founder of the Investment Manager. His role includes research, analysis, dealing and investment management.

4.5. The Investment Strategy: Relevant Experience

The Investment Manager has not previously managed a listed investment company.

However, the Investment Manager manages MAIF. Since inception, the Investment Manager has exclusively employed the same investment strategy and processes in managing MAIF that it intends to apply to the Portfolio.

There are structural differences between MAIF, a registered managed investment scheme, and the Company. As a result, the composition of the Company's Portfolio and the weighting of individual positions will be similar, but not identical to that of MAIF.

Structural and cash flow differences between MAIF and the Company

The Investment Manager has managed MAIF since its inception in 2012. MAIF, a registered managed investment scheme and trust, has structural differences in comparison to the Company.

MAIF is an open-ended unit trust. As such, its cash flows, and hence investment decisions, are affected by applications and redemptions by unitholders. MAIF may receive additional cash from purchases of units by unitholders and is accordingly able to redeploy capital without necessarily selling down securities it already

holds. MAIF can also be subject to cash outflows due to unitholders redeeming units that may need to be funded by MAIF having to sell down security positions.

The Company is a closed-end investment entity, and there are no redemptions by investors. The Company's investment decisions will not be affected by consideration of cash reserves for the purpose of meeting redemption requests and the Company will not be required to sell down positions in the Portfolio under disadvantageous market conditions for that purpose. The Company will also have a different capital structure. The Company will issue Options to investors that participated in the Offer and when exercised, they may be potentially dilutive to the NTA per Share for existing Shareholders. This may lead to variations in performance.

The composition of the Portfolio and the weighting of individual positions within it may be different to the portfolio of MAIF, in particular the weighting of Pre-IPO securities (as these securities are not yet listed and cannot be acquired on market).

MAIF and the Company have different dividend or distribution process. MAIF makes distributions to unitholders annually on 30 June and is required to distribute to unitholders all its taxable income and realised net capital gains. This could lead to fluctuations in the amount of distributions made from year to year.

In contrast, while the current intention of the Company is to pay a dividend to Shareholders twice a year, whether a dividend will be paid in respect of any period and the amount of any dividend to be paid will be at the discretion of the Board. This may depend on factors such as cash flows and the availability of franking credits (see Section 3.8 for details on the Company's dividend policy). The Company's dividend policy has a higher degree of flexibility and allows the Board to determine dividends from year to year, subject to available profits and franking credits.

Differences in tax treatments between MAIF and the Company

Monash Absolute Investment Company Limited (as a company) and MAIF (as an open-ended trust) are subject to different taxation rules and treatments, which are not reflected in the performance figures set out in section 4.6.

For example:

- The Company's income (including any realised gains on the disposal of investments) will generally be subject to income tax at the prevailing company income tax rate (which is currently 30%). MAIF is a unit trust which is generally considered a flow-through vehicle for taxation purposes. Its income is therefore not subject to income tax to the trustee. However, unitholders are generally subject to income tax in respect of the taxable distributions they receive from MAIF at the income tax rate applicable to them.

- Distributions from MAIF may include concessional capital gains, whereas distributions from the Company will typically be taxable as dividends.
- Distributions from MAIF may include foreign tax offsets whereas distributions from the Company will not. Rather, foreign tax offsets arising on the Company's Portfolio will likely be applied by the Company to reduce its Australian tax payable.
- Distributions made by MAIF generally do not carry franking credits while dividends made by the Company are likely to carry franking credits, as the Company's income and realised gains are generally subject to income tax.

This discussion is not intended to provide a comprehensive analysis of the taxation differences between a company and unit trust. Investors are recommended to seek advice from a tax advisor prior to making any investment decision.

Differences in cost structures between MAIF and the Company

Although the management and performance fees paid by MAIF and the Company are similar, their costs will vary. This is largely because the Company will incur certain costs, given its status as an ASX listed entity, that are not applicable to MAIF (for example, ASX listing fees and share registry costs).

4.6. Historical Performance of MAIF and the Investment Strategy

This Section 4.6 contains details in relation to the historic performance of MAIF. The Company considers the performance of MAIF to be representative of the historical performance of the Investment Strategy and therefore relevant for investors assessing an investment in the Company.

The graphs and charts detailed in this Section are not forecasts and do not represent the future behaviour of the Company or the Investment Strategy. *Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance of the portfolio managed in the past by the Investment Manager.* There can be no certainty that the performance of the Company will be similar to the historic performance of MAIF. See Section 4.5 for details key differences between MAIF's and the Company's corporate structures.

MAIF pre-tax Investment performance

Table 1 below shows the pre-tax investment performance of MAIF (after all fees) across a range of time periods together with the volatility of MAIF's portfolio (as measured by its standard deviation of returns) and the Maximum Drawdown experience within MAIF's portfolio since inception (i.e. the largest single drop from peak to trough in the value of MAIF before a new peak is achieved).

A range of S&P/ASX Indices are referred to within Table 1 to provide some context of the investment environment that these returns have been generated in.

Table 1 shows that historically the Investment Strategy (demonstrated in MAIF's returns) has produced a higher return than the indices shown. Historically the Investment Strategy's returns have also been more stable, as evidenced by MAIF's lower volatility (of 9.0%) and its small absolute Maximum Drawdown (of -6.1%).

Table 1: Pre-tax Investment performance to 31 January 2016

| | Since Inception 2 July 2012 | | | Performance Periods | | | |
|------------------------|-----------------------------|---------------|------------------|---------------------|----------|--------|------------|
| | Return pa | Volatility pa | Maximum Drawdown | 3 Months | 6 Months | 1 Year | 3 Years pa |
| MAIF (Net After Fees) | 15.9% | 9.0% | -6.1% | 3.1% | 6.8% | 15.0% | 15.5% |
| S&P/ASX50 | 10.6% | 12.5% | -13.9% | -4.0% | -11.6% | -8.0% | 5.3% |
| S&P/ASX200 | 10.5% | 12.2% | -12.7% | -3.6% | -9.9% | -6.1% | 5.4% |
| S&P/ASX300 | 10.3% | 12.1% | -12.6% | -3.5% | -9.7% | -5.8% | 5.3% |
| S&P/ASX Small Ords | 2.5% | 13.8% | -17.7% | -1.4% | 0.0% | 3.6% | -1.4% |
| RBA Cash Rate (Hurdle) | 2.6% | na | na | 0.5% | 1.0% | 2.1% | 2.4% |

Notes:

1. Since inception performance is calculated over the period commencing 2 July 2012 and ending 31 January 2016. The performance periods (of 3 months, 6 months and 1 year) in Table 1 are calculated over the relevant period ending 31 January 2016. The "3 year p.a." performance is the average annual performance over the 3 year period ending on 31 January 2016.
2. S&P/ASX50, S&P/ASX200, S&P/ASX300, S&P/ASX Small Ords and RBA Cash Rate Indices have been chosen for comparison purposes only. Table 1 is not intended to be an indication of future performance of any asset class, index or the Portfolio.
3. The performance of MAIF above is based on the unaudited monthly returns of MAIF. The performance of the S&P/ASX50, S&P/ASX200, S&P/ASX300, S&P/ASX Small Ords is based on trading data prepared by Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial (S&P). S&P has not consented to the use of this data in this Prospectus.
4. The relative returns, volatility or Maximum Drawdown identified in Table 1 are not indicative of returns that have been achieved by other investment strategies or indicative of returns which other investment managers may have achieved over the same period using a similar strategy.

Characteristics of monthly returns (after fees) for MAIF

Table 2 sets out and summarises the historical after fees monthly returns of MAIF between July 2012 and 31 January 2016. This Table includes details to show how MAIF performed over that period. These details are not intended to be representative of the likely future success or otherwise of the Company and should not be considered as such.

The figures in Table 2 show that:

- MAIF had positive returns in 66% of the months in the period from inception until 31 January 2016 (referred to as Positive Months);
- the average size of the return across these Positive Months was 2.7%;
- the average size of the loss in months when the MAIF unit price decreased (referred to as Down Months) was -1.4%;
- the Maximum Drawdown in the MAIF unit price since inception was -6.1%;
- the Sharpe Ratio of the MAIF portfolio over the period from inception until 31 January 2016 (an investment industry standard measure of risk adjusted return) was 1.5. A Sharpe Ratio greater than 1 indicates units of return were achieved that were greater than units of volatility;
- the average Beta of MAIF's portfolio (being a measure of the systematic risk of the portfolio against relevant market indices) over the period from inception until 31 January 2016 was 0.6. A Beta of less than 1 indicates the portfolio will tend to move less than the market; and
- the calculated average value at risk (VAR) of MAIF's portfolio since inception shows that during the period from July 2012 to 31 January 2016 on average 1 day per month MAIF's portfolio was expected to have changed in value by 1.2% or more.

Table 2: Return Characteristics Since Inception

| Return Characteristics Since Inception ¹ | |
|---|-------|
| Positive Months ² | 66% |
| Average Gain in Positive Months ² | 2.7% |
| Average Loss in Down Months ³ | -1.4% |
| Maximum Draw Down | -6.1% |
| Sharpe Ratio | 1.5 |
| Average Beta | 0.6 |
| Average VAR | 1.2% |

Notes:

1. Table 2 reflects the period commencing 2 July 2012 and ending 31 January 2016.
2. An "Positive Month" is any month in which MAIF's unit price increased. A Gain means the total increase in the value of the MAIF's unit price during a Positive Month expressed as a percentage.
3. A "Down Month" is any month in which MAIF's unit price decreased. A Loss means the total decrease in the value of the unit price during an Down Month expressed as a percentage

Example MAIF portfolio at a point in time

The figures in Table 3 provide a snap shot of MAIF's portfolio and the types of investments within it on 31 January 2016 (being the last day of the performance period used throughout this section 4.6). This table indicates that on 31 January 2016, MAIF's portfolio comprised:

- 17 Long Outlook Positions representing 70% of MAIF's portfolio;
- 3 Short Outlook Positions representing -7% of MAIF's portfolio;
- 7 Long Positions in Event Stocks, Pair Trades or Group Trades representing (in aggregate) 20% of MAIF's portfolio;
- 2 Short Positions in Event Stocks, Pair Trades or Group Trades representing (in aggregate) -2% of MAIF's portfolio;
- a net exposure of 81% and a gross exposure of 99%.

Table 3: Portfolio Metrics

| Portfolio Metrics as at 31 January 2016 | | |
|--|----|-----|
| Long Outlook Positions | 17 | 70% |
| Short Outlook Positions | 3 | -7% |
| Event Stocks, Pair Trades & Group Trades (Long Positions) | 7 | 20% |
| Event Stocks, Pair Trades & Group Trades (Short Positions) | 2 | -2% |
| Cash | | 19% |
| Net exposure | | 81% |
| Gross exposure | | 99% |

Table 3 does not reflect the likely weightings of the Portfolio. It is provided as an example only – it is not to be taken as an example of the optimal portfolio allocation, now or in the future.

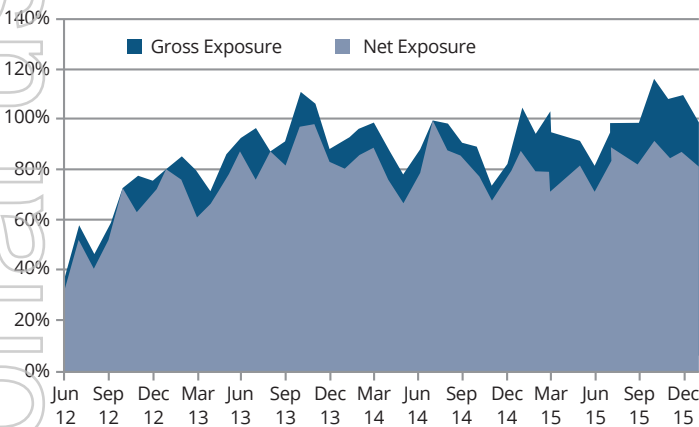
Historical Gross and Net Exposure of MAIF

Chart A shows the gross and net exposure of MAIF's portfolio over time. Gross exposure is a measure of leverage within a portfolio and represents the sum of all the Long and Short Positions within the portfolio at certain points in time. Whereas the net exposure shows the portfolio's overall exposure to the equity market and equals the value of Long Positions less Short Positions within the portfolio at certain points in time. For example if there was 80% long exposure and 20% short exposure the gross exposure would be 100% and the net exposure would be 60%.

It can be seen in Chart A as at 31 January 2016 MAIF has had a gross exposure of 99% and a net exposure of 81%.

This demonstrates that MAIF's portfolio has achieved returns whilst maintaining a relatively low level of exposure to the market. The conservative levels of leverage also illustrate that the Investment Strategy does not employ leverage as a tool to generate returns.

Chart A



1. Dark blue in Chart A represents gross exposure of MAIF's portfolio and the light blue represents the net exposure of MAIF's portfolio.
2. Exposure levels were calculated based on the underlying investments within MAIF's portfolio at various points in time during the calculation period.

Volatility of MAIF

Volatility is often used to show the risk associated with an investment. A measure of volatility allows investors to assess the risk / return profile of potential investments.

A common metric used to quantify volatility and systemic risk is Beta. Beta is a measure of the portfolio's risk compared to that of the market as a whole. A Beta greater than 1 means that the portfolio will tend to move more than the market; a Beta of less than 1 means that the portfolio will tend to move less than the market.

Chart B sets out the portfolio Beta of MAIF over time compared to the Australian market (represented by the S&P/ASX300 Index).

It can be seen that since inception MAIF's portfolio has remained below 1. This indicates that over this period MAIF's portfolio has tended to move less than the market.

Chart B



Notes:

1. Chart B reflects the period commencing 2 July 2012 and ending 31 January 2016.
2. MAIF's Beta is calculated based on the underlying investments within MAIF's portfolio at various points in time during the calculation period.
3. The above graph is not an indication that the Company's Beta or volatility will be similar in the future and the graph is not intended to be an indication of future performance of MAIF, the market or the Portfolio.

MAIF Returns by Attribution

A decomposition of MAIF's returns is shown three different ways in the Attribution tables below. The below tables below are provided to demonstrate how MAIF historically achieved its returns.

The figures in the table entitled "Attribution by Market Capitalisation Table" shows the contribution of securities within MAIF's portfolio by reference to each security's market capitalisation, so that the average weight, contribution and return of each market segment can be seen, and compared to the performance of the certain market indices. This table shows that securities MAIF invested in, or shorted (as the case may be) outperformed their respective market segments. The table also indicates that over the same period MAIF produced a higher overall return, a lower overall volatility, and had a higher Sharpe Ratio when compared to the S&P/ASX 300 index.

The figures in the table entitled "Attribution by Outlook/ Event Table" show the contribution of securities within MAIF's portfolio by the Investment Manager's categorisation of Outlook as compared to Event (see Section 3.5 for details), Pair (being linked Long and Short Positions) and Group (being a group of investments that are either Long Positions, Short Positions or a mixture), so that the average weight, contribution and return of each segment can be seen. This table shows that most of the securities in MAIF were Outlook Stocks and that these contributed the bulk of MAIF returns over the relevant investment period (average annual return of 32.6%).

The third table entitled "Attribution by Long/Short" table segments the securities in MAIF's portfolio by classification as Long, Short or Pair Trades so that the average portfolio weights, contribution to portfolio return, and return by classification can be seen. This table shows that from inception until 21 January 2016 most of the securities in MAIF's portfolio were held as Long Positions and that investments in Long Positions contributed the bulk of MAIF's returns (average annual return of 26.9%).

Attribution by Market Capitalisation

| Since Inception Returns ending Jan 2016 | Average Weight | Contribution After Fees | Return % p.a. | S&P / ASX Index |
|---|----------------|-------------------------|---------------|--------------------------|
| ASX Top 100 Stocks | 12.7% | 2.9% | 31.7% | 10.7% ⁴ |
| ASX 101 to 200 Stocks | 13.1% | 4.5% | 48.1% | 2.2% ⁵ |
| ASX 201 to 300 Stocks | 21.5% | 3.8% | 24.9% | |
| Ex Index | 29.7% | 4.1% | 19.0% | |
| Cash | 23.1% | 0.6% | 3.9% | |
| Total Return | | | 15.9% | 10.0%⁶ |
| Volatility | | | 9.0% | 12.0%⁶ |
| Sharpe Ratio (vs RBA Cash) | | | 1.46 | 0.61⁶ |

Notes:

- Returns are calculated based on the pre-fee contribution divided by weight.
- The above table reflects the period commencing 2 July 2012 and ending 31 January 2016.
- The historical performance of MAIF of based on the unaudited monthly returns (calculated after all fees).
- Represents the return on the S&P ASX100 (Total Return) Index during the period commencing 2 July and ending 31 January 2016. This return is based on trading data sourced from S&P.
- Represents the return on the S&P/ASX Small Ordinaries (Total Return) Index during the period commencing 2 July and ending 31 January 2016. This return is based on trading data sourced from S&P.
- Represents the return on the S&P/ASX 300 (Total Return) Index during the period commencing 2 July and ending 31 January 2016. This return is based on trading data sourced from S&P. The S&P/ASX 300 (Total Return) Index is used in the above table for comparison purposes only. There is no indication that the returns of these assets classes or indices will be similar in the future and the table is not intended to be an indication of future performance of any asset class, index or the Portfolio.

Attribution by Outlook/Event

| | Return ¹ % p.a. | Average Weight | Contribution After Fees |
|---------------------|----------------------------|----------------|-------------------------|
| Outlook | 32.6% | 59.7% | 14.0% |
| Event, Pair & Group | 10.8% | 17.3% | 1.3% |
| Cash | 3.9% | 23.1% | 0.6% |
| Total | | 100.0% | 15.9% |

Notes:

- Returns are calculated based on the pre-fee contribution divided by weight.
- The above table reflects the period commencing 2 July 2012 and ending 31 January 2016.

Attribution by Long/Short

| | Return ¹ % p.a. | Average Weight | Contribution After Fees |
|-----------------|-------------------------------|-------------------|----------------------------|
| Long Positions | 26.1% | 80.6% | 15.2% |
| Short Positions | -4.0% | -3.7% | 0.1% |
| Pair Positions | nc | 0.1% | 0.1% |
| Cash Trades | 3.9% | 23.1% | 0.6% |
| Total | | 100.0% | 15.9% |

Notes:

1. Returns are calculated based on the pre-fee contribution divided by weight.
2. The above table reflects the period commencing 2 July 2012 and ending 31 January 2016.

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5. RISK FACTORS

5.1. Introduction

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.

You can do some things to reduce the impact of risk. First, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommend by your professional adviser.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be predominantly in ASX listed securities and the Company therefore is considered to have 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. There may be other risks associated with the Company.

5.2. Key Investment Strategy 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 5.2.

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 Manager (see section 9.1).

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.

Key Man Risk

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.

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 MAIF's portfolio 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.

- a. 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.
- b. 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.
- c. 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.

Prime Broker Risk

- a. 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.
- b. 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.

5.3. Significant Risks of 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.

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.

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.

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.

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).

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 will 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.

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.

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.

Company risk

The Company is a new entity with no operating history and no proven track record.

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.

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.

5.4. 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:

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 listed 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.

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.

Liquidity Risk

The Company will be 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.

Discount to NTA

The Company will be 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.

5.5. 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.

5.6. Time Frame for Investment

Applicants 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.

6. FINANCIAL INFORMATION

6.1. Proceeds of the Offer

The Board intends to use the funds raised from the Offer for investments consistent with the investment objectives and investment process set out in Section 3.

6.2. Unaudited pro forma statement of financial position

The pro forma statements of financial position set out below have been prepared to illustrate the effects of the pro forma adjustments described below for the different subscription amounts as if they had occurred on 20 January 2016, being the incorporation date of the Company, including:

- completion of the Offer based on each of the amounts indicated being raised; and
- payment of expenses (which have been deducted from the cash amount) which consist of the Offer related expenses in accordance with Section 6.6 below.

It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Offer.

The unaudited pro forma statements of financial position have been prepared on the basis of the assumptions set out in Section 6.5.

Monash Absolute Investment Company Limited

Unaudited Pro Forma Statement of Financial Position

Assumes completion of the Offer

The unaudited pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the Risk Factors set out in Section 5 and other information contained in this Prospectus.

| | Minimum Subscription \$25 million \$'000 | Subscription \$52.5 million \$'000 | Maximum Subscription \$80 million \$'000 | Over Subscription \$100 million \$'000 |
|--------------------------------------|--|--|--|--|
| Assets | | | | |
| Cash | 23,907 | 50,465 | 77,033 | 96,355 |
| Receivables | 45 | 107 | 169 | 214 |
| Deferred Tax Asset | 314 | 579 | 840 | 1,029 |
| Total Assets | 24,266 | 51,151 | 78,042 | 97,598 |
| Total Liabilities | - | - | - | - |
| Net Assets | 24,266 | 51,151 | 78,042 | 97,598 |
| Equity | | | | |
| Contributed Equity | 25,000 | 52,500 | 80,000 | 100,000 |
| Less: Capitalised costs of the offer | (733) | (1,348) | (1,957) | (2,401) |
| Sub Total | 24,267 | 51,152 | 78,043 | 97,599 |
| Costs not eligible to be Capitalised | (1) | (1) | (1) | (1) |
| Total Equity | 24,266 | 51,151 | 78,042 | 97,598 |
| NAV Backing Per Share | 0.971 | 0.974 | 0.976 | 0.976 |

6.3. Capital structure

The anticipated capital structure of the Company on completion of the Issue is set out below:

| | Minimum Subscription \$25 million | Subscription \$52.5 million | Maximum Subscription \$80 million | Over Subscription \$100 million |
|-----------------|--------------------------------------|--------------------------------|--------------------------------------|------------------------------------|
| Shares on issue | 25,000,001 | 52,500,001 | 80,000,001 | 100,000,001 |
| Options | 25,000,000 | 52,500,000 | 80,000,000 | 100,000,000 |

As at the date of this Prospectus, the Company has 1 share on issue which is held by Simon Shields.

6.4. Cash

A reconciliation of the pro forma statements of financial position for cash is as below:

| | Minimum Subscription \$25 million \$ | Subscription \$52.5 million \$ | Maximum Subscription \$80 million \$ | Over Subscription \$100 million \$ |
|--|--|--------------------------------------|--|--|
| Initial Subscriber Share | 1 | 1 | 1 | 1 |
| Proceeds of Offer | 25,000,000 | 52,500,000 | 80,000,000 | 100,000,000 |
| Expenses of Offer – refer to Section 6.6 | 733,422 | 1,349,999 | 1,958,877 | 2,401,697 |
| Deferred Tax Asset | 314,324 | 578,571 | 839,519 | 1,029,299 |
| GST Receivable | 45,000 | 106,875 | 168,750 | 213,750 |
| Estimated net cash position | 23,907,256 | 50,464,556 | 77,032,856 | 96,355,256 |

6.5. Assumptions

These unaudited pro forma statements of financial position and the information in Sections 6.2, 6.3 and 6.4 have been prepared on the basis of the following assumptions:

- Application of the proposed accounting policies and notes to the accounts set out in Section 6.7.
- In the unaudited pro forma statement of financial position entitled “Minimum Subscription \$25,000,000”, the reference is to issuing 25,000,000 Shares and 25,000,000 Options to Applicants under this Prospectus.
- In the unaudited pro forma statement of financial position entitled “Subscription \$52,500,000”, the reference is to issuing 52,500,000 Shares and 52,500,000 Options to Applicants under this Prospectus.
- In the unaudited pro forma statement of financial position entitled “Maximum Subscription \$80,000,000”, the reference is to issuing 80,000,000 Shares and 80,000,000 Options to Applicants under this Prospectus.
- In the unaudited pro forma statement of financial position entitled “Over Subscription \$100,000,000”, the reference is to issuing 100,000,000 Shares and 100,000,000 Options to Applicants under this Prospectus.
- The Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset for the capital raising costs.
- The costs incurred by the Company in respect of the Offer referred to in this Section are net of deferred tax asset, in accordance with accounting standards and the accounting policy note in Section 6.7. This means that the tax benefit (a 30% tax deduction) is applied to these costs to reduce them by 30%. The cash outlay of an expense is gross of this tax benefit. For example, an outlay described in this Section as \$70 (net of tax) is a cash outlay of \$100 less the tax benefit of a \$30 income tax deduction.
- Expenses of the Offer have been paid and are recognised in equity net of tax (refer to Section 6.6).

- i. The Company will pay a Broker firm selling fee equal to 1.5% (plus GST) of the Application Amounts provided with valid Application Forms (bearing a broker's stamp) to the extent Shares and Options are allotted under the Broker Firm Offer and the Applications or commitments to lodge Application Forms (with respect to the Broker Firm Offer) are received before the closing date of the Broker Firm Offer. No fee will be payable on General Offer Applications.
- j. For the purpose of the unaudited pro forma statement of financial position, it has been assumed that the Broker firm selling fee of 1.5% (plus GST) will be paid on:
- 60% of Applications in respect of the Minimum Subscription of \$25,000,000;
 - 81% of Applications in respect of the Subscription of \$52,500,000;
 - 88% of Applications in respect of the Maximum Subscription of \$80,000,000; and
 - 90% of Applications in respect of the Over Subscription of \$100,000,000.
- k. The Company will pay (in aggregate) fees of 1.5% (plus GST) of the total gross proceeds of the Offer to the Joint Lead Managers (inclusive of a fee of 1.2% (plus GST) of the total gross proceeds to each Joint Lead Manager equally and a fee of 0.3% (plus GST) of the total gross proceeds to Ord Minnett Limited, as Arranger).

6. Expenses of the Offer

The Company will pay the expenses of the Offer including legal, accounting, taxation, printing and initial ASX listing fees. These expenses have been estimated at \$733,422 (net of tax) assuming the Minimum Subscription is achieved, \$1,958,877 (net of tax) assuming the Maximum Subscription is achieved and \$2,401,697 (net of tax) assuming the Over Subscription is achieved. A breakdown of these expenses (including GST), assuming the Minimum Subscription of Applications for \$25,000,000, Subscription of Applications for \$52,500,000, Maximum Subscription of Applications for \$80,000,000 and Over Subscription of Applications for \$100,000,000 is provided below:

| | Subscription Amount | | | |
|--|------------------------------------|------------------|------------------------------------|------------------|
| | \$25 million (Min Subscription) | \$52.5 million | \$80 million (Max Subscription) | \$100 million |
| | \$ | \$ | \$ | \$ |
| Lead manager fees | 660,000 | 1,567,500 | 2,475,000 | 3,135,000 |
| Legal fees | 121,000 | 121,000 | 121,000 | 121,000 |
| Investigating accountant fees | 33,000 | 33,000 | 33,000 | 33,000 |
| ASX fees | 115,500 | 150,700 | 174,900 | 192,500 |
| ASIC lodgement fees | 2,320 | 2,320 | 2,320 | 2,320 |
| Other expenses | 160,925 | 160,925 | 160,925 | 160,925 |
| Total estimated gross expenses of the Offer | 1,092,745 | 2,035,445 | 2,967,145 | 3,644,745 |
| Less: Deferred tax asset | (314,324) | (578,571) | (839,519) | (1,029,299) |
| Less: GST Receivable | (45,000) | (106,875) | (168,750) | (213,750) |
| Total estimated expenses of the Offer | 733,422 | 1,349,999 | 1,958,877 | 2,401,697 |

6.7. Proposed significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of unaudited pro forma statements of financial position set out in Section 6.2 or that will be adopted and applied in preparation of the financial statements of the Company for the period ended 30 June 2016 and subsequent periods is set out as follows:

a. Basis of preparation

The pro forma statement of financial position has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the AASB and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 6.5.

The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

b. Investments

i. Classification

The category of financial assets and financial liabilities comprises:

- Financial instruments held for trading
 - These include futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.
- Financial instruments designated at fair value through profit or loss upon initial recognition.
 - These include financial assets that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

ii. Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financials assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

iii. Measurement

Financial instruments designated at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the statement of profit or loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

Listed Equities

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Derivative financial instruments

Derivative Financial instruments are classified as held for trading, as the Company does not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market prices in active markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of financial instruments at a predetermined price. Gains or losses are recorded in the relevant period as a

change in the fair value of investments in the statement of profit or loss.

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. Futures over listed equities and indices are accounted for on the same basis as the underlying investment exposure. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the statement of profit or loss.

If a quoted market price is not available on a recognised stock exchange or from the brokers/dealers for non-exchange-traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or valuation techniques, which include use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

iv. Income and Expenditure

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the statement of profit or loss as they accrue, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if any.

Dividend income relating to exchange-traded equity instruments is recognised in the statement of profit or loss on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis and recognised in the statement of profit or loss on the day the distributions are announced.

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accrual basis.

c. Fair Value Measurement

When a financial asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

d. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

g. Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

h. Share option reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.

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7. INVESTIGATING ACCOUNTANT'S REPORT



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sydneypartners@pitcher.com.au

23 February 2016

Board of Directors
Monash Absolute Investment Company Limited
Level 5, 139 Macquarie Street
Sydney NSW 2000

Dear Directors

Part 1. Independent limited assurance report on monash absolute investment company limited pro forma historical financial information

7.1 Introduction

The Directors of Monash Absolute Investment Company Limited (the "Company") have engaged Pitcher Partners Sydney Corporate Finance Pty Limited ("Pitcher Partners") to report on the pro forma historical financial information of the Company as at 20 January 2016.

We have prepared this Independent Limited Assurance Report ("Report") to be included in a Prospectus dated on or about 23 February 2016 and relating to the offer of up to 100,000,000 fully paid ordinary Shares at an offer price of \$1 per share to raise up to \$100,000,000 should the Maximum Subscription be raised and all over subscriptions be accepted.

The Minimum Subscription is 25,000,000 fully paid ordinary Shares. The Offer is not underwritten.

Under the Offer, there will also be an entitlement to one Option for every ordinary Share subscribed for, which will be exercisable at an exercise price of \$1 per Option, on or before 29 September 2017.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("AFSL") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

7.2 Background

The Company was incorporated on 20 January 2016 and has not traded. As at the date of this Report, the Company has 1 Share and no Options on issue and has net assets of \$1.

7.3 Scope

This Report deals with the pro forma financial information included in Section 6 of the Prospectus ("Financial Information"). The Financial Information consists of the pro forma statements of financial positions as at 20 January 2016 and related notes as set out on page 40 of the Prospectus.

The unaudited pro forma statements of financial position in Section 6.2 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 6.5 of the Prospectus, as if those events had occurred as at 20 January 2016. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

The pro forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

7.4 Director's responsibilities

The Directors of the Company are responsible for the preparation and presentation of the pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and the notes included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

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7.5 Our responsibilities

Our responsibility is to express a limited assurance conclusion on the pro forma historical financial information included in Section 6 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the pro forma historical financial information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any financial information used as a source of the financial information.

7.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information being the pro forma statements of financial position of the Company are not presented fairly, in all material respects, in accordance with the assumptions described in Section 6.5 of the Prospectus and the stated basis of preparation as described in Section 6.7 of the Prospectus.

7.7 Restriction on use

Without modifying our conclusions, we draw attention to Section 6 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 5 of the Prospectus.

7.8 Legal proceedings

To the best of our knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken, not otherwise disclosed in this Report, which would cause the information included in the Report to be misleading.

7.9 Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment

on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

7.10 Sources of information

Pitcher Partners has made enquiries of the Directors, the Investment Manager and other parties as considered necessary during the course of our analysis of the pro forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

7.11 Independence or disclosure of interest

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

7.12 Liability

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

7.13 Financial services guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett
 Director

Part 2. Financial services guide

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("Pitcher Partners") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("Licence Holder") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "Authorised Financial Products"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide ("FSG") in connection with its provision of an Investigating Accountant's Report ("Report") which is included in the Prospectus provided by Monash Absolute Investment Company Limited (the "Entity").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("AFSL") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$30,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Pitcher Partners Sydney, a chartered accounting partnership associated with Pitcher Partners has been nominated to be the appointed auditor of the Company, for which it will receive fees.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 1615
SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

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8. DIRECTORS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED

8.1. Introduction

The Company believes that the Investment Manager has the skill, depth of knowledge and history of achieving results through the Investment Strategy to manage this Portfolio. See Sections 4.4 and 4.5 for details of the Investment Manager's experience.

The Investment Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

| Director | Position | Independence |
|----------------|----------|-----------------|
| Paul Clitheroe | Chairman | Independent |
| Suvan de Soysa | Director | Independent |
| Simon Shields | Director | Not Independent |

8.2. Background of the Directors

Paul Clitheroe AM

Independent Chairman, BA (UNSW) CFP, SFFIN

Paul has had an extensive career within the financial services industry as a company director, key practitioner and also educator.

He 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.

He 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. In addition he holds the Chair of Financial Literacy at Macquarie University and is a Professor in the School of Business and Economics.

He was a co founder of ipac securities in 1983 and remains a non executive director. Paul is Chairman of the youth anti drink driving body RADD. He is also Chairman of the ASX listed entity Australasian Wealth Investments Limited, a non executive director of Wealth Defender Limited, an ASX listed investment company as well as Chairman of Money Magazine and the Clitheroe Foundation.

Suvan de Soysa

Independent Director, B.Sc. (Econ) Hons, LLB, CFP, F Fin, FAICD

Suvan has over 30 years' experience in wealth management. He was a co- founder of ipac securities, which became a leading financial planning and portfolio management firm that was acquired by AXA APH in 2002.

At ipac, 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 of an 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 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.

He 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.

Simon Shields

Non-independent Director, CFA, BCom (Hons), LLB, MBA

See Section 4.4 for details about Simon's experience.

8.3. Director Disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

8.4. The Role of the Directors

The Directors will ensure the Company has Corporate Governance procedures and that those procedures are followed. In addition, the Board will be responsible for reviewing the Investment Manager's performance and ensuring that compliance with the Investment Management Agreement terms. Together, the members of the Board may implement capital management strategies (in line with the policy set out in Section 3.9) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio.

The Company will outsource its valuation and accounting functions to White Outsourcing Pty Ltd. These services will be provided on commercial terms. The Board will supervise compliance with this agreement.

Each Director has confirmed that, notwithstanding his other commitments, he will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

8.5. Participation by the Directors

Simon Shields currently holds 1 Share in the Company which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer. At completion of the Offer the Directors are expected to have a relevant interest in the following Securities:

| Director | Shares | Options |
|----------------|---------|---------|
| Paul Clitheroe | 500,000 | 500,000 |
| Suvan de Soysa | 300,000 | 300,000 |
| Simon Shields | 200,001 | 200,000 |

8.6. No Other Interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

8.7. Directors' Remuneration

The independent (non-executive) Directors are entitled to receive Directors fees of up to \$90,000 per annum.

Additional remuneration may be paid in accordance with the Company's Constitution. As at the date of the Prospectus, the Company has agreed to pay the independent (non-executive) Directors the following annual fees.

| Director | Director's Fees |
|----------------|-----------------|
| Paul Clitheroe | \$50,000 |
| Suvan de Soysa | \$40,000 |

Simon Shields is remunerated by the Investment Manager and will not receive Directors' fees or any other form of remuneration from the Company.

For the year ending 30 June 2016, Directors will be paid a pro rata amount calculated by reference to the date the Company is admitted to the Official List. The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

8.8. Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 9.4 for details.

8.9. Corporate Governance Policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (**ASX Recommendations**) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the Company's website, at www.monashinvestors.com.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

9. MATERIAL CONTRACTS

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This Section contains a summary of the material contracts and their substantive terms.

9.1. Investment Management Agreement

The Company has entered into the Investment Management Agreement with the Investment Manager on 23 February 2016 with respect to the investment management of the Company's Portfolio. A summary of the key material terms of the Investment Management agreement are set out below.

Services

The Investment Manager must manage and supervise the Portfolio and all investments within the Portfolio without the prior approval of the Directors.

The Investment Manager will also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business.

Permitted Investments

Under the Investment Management Agreement, the Investment Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with the approved investment strategies, Board approval for the investment is required. The Board may approve changes to the approved investment strategies from time to time.

To the extent the Investment Manager's AFSL does not include the authorisations required for the Investment Manager to provide advice or deal in certain investments, the Investment Manager will engage external advisors with the appropriate AFSL authorisations.

Powers of Investment Manager

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by the Company from time to time, the Investment Manager has the powers necessary to, on behalf of the Company, invest money constituted in or available to the Portfolio, make, hold, realise and dispose of investments within the Portfolio.

The Investment Manager has absolute and unfettered discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including, without limitation:

- a. investigation of, negotiation for, acquisition of, or disposal of every investment;

- b. to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments;
- c. if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and to invest any of those monies in other investments;
- d. retain or sell any shares, debentures or other property received by the Company by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments or from the amalgamation or reconstruction of any entity; and
- e. to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights.

Monthly Valuations

The Investment Manager must arrange for calculation of the value of the Portfolio at least monthly. All costs incurred by the Investment Manager in arranging this calculation are to be paid by the Company.

Delegation

The Investment Manager may, with the prior approval of the Company, appoint or employ any person, including any related body corporate of the Investment Manager, to be a sub-contractor for the Investment Manager to perform any or all of the duties and obligations imposed on the Investment Manager by the Investment Management Agreement. However, the Investment Manager may only appoint and engage a related body corporate of the Investment Manager to provide services in relation to the investment and management of the Portfolio.

Non-exclusivity

The Investment Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Investment Management Agreement, provided the Investment Manager does not prejudice or otherwise derogate its responsibilities specified in the Investment Management Agreement.

Related Party Protocols

If the Investment Manager proposes that the Company acquire assets from or dispose of assets to a related party of the Investment Manager, the Company must approve the acquisition or disposal of the asset to the extent required by the Corporations Act or the Listing Rules.

Amendment

The Investment Management Agreement may only be altered by the agreement of the parties. The Company and the Investment Manager have agreed that they will only make material changes to the Investment Management Agreement if the Company has obtained Shareholder approval to these material changes.

Change of Control Provisions

The Investment Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Company. Similarly, the Company has no right to terminate the Investment Management Agreement in the event of a change of control of the Investment Manager. Notwithstanding, if the Company did seek to terminate the Investment Management Agreement (other than in accordance with its ordinary termination rights summarised below) then it must pay to the Investment Manager within 20 Business Days of the termination date, an amount equal to all management and performance fees calculated in respect of the 12 months period ending on the termination date.

The Investment Management Agreement does not contain any pre-emptive rights over the Portfolio which are exercisable by either the Company, the Investment Manager or a related entity of the Investment Manager in the event of a change of control of either the Company or the Investment Manager.

Company Indemnity

The Company must indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Investment Manager or any of its officers, employees or agents acting under the Investment Management Agreement or on account of any bona fide investment decision made by the Investment Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees. This obligation continues after the termination of the Investment Management Agreement.

Investment Manager's Liability

Subject to the Corporations Act, the Listing Rules and the Investment Management Agreement, the Investment Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- a. whether or not to exercise them; and
- b. the manner or mode of, and time for, their exercise.

In the absence of negligence, default, fraud or dishonesty, the Investment Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience

that may result from the exercise or failure to exercise those powers, authorities and discretions.

Investment Manager Indemnity

The Investment Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with, any negligence, default, fraud or dishonesty of the Investment Manager or its officers. This obligation continues after the termination of the Investment Management Agreement.

Management Fee

In return for the performance of its duties as Investment Manager of the Portfolio, the Investment Manager is entitled to be paid a monthly management fee equal to 1.50% per annum (plus GST) of the NTA before all taxes (calculated on the last business day of each month and paid at the end of each month in arrears).

As a worked example, assuming an initial NTA before all taxes of \$100,000,000 at 1 July 2016, and nil performance on the Portfolio each month, the Management Fee payable on the Portfolio for the 12 month period 1 July 2016 to 30 June 2017 would be approximately \$1,500,000 (plus GST) or 1.5% of the initial NTA before all taxes for the period.

Management fees would increase if the NTA before all taxes increases, and decrease if the NTA before all taxes decreases, over the month.

Performance Fee

The Investment Manager is also entitled to be paid by the Company, a performance fee of 20.0% (plus GST) of the Portfolio's outperformance in excess of the Hurdle during each Performance Fee Period calculated using the following formula and subject to both the Portfolio performance being positive and the High Water Mark.

$$\text{Performance fee} = ((CV - PV) - (HI \times PV)) \times 0.2$$

Where:

CV is the NTA before all taxes and corporate expenses, but after the payment of Management Fees and fees of the Company calculated on the last Business Day of the relevant Performance Fee Period.

PV is the NTA before all taxes and corporate expenses, but after the payment of Management Fees and fees of the Company calculated on the last Business Day of the immediately preceding Performance Fee Period or, in the case of the first Performance Fee Period, the NTA before all taxes immediately prior to listing.

HI is the increase in the Hurdle over the Performance Fee Period, being the average of the RBA Cash Rate over the Performance Fee Period expressed as a percentage.

Generally, the Performance Fee Period is a 12 month period commencing on 1 July and ending on 30 June. The first Performance Fee Period will be shorter, it will commence on the date the Company issues Shares and Options under

the Offer and will end on 30 June 2016. If the Investment Management Agreement ends on a day other than 30 June, the final Performance Fee Period will start as normal but will end on the last day of the term.

The Investment Manager will only be entitled to receive a performance fee where the NTA before all taxes and corporate expenses, but after the payment of Management Fees at the end of the Performance Fee Period is above the High Water Mark.

The High Water Mark is the NTA at the end of the last Performance Fee Period for which the Investment Manager was entitled to a performance fee, calculated before all taxes and corporate expenses, but after the payment of all Management Fees and Performance Fees and adjusted for any dividends paid or any capital charges (such as the issue of securities or share buy-backs) since that time. If the amount calculated using the formula above is a negative number, no performance fee is payable in respect of that Performance Fee Period.

As a worked example, assuming a Performance Fee Period of 1 July 2016 to 30 June 2017, a RBA Cash Rate of 2%, a High Water Mark and opening NTA (calculated before all taxes and corporate expenses, but after the payment of Management Fees) of \$100,000,000, and a closing NTA (calculated before all taxes and corporate expenses, but after the payment of Management Fees) that is 12% higher than the opening NTA of \$112,000,000:

- a. There would be a Performance Fee payable as the example's closing NTA is above the Hurdle, being \$102,000,000 (being the example's opening NTA plus 2%) with an aggregate portfolio outperformance of approximately \$10,000,000; and
- b. In this instance, there would be an estimated performance fee payable at 20.0% of this amount equating to \$2,000,000 (plus GST) for that Performance Fee Period.
- c. The new High Water Mark in this example would be the closing NTA calculated before all taxes and corporate expenses, but after the payment of Management Fees and the \$2,000,000 Performance Fee of \$110,000,000.

If the Portfolio performance is below the Hurdle, no performance fee is payable.

As a worked example, assuming a Performance Fee Period of 1 July 2017 to 30 June 2018, a High Water Mark and NTA (calculated before all taxes and corporate expenses, but after the payment of Management Fees) at the beginning of the Performance Fee Period of \$110,000,000, a RBA Cash Rate of 2%, and a NTA (calculated before all taxes and corporate expenses, but after the payment of Management Fees at the end of the Performance Fee Period) 1% higher than at the beginning of \$111,100,000:

- a. The Portfolio performance is positive but the Portfolio underperformed the Hurdle.

- b. There would be no Performance Fee payable as the closing NTA before all taxes and corporate expenses, but after the payment of Management Fees is below Hurdle, even though it is above the High Water Mark.
- c. The existing High Water Mark (being \$110,000,000) will be carried forward to future Performance Fee Periods in this worked example.

If the Portfolio Performance is negative, no performance fee is payable, even if the Portfolio outperforms the Hurdle.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Investment Manager the fees, costs and expenses approved by the Board (from time to time) provided they have been properly incurred in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any investment, including:

- a. fees payable to any licensed market, ASIC or other regulatory body;
- b. all costs, stamp duties, financial institutions duties, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Investment Manager in connection with:
 - i. the acquisition and negotiation of any investment or proposed investment;
 - ii. any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - iii. the receipt of income or other entitlements from the Portfolio; or
 - iv. the engagement of a custodian to hold any investment on behalf of the Company; and
- c. outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums.

Notwithstanding the above, the Investment Manager is solely responsible for payment of the fees of any investment manager engaged by the Investment Manager to assist it in undertaking its duties under the Investment Management Agreement.

Term and Termination

The term of the Investment Management Agreement is currently five years, with automatic five year extensions, unless terminated earlier in accordance with the Investment Management Agreement. However, the Company will apply to ASX for a waiver to extend this initial term to ten years. If the waiver application is refused, the initial term of the Management Agreement will remain five years.

The Investment Management Agreement gives the Company certain termination rights including the right to immediately terminate if:

- a. the Investment Manager becomes insolvent or breaches its obligations under the Investment Management Agreement in a material respect and such breach cannot be rectified or is not remedied within 30 days after receiving notice of that breach; or
- b. either Shane Fitzgerald or Simon Shields cease to be employed by the Manager or act as portfolio manager in relation to the Portfolio and the Company notifies the Manager in writing that it is not satisfied with expertise of the proposed replacement portfolio manager.

The Company may also terminate the Investment Management Agreement following the initial term:

- a. by giving the Investment Manager 12 months' written notice; or
- b. on three months' notice if Shareholders pass an ordinary resolution directing the Company to terminate the Investment Manager's appointment.

The Investment Manager is entitled to terminate the Investment Management Agreement on six months' notice at any time after five years from the date the Company is listed on ASX.

If the Investment Manager is removed by the Company, it is entitled to receive a payment equal to 3 months of Management Fees. As noted above, neither party has the right to terminate on a change of control.

Removal of Investment Manager

The Company may remove the Investment Manager by not less than three months' notice on the occurrence of any one of the following events:

- a. the Investment Manager persistently fails to ensure that Investments made on behalf of the Company are consistent with the investment strategy applicable at the time the Investment is made;
- b. the Investment Manager is in default or breach of its obligations under the Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after the Company has notified the Investment Manager in writing to rectify the default or breach; or
- c. the Investment Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act.

If the Investment Manager is so removed the Investment Manager may appoint a replacement manager provided such appointment takes place within the three month notice period referred to above. The Investment Manager must assign all its rights, title and interest in and to the Investment Management Agreement to the replacement manager provided the replacement manager holds a

valid and current AFSL, undertakes to the Company to comply with all the obligations imposed on the Investment Manager under the Investment Management Agreement and if appointed as a result of a breach by the Investment Manager, rectifies the breach or default within the 30 day notice period.

The effect of this assignment is the novation of the Investment Management Agreement for the benefit of the replacement manager and the Company is deemed to have consented to that assignment. The Company may terminate the Investment Management Agreement if a replacement manager has not been appointed within the three month notice period referred to above.

If the replacement manager, having been so appointed is itself removed in the circumstances outlined above, it has no right to in turn appoint a replacement manager and the Company may terminate the Investment Management Agreement at the expiry of the three month notice period referred to above.

9.2. Offer Management Agreement

The Company and the Investment Manager have entered into an offer management agreement dated 23 February 2016 (**Offer Management Agreement**) with the Joint Lead Managers pursuant to which the Joint Lead Managers will manage the Offer.

In return for providing the services under the Offer Management Agreement, the Company will pay the Joint Lead Managers a fee of 1.2% (plus GST) of the total proceeds raised under the Offer, to be apportioned equally between them.

The Company will also pay to each Joint Lead Manager a broker firm fee of 1.5% (plus GST) of the proceeds raised under the Broker Firm Offer by the relevant Joint Lead Manager (or through its broking channel). The Joint Lead Managers will have sole responsibility to pay to each Broker the proportion of that fee referable to the funds raised through each Broker's firm allocation.

The Company has also pay to the Arranger to the Offer, being Ord Minnett Limited, a fee of 0.3% (plus GST) of the total proceeds raised under the Offer.

The Company has also agreed to pay or reimburse the Joint Lead Managers for all costs and expenses incurred by them in connection with the Offer, including legal expenses up to \$30,000 (excluding GST and disbursements), roadshow and out-of-pocket expenses. However, the maximum reimbursement for costs, charges and expenses payable to the Joint Lead Managers under the Offer Management Agreement (excluding legal fees) is not expected to materially exceed \$7,500.

In accordance with the Offer Management Agreement and as is customary with these types of arrangements:

- a. the Company and the Manager have (subject to certain usual limitations) agreed to indemnify the Joint Lead Managers, their related bodies corporate and

affiliates, and their directors, officers, partners, advisers and employees against any losses arising directly or indirectly in connection with the Offer, or a breach by the Company and the Manager of any provision, including representation or warranty of, the Offer Management Agreement;

- b. the Company, the Manager and the Joint Lead Managers have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer; and
- c. the Joint Lead Managers may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Offer Management Agreement and be released from their obligations under it on the occurrence of certain events on or prior to the final settlement date of the Offer, including (but not limited to) where:
 - i. in a material respect a statement contained in the offer materials is or becomes misleading or deceptive or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements) and the Company fails to take acceptable corrective action;
 - ii. the ASX does not approve the listing of the Company;
 - iii. there is a change in senior management or board of directors of the Company or the Investment Manager;
 - iv. material adverse changes to the financial markets of key countries, certain falls in the S&P/ASX All Ords Index, hostilities commence or escalate in key countries or a major terrorist act is perpetrated anywhere in the world;
 - v. the Company or the Manager breaches law;
 - vi. there is a material adverse change, or event involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company.

Please note that the above is not an exhaustive list of the termination events in the Offer Management Agreement.

9.3. Prime Broker Agreements

The Company has appointed UBS AG, Australia to be Prime Broker and UBS Nominees Pty Limited as Custodian for the Company. Both are members of the UBS group of companies. The appointments were made pursuant to prime brokerage customer documents (the "Customer Documents") entered into between the Company and the Prime Broker for itself and as agent for certain members of the UBS group of companies (the "UBS Companies") and the Custodian.

These services may include the provision to the Company of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Company may also utilise the Prime Broker, other members of the UBS group of companies and other brokers and dealers for the purposes of executing transactions for the Company.

The fees of the Prime Broker and the Custodian are payable by the Company. The Prime Broker has no decision making discretion relating to the investment of the assets of the Company and makes no representation in respect of the Company or the investment of the assets of the Company.

Certain assets of the Company will, subject to the following paragraph, be held by the Custodian in segregated accounts together with assets deposited by it on behalf of other customers of the Custodian or the Prime Broker.

Such Assets will not be mixed with the property of the Custodian or the Prime Broker and should not be available to third party creditors of the Custodian or the Prime Broker in the event of insolvency of the Custodian or the Prime Broker (as the case may be). However, the assets of the Company held by a Custodian will be subject to a charge to secure the Company's obligations to the Prime Broker.

The obligations of the Company to the Prime Broker in respect of any transactions will be secured by transferring to the Prime Broker by way of security title to certain investments, cash or other assets of the Company (together referred to as "Collateral"). The Prime Broker is entitled to sell, lend or otherwise use any Collateral for its own purposes, subject to an obligation to return equivalent Securities or cash value. Such Collateral is not segregated from the Prime Broker's own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.

Under the Customer Documents, the Prime Broker is not responsible for and is not liable for any loss on settlement of a transaction, any acts or omission of the executing broker, its employees or agents, non-compliance with any regulatory requirements to report transactions, refusing to settle a transaction or failing to notify the Company of its failure to settle a transaction (except where the Prime Broker performs such functions in its own capacity).

Where the Company intends to short-sell securities it is anticipated that the securities will be borrowed from or by the Prime Broker under the Customer Documents. Under the terms of the Customer Documents, the Company may seek to borrow the securities with a borrowing request. If the Prime Broker accepts the Company's borrowing request, the Prime Broker will deliver the securities borrowed to the Company or as the Company directs.

The Company will have an obligation to redeliver the securities borrowed or equivalent securities on an agreed date or otherwise the Prime Broker may call for the redelivery at any time by giving notice on any Business Day of not less than the standard settlement time for such

equivalent securities. The Company must provide Collateral to secure its obligations under the relevant Customer Documents. The amount of Collateral is the value of the securities borrowed plus a margin. In the event that the value of the securities borrowed plus a margin exceeds the Collateral provided, further Collateral will need to be delivered so that the Collateral equals the value of securities borrowed plus the margin.

UBS Nominees Pty Limited will provide custody services for the assets of the Company (but not those assets which the Cash Custodian may hold from time to time) including documents of title or certificates evidencing title to investments, held on the books of the Prime Broker as part of its brokerage function in accordance with the terms of the Customer Documents. The Custodian may appoint sub-custodians, including a member of the UBS group, for such investments.

The Company may remove UBS AG, Australia Branch as the Prime Broker and UBS Nominees Pty Limited as the Custodian and appoint another prime broker and custodian in their respective place at any time without notice to investors.

Neither the Prime Broker, the Custodian nor any UBS Company will be liable for any loss to the Company resulting from any act or omission in relation to the services provided under the terms of the Customer Documents unless such loss results directly from the gross negligence, willful default breach of contract or fraud of the indemnified person.

The Prime Broker and the Custodian are providers to the Company and are not responsible for the preparation of this Prospectus or the activities of the Company and therefore accepts no responsibility for any information contained in this Prospectus. Neither the Prime Broker nor the Custodian will participate in the investment decision-making process for the Company.

9.4. Director Protection Deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company.

The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

10. ADDITIONAL INFORMATION

10.1. Incorporation

The Company was incorporated in Victoria on 20 January 2016.

10.2. Balance date and Tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be taxed as a public company.

10.3. Rights Attaching to the Shares

The following information is a summary of the Company Constitution. Investors have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- a. the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (1 vote per Shareholder) and on a poll (1 vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- b. the right to receive dividends, according to the amount paid up on the Share;
- c. the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- d. Subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

10.4. Rights attaching to the Options

The terms and conditions of the Options are as follows:

Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

Transfer / transmission

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

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 per Option being exercised.

A Option may be exercised on any Business Day from issue to 29 September 2017 but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend entitlement

Options do not carry any dividend entitlement. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from issue.

Participating rights

For determining entitlements to the issue, Option holders may only participate in new issues of Securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least 6 business days' notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.

If, between the date of issue and the date of exercise of a Option, the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of 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 1 Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) 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.

If there is a bonus issue to the holders of Shares in the capital of the Company, 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.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

ASX listing

Options are expected to be quoted on the ASX.

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 Shares of the Company.

10.5. Dividend Reinvestment Plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan (**Plan**) comprise shareholders:

- a. whose address, as it appears in the register of members of the Company, is situated in Australia; or
- b. whose address, as it appears in the register of members of the Company, is situated outside Australia, and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible Members may elect to participate in the Plan in respect of all or part of their Shares, which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription price

Shares allotted to participants will be allotted at a price per Share determined by the Directors from time to time in accordance with the Corporations Act and the Listing Rules.

Investment of dividends

In respect of each cash dividend from time to time due and payable to a Shareholder in respect of the member's Plan Shares, the Directors will on behalf of and in the name of the Shareholder subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the subscription price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

ASX Listing

The Company will make application promptly after each allotment of Shares for quotation of such Shares on the official list of the ASX.

Variation or termination of participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

10.6. ASX Waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for any management agreement, which includes the Investment Management Agreement. The Company will apply for a waiver of ASX Listing Rule 15.16 to allow an initial term of 10 years under the Investment Management Agreement. The waiver is expected to be granted prior to the inclusion of the Company in ASX's Official List.

10.7. Investor Considerations

Before deciding to participate in this Offer, you should consider whether the Shares and Options to be issued are a suitable investment for you. There are general risks associated with any investment in the share market. The value of Securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.8. Australian taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian Security holders who hold their Securities on capital account. Different tax implications apply to non-resident Security holders or Security holders whose Securities are held on revenue account.

The comments in this Section 10.8 are general in nature on the basis that the tax implications for each Security holder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Security holder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 10.8 are based on the Income Tax Assessment Act 1936, and the Income Tax Assessment Act 1997, A New Tax System (Goods and Services Tax) Act 1999 and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 10.8 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is

not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 30% for businesses with an aggregate turnover of more than \$2,000,000).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank distributions at 100%, or to the maximum extent possible.

Income tax position of Australian resident Security holders

A general outline of the tax implications associated with the Offer for Australian resident Security holders who hold their Securities on capital account are set out below.

Issue of Shares and Options

The offer comprises the issue of Shares and Options in the Company. To determine the Capital Gains Tax ("CGT") cost base of each asset, an investor's subscription price may need to be apportioned between the Shares and Options based on their respective value. The issue of Shares and Options involves the acquisition of two CGT assets; a Share and an Option (excluding incidental costs) but should not give rise to a taxing event at the time of issue for Security holders.

Fees incurred for brokers services, and other incidental acquisition costs borne by investors, will be included in the tax cost base of the relevant Shares issued. Accordingly, these expenses will be included in the tax cost base of those Shares and will decrease (or increase) any subsequent gain (or loss) realised for capital gains tax purposes upon the event of any disposal of those Shares at a later date.

Disposal of Shares

The disposal of Shares will be a taxing event for Shareholders. Shareholders should derive a taxable capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Shares.

Likewise, Shareholders should generally incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Generally, the capital proceeds that are received as a result of the disposal of the Shares will be equal to the consideration received on disposal. The cost base of the Shares will generally be equal to the amount paid in respect of the acquisition of the Shares plus any incidental costs of acquisition or disposal.

Provided Shareholders (other than corporate Shareholders) have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal.

Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following discount percentages:

- a. 50% for an individual or trust; or
- b. 33.33% for a complying superannuation fund.

Exercise of Options

The exercise of an Option should not give rise to a tax liability for the Option holder. The cost base of the Shares acquired by the Option holders on exercising their Options will have a cost base equal to the consideration paid to exercise the Options plus any incidental costs.

Disposal of Options

The disposal of the Options will give rise to a taxing event. An Option holder should derive a capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Options. Likewise, an Option holder should generally incur a capital loss where the reduced cost base of the Options exceeds the capital proceeds.

Provided an Option holder (other than a corporate Option holder) has held their Options for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following discount percentages:

- a. 50% for an individual or trust; or
- b. 33.33% for a complying superannuation fund.

If ownership of the Options ends by the Options being redeemed, cancelled or by expiring, an Option holder may derive a capital gain if the capital proceeds from the cancellation or expiration of the Option is greater than the cost base of the Option. An Option holder may derive a loss if the capital proceeds from the cancellation or expiration of the Option is less than the reduced cost base of the Option.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30% for companies with an annual turnover of \$2,000,000 or more and 28.5% for companies with an annual turnover of less than \$2,000,000).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Status as a Listed Investment Company (LIC)

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- a. The company must be listed; and
- b. 90% of the Portfolio value must comprise certain permitted investments as defined in section 115 290(4) of the Income Tax Assessment Act 1997.

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment), financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

Goods and Services Tax (GST)

Security holders should not be liable to GST in Australia in respect of the acquisition of Securities under the Offer. Security holders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Securities under the Offer.

Stamp duty

Security holders should not be liable to stamp duty in Australia in respect of the acquisition of Securities under the Offer.

10.9. Legal proceedings

The Company is not involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

10.10. Consents and Responsibility Statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

| Name | Role / Responsible |
|--|--|
| Monash Investors Pty Limited | Investment Manager |
| Watson Mangioni Lawyers Pty Limited | Solicitor to the Offer |
| Pitcher Partners Sydney Corporate Finance Pty Ltd | Investigating accountant for the Company |
| Boardroom Pty Limited | Registry |
| Ord Minnett Limited | Joint Lead Manager and Arranger to the Offer |
| Taylor Collison Limited and Bell Potter Securities Limited | Joint Lead Managers to the Offer |
| UBS AG, Australia | Prime Broker |
| UBS Nominees Pty Ltd | Custodian |
| White Outsourcing Pty Ltd | Proposed accounting to the Company MAIF administrator and valuation services provider |
| Trust Company (RE Services) Limited | Responsible entity of Monash Absolute Investment Fund (ARSN 606 855 501) |

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named and specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. None of the above parties has authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

Each of the Joint Lead Managers has consented to being named as specified above, but does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by that Joint Lead Manager.

10.11. Offer expenses

The Company will pay all of the costs associated with the Offer. These costs are fully described in Section 6.6.

10.12. Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni Lawyers Pty Limited has acted as solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totalling approximately \$100,000 (excluding GST and disbursements) to Watson Mangioni Lawyers Pty Limited.

Pitcher Partners Sydney Corporate Finance Pty Ltd has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates that it will pay amounts totalling approximately \$30,000 (excluding GST and disbursements) to Pitcher Partners Sydney Corporate Finance Pty Ltd.

The Company will pay the Joint Lead Managers a fee equal to 1.50% (plus GST) of the total proceeds raised under the Offer (inclusive of a fee of 1.2% (plus GST) of the total gross proceeds to each Joint Lead Manager equally and a fee of 0.3% (plus GST) of the total gross proceeds to Ord Minnett Limited, as arranger). In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (or through its retail broking channel).

Certain partners and employees of the above firms may subscribe for Shares and Options in the context of the Offer.

11. DEFINITIONS AND INTERPRETATION

11.1. Defined Terms

In this Prospectus:

Absolute Return means the Company's investment strategy aimed at achieving a targeted positive return using investment techniques including the use of Long Positions and Short Positions, price targets, stop loss levels, cash holdings and Derivatives.

AFSL means Australian Financial Services License.

Applicant means an applicant for Shares and Options under this Prospectus.

Application means an application for Shares and Options under this Prospectus.

Application Form means the General Offer Application Form or Broker Firm Application Form (as applicable), each in the form attached to this Prospectus.

Application Monies means the Application Price multiplied by the number of Shares applied for.

Application Price means \$1.00 per Share.

Arranger means Ord Minnett Limited.

ASIC means the Australian Securities and Investments Commission.

ASX or Australian Securities Exchange means the ASX Limited or the Securities exchange operated by ASX Limited.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).

Beta is a measure of the portfolio's risk compared to that of the market as a whole. A Beta greater than 1 means that the portfolio will tend to move more than the market; a Beta of less than 1 means that the portfolio will tend to move less than the market.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.2.

Broker Firm Offer Closing Date means the closing date of the Broker Firm Offer, expected to be 5.00pm, 23 March 2016 or such other date as the Company may determine in its discretion.

Closing Date means the date by which valid Application Forms must be received, expected to be 5.00pm, 31 March 2016 or such other date as the Company may determine in its discretion.

Collateral means such Securities or financial instruments or cash which the Company delivers or is required to deliver to the Prime Broker for the purpose of meeting any margin

requirement in accordance with the Prime Brokerage Agreements, and includes any certificate or other documents of title and transfer in respect of such Securities, financial instruments or cash.

Company means Monash Absolute Investment Company Limited (ACN 610 290 143).

Constitution means the constitution of the Company.

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

Custodian means the custodian of the Company, initially being UBS Nominees Pty Ltd.

Derivatives means a security, such as an option or futures contract whose value depends on the performance of an underlying asset and includes exchange traded and over-the-counter Derivatives.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of the Prospectus, a copy of which can be downloaded at www.monashinvestors.com.

Events are catalysts, information or news about an equity investment that the Investment Manager considers is likely to have an impact on the valuation of the investment.

Event Stocks are securities that, in the Investment Manager's view, are due to experience, or have experienced, a catalyst that has not yet been factored into the value of the company is defined in section 3.3.

Exchange traded Derivative means a derivative that is quoted and may be traded on a regulated exchange.

Exposure Period means the period of 7 days after the date of lodgement of the Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

General Offer means the offer referred to in Section 2.1.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer.

GST means Goods and Services Tax and has the same meaning as contained in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Group Trades or Group means a group of securities within the Portfolio that have a relationship of some kind.

High Water Mark means the NTA at the end of the last Performance Fee Period for which the Investment Manager was entitled to a performance fee, calculated before all taxes and corporate expenses but after payment of all Management and Performance Fees and adjusted for any dividends paid or any capital changes (such as the issue of Securities or share buy-backs) since that time. Prior to payment of the first performance fee, the High Water Mark is taken to be the NTA before all taxes and corporate fees at listing.

Hurdle means the average the RBA Cash Rate expressed as a percentage over the Performance Fee Period, being the average of the RBA Cash Rate over the Performance Fee Period expressed as a percentage.

Investment Manager means the Investment Manager of the Portfolio appointed under the terms of the Investment Management Agreement, being Monash Investors Pty Limited.

Investment Management Agreement means the investment management agreement between the Investment Manager and the Company, the terms of which are summarised in Section 9.1.

Investment Strategy means the investment strategy to be used by the Investment Manager in relation to the Portfolio.

IPO means initial public offering.

Joint Lead Managers means Ord Minnett Limited, Bell Potter Securities Limited and Taylor Collison Limited.

LIC means listed investment company.

Listing Rules means the listing rules of the ASX.

Long and Short Positions means Long Positions and Short Positions.

Long Outlook Positions means Long Positions held in Outlook Stocks based on the Investment Manager's view that the current valuation for the relevant securities does not reflect the future earnings potential of the business which the Investment Manager considers to have strong business outlooks with large valuation upside and moderate to low downside risk.

Long Position means holding a positive amount of an asset in the expectation that the value of that asset will appreciate.

Management Fee means the management fees payable to the Investment Manager in accordance with the Investment Management Agreement.

Maximum Drawdown is a measure of the peak-to-trough decline during a specific record period of an investment, fund or commodity. It is an indicator of downside risk over a specified time period.

Maximum Subscription means the maximum subscription being sought by the Company (before oversubscriptions) under the Offer, being \$80,000,000.

Minimum Subscription means the minimum subscription being sought by the Company under the Offer, being \$25,000,000.

NAV or Net Asset Value means the value of the Company's total assets less the value of any liabilities.

NAV of the Portfolio means the net asset value of the Company's Portfolio from time to time.

NTA or Net Tangible Assets means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities.

Offer means the offer of up to 80,000,000 fully paid ordinary Shares (at an Application Price of \$1.00 per Share) to raise up to \$80,000,000 (with the ability to accept oversubscriptions to raise up to a further \$20,000,000). In addition, the Company will issue one Option for every Share issued to an Applicant, with each Option exercisable at \$1.00 on or before 29 September 2017.

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 2 March 2016.

Option means an option to be issued a Share with an exercise price of \$1.00 expiring on 29 September 2017 and otherwise on the terms set out in Section 10.4.

Outlook Stock is defined in section 3.5.

Over-the-counter Derivative means a derivative that is not quoted on a regulated exchange and so may only be traded in an unregulated, or over-the-counter fashion.

Pair Trades or Pairs means Long and Short Positions within the Portfolio from time to time that are equal in dollar value or size and have a relevant statistical correlation or a 'common sense' relationship.

Performance Fees means the performance fees payable to the Investment Manager in accordance with the Investment Management Agreement.

Performance Fee Period is the period over which the Performance Fees are calculated in the Investment Management Agreement. Generally, this will be a 12 month period commencing on 1 July and ending on 30 June. The first Performance Fee Period will be shorter, it will commence on the date the Company issues Shares and Options under the Offer and will end on 30 June 2016. If the Investment Management Agreement ends on a day other than 30 June, the final Performance Fee Period will start as normal but will end on the last day of the term.

Portfolio means the portfolio of investments of the Company.

Pre-IPO means before an IPO of the relevant entity's shares on a securities exchange.

Pre-IPO securities means unlisted equities (including convertible notes) issued by entities that the Investment Manager expects to become listed in the foreseeable future (typically between 9 months and 2 years).

Prime Broker means UBS AG, Australia.

Prime Brokerage Agreements means the suite of agreements between the Company, the Prime Broker and the Custodian, the terms of which are summarised in Section 9.3.

Product Launch Stocks are securities issued by early stage businesses that in the process of launching a new product or expanding into a new region, which the Investment Manager believes is highly attractive to the business, and may be higher risk.

Prospectus means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.

RBA Cash Rate means the cash rate set by the Reserve Bank of Australia.

Registry means Boardroom Pty Limited.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

S&P/ASX Indices means indices of asset classes or segments of those asset classes associated with ASX listed securities, calculated by Standard & Poor.

S&P/ASX100 means the index comprised of the 100 largest index-eligible securities listed on the ASX by float adjusted market capitalisation.

S&P/ASX200 Accumulation Index or ASX200 means the index comprised of the 200 largest index-eligible securities listed on the ASX by float adjusted market capitalisation.

S&P/ASX300 Index means the index comprised of the 300 largest index-eligible securities listed on ASX by float adjusted market capitalisation.

Securities means the Shares and Options the subject of the Offer or, if the context requires, has the meaning given in Section 92 of the Corporations Act.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Sharpe Ratio is a measure for calculating risk adjusted return.

Short Outlook Positions means Short Positions held in Outlook Stocks based on the Investment Manager's view that the current valuation for the securities does not reflect the future earnings potential of the business which the Investment Manager considers to have poor business outlooks with large valuation downside.

Short Position means borrowing an asset (security) and then selling it in the expectation that the value of the relevant Security will depreciate. The short position is covered by buying back the asset, theoretically at a lower price to make a profit. The borrowed relevant Security is then returned.

Short Selling or Shorting means selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date. Short Selling also includes achieving this outcome through the use of Derivatives.

Stop loss levels are determined by the Investment Manager based on either share price movements (for Outlook Stocks or Product Launch Stocks) or the occurrence of thesis violations for Event trades (for example the identified catalyst does not impact the valuation of a security as expected). Once a stop loss level has been triggered the Investment Manager must take action to limit the Company's loss on the relevant security position.

Value at Risk or VAR is a measure of the risk of investments. It estimates how much a set of investments might lose, given normal market conditions, in a set time period such as a day. VAR is typically used by firms and regulators in the financial industry to gauge the amount of assets needed to cover possible losses.

11.2. Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- a. Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- b. The singular includes the plural and vice versa;
- c. A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- d. A reference to any gender includes both genders;
- e. reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- f. A reference to "dollars" or "\$" is to Australian currency; and

11.3. Headings are for ease of reference only and do not affect its interpretation. Governing Law

This Prospectus is governed by the laws of New South Wales.

11.4. Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company and each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

Dated: 23 February 2016

CORPORATE DIRECTORY

Officers

Directors

Paul Clitheroe (Chairman)
Suvan de Soysa
Simon Shields

Company secretary

Mark Studd

Registry

Boardroom Pty Limited

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Telephone (within Australia):
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Telephone (outside Australia):
(+612) 9290 9600

Joint Lead Managers

Ord Minett Limited

Level 8, NAB House
255 George Street
Sydney NSW 2000

Bell Potter Securities Limited

Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Taylor Collison Limited

Level 16
211 Victoria Square
Adelaide SA 5000

Manager

Monash Investors Pty Ltd

Level 5
139 Macquarie St
Sydney NSW 2000

Investigating Accountant

Pitcher Partners Sydney Corporate Finance Pty Ltd

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19 Martin Place
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

Registered Office

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