

## Monash Absolute Investment Company Limited

### ASX Announcement

14 February 2019

### SECURITIES TRADING POLICY

In accordance with ASX Listing Rule 12.10, Monash Absolute Investment Company Limited (ASX: **MA1**) advises that it has amended its Securities Trading Policy with effect from 14 February 2019.

A copy of the revised policy is attached.

**Laura Newell**  
Company Secretary

## **6. Securities Trading Policy**

### **6.1. Purpose**

The Board has established this policy to:

- Detail the circumstances in which Restricted Persons (defined below) may trade in Monash Securities;
- Assist Restricted Persons to comply with the insider trading laws under the Corporations Act 2001 (Cth) or avoid market misconduct; and
- Protect the reputation of the Company in relation to trading by Restricted Persons in Monash Securities.

### **6.2. Policy**

All Restricted Persons to whom this policy applies are prohibited from:

- (a) Dealing in Monash Securities or in any other securities where the person dealing in the securities has Inside Information in relation to those securities;
- (b) Passing on Inside Information to others who may deal in securities;
- (c) Dealing in Closed Periods (see Section 6 below); and
- (d) Speculative or short-term trading in Monash Securities. Short-term trading refers to trading in or out of Monash Securities within a 12 month period.

An explanation of the insider trading laws is included in Annexure A.

All Restricted Persons must adhere to the Securities Trading Policy. The Board regards any breach of this policy as a serious matter which may lead to disciplinary action up to and including termination of employment or appointment.

### **6.3. Trading in securities of other entities**

Restricted Persons may have Insider Information on other entities, through their role with the Company. As such, Restricted Persons are prohibited from any form of insider trading in the securities of other entities.

### **6.4. Application**

This Securities Trading Policy and the restrictions on trading in Monash Securities contained therein applies to the following representatives of the Company (Restricted Persons):

- (a) the Directors;
- (b) directors or company secretary of any subsidiary of the Company;
- (c) any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company;
- (d) any executive;
- (e) a Key Service Provider in possession of Inside Information of the Company; and
- (f) the Company Secretary.

## **6.5. Associated Parties**

Each Restricted Person must take all reasonable steps to ensure that his or her “associated parties” (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions that apply to Restricted Persons.

## **6.6. Closed Periods**

As the Company is a listed investment company which announces its investment updates and Net Tangible Assets (NTA) at least monthly on the ASX, the Board believes the Shareholders are generally fully informed.

In addition to the overriding prohibition on dealing when a person is in possession of Inside Information, Restricted Persons and their associated parties are prohibited (unless otherwise approved in writing by the Board) from dealing in shares during each of the Company’s Closed Periods which are:

- A period of 5 business days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price; or
- From the end of the half year or full year until the trading day after the results for the half year or full year are released to the market by way of ASX announcement; and
- Any other Closed Period that, the Board may from time to time designate under the Securities Trading Policy.

For the avoidance of doubt:

- Restricted Persons may not deal at any time while in possession of “Inside Information”, even if the proposed dealing falls outside a Closed Period; and
- It is the responsibility of a Restricted Person to check that any proposed dealing in Monash Securities does not fall within a Closed Period.

## **6.7. Board of Directors’ discretion**

The Board has an absolute discretion to place an embargo on Restricted Persons and/or employees and/or their respective associated parties trading in Monash Securities at any time.

## **6.8. Notification rules in relation to proposed dealing in Monash Securities**

Restricted Persons are required to notify the Company of intended dealings in Monash Securities, by themselves or their associated parties, prior to undertaking any intended dealing. This is to be done by submitting a written notice to the Company Secretary (a “Request to Trade”) outlining all of the following:

- (a) The exact name of the Shareholder, including their SRN or HIN;
- (b) The type of proposed transaction (purchase, sale, etc.);
- (c) Details of the securities to be traded (shares, options, rights, etc.);
- (d) The number of securities involved;
- (e) A certification by the applicant that they are not in the possession of any Inside Information that might preclude them from trading at that time; and

(f) In the event of exceptional circumstances (refer to Section 11 of the policy), particulars of the exceptional circumstances.

The Company Secretary will confer with the Chairperson to decide on any proposed dealing. In the absence of the Chairperson, the Company Secretary will confer with the Chairperson of the Audit & Risk Committee.

If the Request to Trade is approved, written approval (a “Clearance to Trade”) will be issued. If the Request to Trade is not approved, the refusal will be communicated in writing (normally by email).

Restricted Persons seeking to trade must be in receipt of a Clearance to Trade prior to trading. Any Clearance to Trade is valid for 5 business days only, unless explicitly stated otherwise.

Any Request to Trade by submitted by the Chairperson will be referred by the Company Secretary to the Chairperson of the Audit & Risk Committee for decision.

The Chairperson and the Company Secretary must keep a written record of any information received from a Restricted Person in connection with the Securities Trading Policy and any Clearance to Trade or refusal to grant clearance given under the policy.

#### **6.9. Request to trade acknowledgements**

A Restricted Person submitting a Request to Trade in Monash Securities in so doing acknowledges that:

- (a) Any Request to Trade can be approved or rejected by the Company in its discretion, without providing any reason;
- (b) A Clearance to Trade can be withdrawn if there is a change in circumstances or the Company becomes aware of new information;
- (c) A decision to reject a Request to Trade is final and binding on the person applying for clearance; and
- (d) If the Request to trade is not approved, the person seeking clearance must keep that information strictly confidential.

#### **6.10. Directors to notify ASX of shareholding**

The Directors are required to complete, or request that the Company Secretary complete, necessary forms to be filed with ASX in respect of their shareholding in the Company for the purposes of section 205G of the Corporations Act and the Listing Rules.

All Directors have, and new Directors will, enter into a Director disclosure agreement or equivalent document with the Company (as set out in Guidance Note 22 of the Listing Rules). The Company Secretary will maintain records of signed copies of these Director disclosure agreements or equivalent document.

#### **6.11. Exceptional Circumstances**

Where, in exceptional circumstances, and it is the only reasonable course of action available to a Restricted Person (e.g. a pressing financial commitment that cannot be satisfied otherwise) clearance may be given for the Restricted Person to sell (but not to purchase) Monash Securities when that person would otherwise be prohibited from doing so. In this section 6.11 “exceptional circumstances” means severe financial hardship, a court order (or court enforceable undertaking), or some other

overriding legal or regulatory requirement, to transfer or sell shares in the Company, or other circumstances that may be deemed exceptional by the Chairperson. For example, a Restricted Person may be in severe financial hardship if he or she has a pressing financial commitment that cannot otherwise be satisfied.

The Chairperson may not approve the Request to Trade under the exception in section 6.11 if there is a matter about which there is Inside Information in relation to Monash Securities (whether or not the Restricted Person knows about the matter) when the Restricted Person requests clearance or proposes to deal in Monash Securities.

The Chairperson will decide if circumstances are exceptional.

Any clearance given by the Chairperson in accordance with section 6.11 must be in writing (which may be in the form of an email). The maximum duration of the clearance is 5 business days and the Chairperson must determine, and specify in the written clearance, any variation to this duration period.

#### **6.12. Trading not subject to this Securities Trading Policy**

The following dealings are not subject to the provisions of this Securities Trading Policy in respect of the Company:

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (b) the take up of entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (d) the sale of sufficient entitlements to allow take up of the balance of the entitlements under a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer or pursuant to a scheme of arrangement implemented in accordance with section 411 of the Corporations Act;
- (f) transfer of shares arising out of the operation of an employee scheme into a savings scheme investing only in Monash Securities following:
  - (i) the exercise of an option under a savings related share option scheme; or
  - (ii) release of shares from a profit sharing scheme;
- (g) the cancellation or surrender of an option under an employee scheme;
- (h) the purchase of shares or the communication of information pursuant to a requirement imposed by law;
- (i) transfers of shares by an independent trustee of an employee share scheme to a beneficiary who is not a person;
- (j) bona fide gifts to a Director by a third party;
- (k) transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;

(l) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;

(m) where a Restricted Person is a trustee, trading in the securities of the entity by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person; and

(n) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue.

### **6.13. Hedging**

A Restricted Person must not enter into hedging arrangements with respect to Monash Securities.

Hedging arrangements include entering into transactions in financial products that operate to limit the economic risk associated with holding securities in the Company.

### **6.14. Margin Loans**

A Restricted Person must not include his or her securities in the Company in a margin loan portfolio or otherwise deal in Monash Securities pursuant to a margin lending arrangement without first obtaining the Company's consent. Such dealing would include:

- (a) entering into a margin lending arrangement in respect of Monash Securities;
- (b) transferring securities in the Company into an existing margin loan account; and
- (c) selling securities in the Company to satisfy a call pursuant to a margin loan.

The Company may, at its discretion, make any Request to Trade issued in accordance with this Clause 6.14 conditional upon such terms and conditions as the Company sees fit (for example, in regards to the circumstances in which Monash Securities may be sold to satisfy a margin call).

### **6.15. Defined Terms and Glossary**

Refer to the Monash Glossary of Terms, a copy of which is available in the corporate governance section of the Company's website.

### **Annexure A: Insider Trading Laws**

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## **Introduction**

The Corporations Act prohibits any dealing by an individual in a Company's securities while that person is in possession of Inside Information (defined below) regarding that Company.

In addition, the Securities Trading Policy sets out additional restrictions which apply to Restricted Persons.

The effect of the law is to impose a number of significant restrictions on Directors, Officers and Executives of the Company along with Key Service Providers when they deal in Monash Securities. As fiduciaries, Directors, Officers and Executives of the Company must not utilise their position for their own gain or for the gain of any person other than the Company.

The Corporations Act imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. These criminal penalties can include heavy fines and imprisonment. Any perception of improper conduct by Directors, Officers and Executives of the Company also has the potential to substantially damage the Company's reputation.

The Company has included this Annexure to the Securities Trading Policy in an effort to prevent the incidence of insider trading in Monash Securities. The Annexure provides a general summary of the law in Australia in relation to insider trading. It is the personal responsibility of each Director, Officer and Executive of the Company to comply with Insider Trading laws.

## **Overview of the insider trading provisions in the Corporations Act**

It is illegal for anybody to deal in any securities of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

(a) is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's Continuous Disclosure Policy); and

(b) might have a material effect on the price or value of those securities if it was generally available. (Inside Information).

This prohibition extends to procuring another person to deal, and, in the case of shares of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the shares in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties.

Any Restricted Person in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

## **Dealing with security analysts, institutional investors and journalists**

A Restricted Person may be exposed to others outside the Company such as security analysts, institutional investors and journalists. It is important that all Restricted Persons be aware that selective disclosure of non-public information may result in a breach of the insider trading rules.

It is important to emphasise that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed.

It is possible to convey information in breach of Insider Trading laws by expressing subjective attitudes about the Company's performance or by calling attention to selective information not available as an aggregate to the general public. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with any analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Company has made full public disclosure of the information. The Company Secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information.

No public comments should be made regarding any previously undisclosed operating results or other developments unless authorised by the Company.