

Annual Report 2016

Period Ended 30 June 2016

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**Monash Absolute Investment
Company Limited
Annual Report
for the period ended 30 June 2016**

Monash Absolute Investment Company Limited
Corporate directory

Directors	Paul Clitheroe AM (Chairman) Suvan de Soysa (Independent Director) Simon Shields (Non-independent Director)
Secretary	Tharun Kuppanda
Investment Manager	Monash Investors Pty Limited Level 5, 139 Macquarie Street Sydney NSW 2000 Phone:
Registered office	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600
Administrator	White Outsourcing Pty Limited Level 4, 99 Bathurst Street Sydney NSW 2000 Phone: (02) 8262 2800 Fax: (02) 9221 1194
Custodian	UBS Nominees Pty Ltd Level 16, 2 Chifley Square Sydney NSW 2000 Phone: (02) 9324 3100
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600 Fax: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au
	For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.
Auditors	Pitcher Partners Level 22 MLC Centre 19 Martin Place Sydney NSW 2000 Phone: (02) 9221 2099
Stock exchange	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: MA1 Ordinary shares ASX code: MA1O Options \$1.00 expiring 29 September 2017
Website	www.monashinvestors.com

Monash Absolute Investment Company Limited

Annual Report - For the period ended 30 June 2016

Contents

	Page
Chairman's Letter	1
Chief Investment Officer's Report	3
Company Profile	5
Investments at Market Value	8
Corporate Governance Statement	9
Directors' Report	10
Auditor's Independence Declaration	17
Financial Statements	
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Directors' Declaration	42
Independent Auditor's Report to the Members	43
Shareholder Information	45

Chairman's Letter

Dear Fellow Shareholders,

It is my pleasure to welcome you as a shareholder of Monash Absolute Investment Company Limited (the Company). This is the first Annual Report for the Company. After a successful capital raising, the Company was listed on the ASX on 12th April 2016 (inception date). On behalf of the Board I would like to thank all our shareholders for their support of the Company during this relatively short period of trading as a public Company.

Investment Portfolio

Following the Company's ASX listing, the Investment Manager, Monash Investors Pty Limited, began investing in the investment portfolio and at the end of 30th June 2016, the Company's portfolio structure looked like this:

Stock	Number of Positions	(%)
Outlook Stocks (Long Stocks)	19	71%
Outlook Stocks (Short)	2	-7%
Event, Pair and Group (Long)	5	14%
Event, Pair and Group (Short)	2	-5%
Cash		27%
Total		100%
Gross Exposure		97%
Net Exposure		73%

The key outlook long position stocks were Challenger Limited (CGF), G8 Education Limited (GEM), Greencross Limited (GXL), Emerchants Limited (EML), Yowie Group Ltd (YOW), Netcomm Wireless Limited (NTC) and Silver Chef Limited (SIV). There were also a couple of holdings in major banks around 30th June to take advantage of the effect of Brexit, which temporarily pushed down share prices globally. These were exited shortly afterwards.

The key outlook short positions were Woolworths Limited (WOW) and Cocoa-Cola Amatil Limited (CCL).

More detailed information on the Company's investment objectives and strategy can be found in the Company Profile section and the Chief Investment Officer's report in this Annual Report.

Investment Performance, NTA after taxes, fees and other costs

The gross portfolio return for the Company before all fees and expenses was approximately +0.51% for the period and the return (before tax and after all costs) was -0.26% from inception date to 30 June 2016.

The cost of capital raising, net of tax totalled \$1,389,048. There was no performance fee payable to the Investment Manager for this period.

As at the 30 June 2016, the pre-tax net tangible asset backing (NTA) of the Company was \$0.9605 per share. The NTA post tax as at the 30 June 2016 was \$0.9724.

Dividend

As disclosed in the Company's Prospectus dated 23rd February 2016, the Company intends to pay a dividend at the end of its first full financial year, 30 June 2017, and accordingly no dividend was declared for the period ended 30 June 2016.

Options

As all shareholders would be aware, under the IPO for the Company, shareholders were issued with options (for no additional consideration) of 1 option for every 1 share issued under the IPO. Each option is exercisable at \$1.00 at any time after the issue on or before 29 September 2017.

Company Outlook

The search for investment returns in a low inflation and low interest environment is not a simple challenge for any investor. In my lifetime I have never seen interest returns on deposits at such low levels. Properties, in particular in our bigger cities are selling at quite extraordinary prices and the traditional "blue chip" shares which have generally performed well for investors are in the main, fully priced.

So a "different" philosophy to share selection as outlined in the prospectus and the Chief Investment Officers report that follows is of great interest to me and I know to my fellow shareholders in this Company. It is very early days for the Company, but I share the Investment Managers confidence that it is well placed for future growth.

Shareholder Communication

I strongly recommend you to go to the Company's website at www.monashinvestors.com where you will find the Company's regular shareholder communications including Net Tangible Assets (NTA) announcements, investor presentations and corporate governance information.

I encourage shareholders and prospective investors to use the "Subscribe Here for MA1 updates" feature on the Company's website to receive the Company's regular shareholder updates as and when they are made available.

The Company's AGM will be held in Sydney on 10th November 2016 and I look forward to the opportunity to meet you then.



Paul Clitheroe AM

Chief Investment Officer's Report

Monash Absolute Investment Company Limited ("the Company") invests in the Australian Equity market with an absolute return focus. The Company's objective is to achieve a targeted positive return over a market cycle (typically 5 to 7 years) while having a focus on capital preservation each financial year.

By way of contrast, most equity portfolios typically have a relative return focus, in that they seek to beat a market benchmark, such as the ASX200. In doing so they tend to rise and fall with the market, with a mixture of positive and negative return years, even if they are able to outperform it.

Our approach to absolute return investing involves looking for significantly mispriced stocks. Our confidence in these opportunities is improved by identifying recurring business situations or patterns of behaviour by companies, brokers and investors that have resulted in predictable outcomes.

Additionally, where we wish to buy a stock, we are looking for businesses that are underestimated by the market, have high growth in revenue or earnings, have a high payoff to our price target, and may have a near term catalyst.

We are also able to borrow shares that we don't own and then sell them – this is known as short selling. It allows us to profit from a fall in the price of a stock.

We have a number of capital preservation strategies, though there is no silver bullet. These include setting price targets, diversification, reducing market exposure and adopting a financial year time horizon.

Following receipt of subscription capital, we made the Company's first investments in mid-April 2016 and by the end of that month the Company's portfolio was 44% invested (net of short positions). This had increased to 73% by 30 June 2016. The portfolio was comprised 85% of stocks held long, less 12% of stocks held short.

This balance between stocks owned, stocks shorted, and cash, is typical for the strategy, and does not indicate that the portfolio is set to be either particularly bullish or bearish. Decisions are made on a "bottom up" basis – if we find an opportunity we will pursue it (long or short) otherwise we will stay in cash.

Although the Company's portfolio focuses on stocks from the "bottom up", by necessity we need to be aware of "top down" influences, and we are often asked our view of the market. With prices averaging around 18x earnings per share for large companies, it is a relatively expensive market, compared to times when inflation and interest rates were higher.

We believe that the unusually low interest rates that we are seeing are driven by demographic and technological factors, and so will remain low by historical standards for the foreseeable future.

On the demographic side, aging societies mean that there are proportionally less peak “spenders” needing capital. At the same time there are more people competing with each other as providers of capital, looking for returns to fund their later years. This has reduced equilibrium interest rates.

On the technological side, businesses are increasingly efficient and responsive, and consumers are able to search for lower prices and obtain them more easily than ever. These trends driven by computing and communication advances push prices down and they are still playing out, encouraging central banks to lower interest rates in the hope of avoiding deflation.

The flipside of low interest rates and bond yields, is high bond prices. We see the same effect in equities, which is driving those 18x Price/Earnings ratios for relatively ordinary businesses. Any stock with high teens earnings growth rates tends to be on a PE in the 20x's. However, if growth falters they see their multiples collapse. So, co-incident with these higher than usual market P/E ratios, we will likely be experiencing higher volatility at a stock level and at a market level.

We think that the Company's portfolio is suited to such an environment, because we only seek to hold stocks that we find compelling, otherwise we stay in cash. We sell stocks when they achieve our price targets, and we are ready to buy when they are cheap. In this way the exposure of the portfolio to the market changes, as opportunities open and close.

As it is currently positioned, the Company's portfolio has an exposure to a variety of companies that have strongly growing businesses. This is often due to store rollout, market penetration of a product or geographic expansion. We see this across a number of industries: financial services, healthcare, medical devices, retailing, sport & leisure, and telecommunications. On the other hand, we have generally avoided banks and resources and are finding few opportunities in the top 100.

This has resulted in the first 4 months of managing the Company portfolio in a result that has been less volatile than the market indices, and a return that has been a small loss after fees over that time. Our portfolio has a long bias and the main driver of our performance should be those companies executing on their opportunities and delivering strong growth in cash flow and earnings.

I look forward to reporting on our progress.



Simon Shields
Principal
Monash Investors

Company Profile

Investment Objective

The investment objectives of Monash Absolute Investment Company Limited ("the Company") are:

- to achieve a targeted positive return over a full investment cycle which it considers to be a minimum period of 5 to 7 years; and
- avoid a negative return each financial year.

Investment Strategy

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

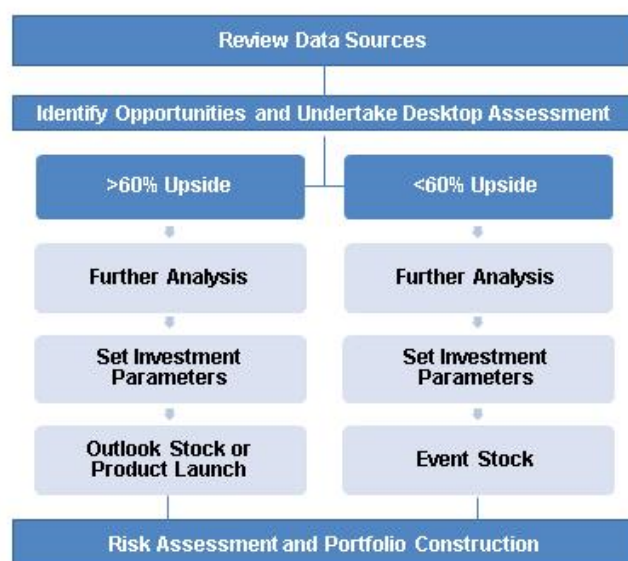
Investment Philosophy

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

- **Insight:** securities that are considered 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;
- **Value:** securities that represent a high expected pay-off to a target price the Company sets; and
- **Event:** securities identified with a near term event or catalyst that the Company believes should drive a share price reaction.

INVESTMENT PROCESS

To achieve its objectives, the Company's Investment Manager employs the following investment process which generally involves the steps set out in the diagram below:



INVESTMENT PROCESS (continued)

Review Data Sources (Idea Generation)

The Company's Investment Manager applies its investment philosophy to help identify securities that have one or more of the characteristics **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 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.

Identify Opportunities and Undertake Desktop Assessment

Once a potential opportunity is found, a desktop assessment is undertaken to determine whether the security meets the 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. Securities will only qualify as event stocks if the Company can identify an event or catalyst it believes will drive returns.

What are Outlook Stocks or Product Launch Stocks?

Outlook stocks (both long positions and short positions) and product launch stocks 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 Company 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 Company's view, are due to experience, or have experienced, a catalyst that has not yet been factored into the value of the Company (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.

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.

Further Analysis & Setting Investment Parameters (continued)

For event stocks, the Investment Manager considers 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 our 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 outlook stocks or product launch stocks) or the occurrence of thesis violations for event stocks (for example the identified event does not impact the valuation of a security as expected).

Portfolio Construction based on Risk Assessment

The portfolio is constructed in accordance with investment guidelines required by the Company from time to time and it aims to diversify within the portfolio for securities, sectors, countries and investment themes.

Once an investment opportunity is identified, the risk is 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 Company'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.

The Company is able to reduce exposure through holding cash, options, futures and shorting securities. The Company's portfolio may at times have a large amount of cash holdings.

Monash Absolute Investment Company Limited
Investments at Market Value
30 June 2016

Investments at Market Value

	\$	%		\$	%
Banks			Retailing		
COMMONWEALTH BANK OF AUSTRALIA	2,974,800.00	6.98%	HARVEY NORMAN HOLDINGS LIMITED	1,166,330.00	2.74%
WESTPAC BANKING CORPORATION	2,998,800.00	7.01%	KOGAN.COM LIMITED	599,400.00	1.41%
	5,973,600.00	13.99%	LOVISA HOLDINGS LIMITED	1,174,980.24	2.76%
				2,940,710.24	6.91%
Capital Goods			Software & Services		
SILVER CHEF LIMITED	1,776,250.40	4.17%	1-PAGE LIMITED	636,398.91	1.49%
TZ LIMITED	546,156.98	1.28%	ADSL0T LIMITED	373,969.09	0.88%
	2,322,407.38	5.45%	ESERVGLOBAL LIMITED	423,345.51	0.99%
Consumer Durables & Apparel			ISIGNTHIS LTD	96,080.49	0.23%
NEXDIUS PTY LTD	250,002.00	0.59%	LAWONLINE SERVICES PTY LIMITED	100,000.00	0.23%
SKYDIVE THE BEACH GROUP LIMITED	737,588.52	1.73%	LIVEHIRE LIMITED	83,700.00	0.20%
	987,590.52	2.32%	NORWOOD SYSTEMS LIMITED	105,301.17	0.25%
Consumer Services			OTHERLEVELS HOLDINGS LIMITED	281,450.00	0.66%
G8 EDUCATION LIMITED	3,108,660.33	7.29%	PROPHECY INTERNATIONAL HOLDINGS LIMITED	553,663.61	1.30%
	3,108,660.33	7.29%		2,653,908.78	6.23%
Diversified Financials			Technology Hardware & Equipment		
CHALLENGER LIMITED	3,581,450.00	8.40%	CATAPULT GROUP INTERNATIONAL LIMITED	1,684,914.00	3.95%
EMERCHANTS LIMITED	2,938,465.04	6.89%	NETCOMM WIRELESS LIMITED	2,536,642.08	5.95%
	6,519,915.04	15.29%		4,221,556.08	9.90%
Food Beverage & Tobacco			Telecommunication Services		
YOWIE GROUP LTD	2,578,114.38	6.05%	TELSTRA LIMITED	1,562,360.00	3.66%
	2,578,114.38	6.05%		1,562,360.00	3.66%
Health Care Equipment & Services			Total Long Portfolio	42,630,130.80	100.00%
AIRXPANDERS INC	1,060,802.57	2.49%	Total Short Portfolio	(6,021,055.00)	
GREENCROSS LIMITED	2,988,704.16	7.01%			
IMPEDIMED LIMITED	1,586,845.89	3.72%			
MICRO X LIMITED	597,095.10	1.40%			
	6,233,447.72	14.62%			
Materials					
ALEXIUM INTERNATIONAL GROUP LIMITED	368,469.50	0.86%			
LEIGH CREEK ENERGY LIMITED	466,944.00	1.10%			
OROCOBRE LIMITED	1,747,439.90	4.10%			
	2,582,853.40	6.06%			
Pharmaceuticals & Biotechnology					
CYTOMATRIX LIMITED	190,000.00	0.45%			
NOHLA THERAPEUTICS INC.	471,125.44	1.11%			
PRESCIENT THERAPEUTICS LIMITED	283,881.49	0.67%			
	945,006.93	2.23%			

Corporate Governance Statement

The Board of Directors of Monash Absolute Investment Company Limited (the Company) is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement discloses the extent to which the Company has followed the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations).

The corporate governance statement adopted by the Board can be found in the Company's Corporate Governance section <http://www.monashinvestors.com/listed-company/corporate-governance/>

Directors' Report

The Directors present their report together with the financial report of Monash Absolute Investment Company Limited ("the Company") for the period ended 30 June 2016.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Paul Clitheroe AM (Chairman) (appointed 20 January 2016)
Suvan de Soysa (Independent Director) (appointed 20 January 2016)
Simon Shields (Non-independent Director) (appointed 20 January 2016)

Principal activities

The Investment Strategy is to invest in a portfolio of Australian and international listed equity securities, Pre-IPO securities, exchange traded and over-the-counter derivatives and cash.

There was no significant change in the nature of the activity of the Company during the period.

Dividends

There were no dividends paid or proposed to be paid for the reporting period. Further information in respect of the Company's dividend policy is contained in Section 3.8 of the Company's Prospectus which was issued on 23 February 2016.

Review of operations

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 20 January 2016 and commenced operations on 12 April 2016, following its successful listing on the ASX.

The operating loss before tax was \$47,631 for the period ended 30 June 2016. The net result after tax was a loss of \$18,578.

The net tangible asset backing before tax as at 30 June 2016 was \$0.9605 per share.

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on page 1 and the Chief Investment Officer's Report on page 3 of the Annual Report.

Financial Position

The net asset value of the Company for the financial period ended 30 June 2016 was \$51,057,375.

Significant changes in the state of affairs

On 12 April 2016, the Company issued 52,465,000 ordinary fully paid shares at an issue price of \$1.00 and 52,465,000 options to acquire ordinary shares in the Company at an exercise price of \$1.00 with an expiry date of 29 September 2017.

There were no other significant changes in the state of affairs of the Company during the period ended 30 June 2016.

Matters subsequent to the end of the financial period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Likely developments and expected results of operations

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

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on directors

Paul Clitheroe AM Chairman, Non-executive Independent

Experience and expertise

Paul Clitheroe 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. Paul Clitheroe holds the Chair of Financial Literacy at Macquarie University and is a Professor in the School of Business and Economics.

He holds a Bachelor of Arts from the University of NSW.

Other current directorships

Paul Clitheroe was a co-founder of Ipac Securities Limited 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, InvestSMART Group Ltd, a non-executive director of Wealth Defender Limited, an ASX listed investment company as well as Chairman of Money Magazine Australia and the Clitheroe Foundation.

Former directorships in last 3 years

Paul Clitheroe has not held any other directorships of listed companies within the last three years.

Interests in shares and options

Details of Paul Clitheroe's interests in shares of the Company are included later in this report.

Interests in contracts

Paul Clitheroe has no interests in contracts of the Company.

Information on directors (continued)

Suvan de Soysa Non-executive Independent Director, Chairman of Audit & Risk Committee

Experience and expertise

Suvan de Soysa has over 30 years' experience in wealth management. He was a co-founder of Ipac Securities Limited, which became a leading financial planning and portfolio management firm that was acquired by AXA APH in 2002. At Ipac Securities Limited, Suvan held a range of senior executive roles with accountability for financial planning, strategic partnerships, investment product and registry services, and was managing director of the private client business AXA Life subsidiary in the UK. Suvan has consulted extensively to the financial services industry and held a range of governance roles, as a director of Ipac Securities Limited and Ipac Asset Management, and director of joint ventures with several Australian financial institutions. He has served on audit and compliance committees and been a nominated responsible officer on behalf of the trustee of superannuation funds in Australia.

Suvan de Soysa 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.

Other current directorships

No current directorships.

Former directorships in last 3 years

Suvan de Soysa has not held any other directorships of listed companies within the last three years.

Interests in shares and options

Details of Suvan de Soysa's interests in shares of the Company are included later in this report.

Interests in contracts

Suvan de Soysa has no interests in contracts of the Company.

Simon Shields Executive Non-independent Director

Experience and expertise

Simon Shields 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 commenced his career as an analyst with Westpac Investment Management Limited (now part of BT Investment Management Limited), before moving into a portfolio management role. In 1995, he moved to Rothschild Australia Asset Management Limited as a Portfolio Manager, responsible for value-style Australian equities. In March 1998, he joined CFS as a Senior Portfolio Manager, responsible for growth style Australian and New Zealand equities, before becoming the Head of Australian Equities in January 2004. In July 2007, he moved to UBS as Managing Director and Head of Australian Equities and in 2011 also took responsibility for the ING Investment Management Limited Australian equity team following its acquisition by UBS.

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

Other current directorships

Simon Shields is a director and co-founder of Monash Investors Pty Limited.

Former directorships in last 3 years

Simon Shields has not held any other directorships of listed companies within the last three years.

Special responsibilities

Senior Portfolio Manager of Monash Investors Pty Limited.

Interests in shares and options

Details of Simon Shields' interests in shares of the Company are included later in this report.

Information on directors (continued)

Interests in contracts

Details of Simon Shields's interests in contracts of the Company are included later in this report.

Company secretary

Tharun Kuppanda was appointed to the position of Company Secretary on 20 September 2016. Trained as a corporate lawyer, he is an experienced Company Secretary and corporate governance professional. Mr. Kuppanda has been involved in the listing of a number of entities on ASX, as well as advising entities in relation to the listing rules and the Corporations Act. Mr. Kuppanda has worked with Boards and management in both the ASX listed and the unlisted company arenas. His experience covers a range of industries including technology, gaming and mining companies.

Mr. Kuppanda holds a Bachelor of Laws, Bachelor of Business and Commerce (Accounting) and a Graduate Diploma in Legal Practice as well completing training from the Australian Institute of Company Directors in the areas of Financial Statements and Directors Duties.

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each board committee held during the period ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Meetings of committee	
			Audit, Risk and Compliance	
	A	B	A	B
Paul Clitheroe	4	6	0	0
Suvan de Soysa	6	6	0	0
Simon Shields	6	6	0	0

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the period from 20 January 2016

Remuneration report

This report details the nature and amount of remuneration for each Director of Monash Absolute Investment Company Limited in accordance with the *Corporations Act 2001*.

The Directors will be entitled to receive the following benefits:

- (a) Paul Clitheroe: \$50,000 p.a.
- (b) Suvan de Soysa: \$40,000 p.a.

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

Details of remuneration

The following tables show details of the remuneration paid by the Company to the Directors of the Company for the current financial period.

Monash Absolute Investment Company Limited
Directors' Report
For the period ended 30 June 2016
(continued)

Remuneration report (continued)

Details of remuneration (continued)

2016	Short-term employee benefits		Post-employment benefits	
	Salary and fees	Other	Superannuation	Total
Name	\$	\$	\$	\$
Non-executive Directors				
Paul Clitheroe	12,500	-	-	12,500
Suvan de Soysa	10,000	-	-	10,000
Sub-total non-executive directors	22,500	-	-	22,500
Executive Director				
Simon Shields*	-	-	-	-
Total key management personnel compensation	22,500	-	-	22,500

* Mr Simon Shields received no fees as an individual. Mr Simon Shields is a shareholder and officer of Monash Investors Pty Limited. During the period, Monash Investors Pty Limited was entitled to receive fees of \$173,669 net of reduced input tax credits for the management of the Company, out of which costs of corporate and investment management are paid.

Director Related Entity Remuneration

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

Simon Shields is a Director and beneficial owner of Monash Investors Pty Limited, the entity appointed to manage the investment portfolio of Monash Absolute Investment Company Limited. In its capacity as Investment Manager, Monash Investors Pty Limited was paid a management fee of 1.50% p.a. (plus GST) of gross assets amounting to \$173,669 net of reduced input tax credits.

As at 30 June 2016, the balance payable to the Investment Manager was \$68,482.

In addition, Monash Investors Pty Limited is to be paid, annually in arrears, a performance fee being 20% (exclusive of GST) of the Portfolio's outperformance and subject to a high water mark. Further information in respect of the Company's performance fee calculation is contained in Section 9.1 of the Company's Prospectus which was issued 23 February 2016.

For the period ended 30 June 2016 in its capacity as Investment Manager, Monash Investors Pty Limited was not paid a performance fee.

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

Remuneration of Executives

There are no executives that are paid by the Company. Monash Investors Pty Limited, the Investment Manager of the Company, remunerates Simon Shields as an employee of the Company who provides day to day management of the Company.

Remuneration report (continued)

Details of remuneration (continued)

Equity Instrument Disclosures Relating to Directors

As at 30 June 2016, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

2016

Director	Position	Balance at the start of the period	Acquisitions	Disposals	Balance at signing date
Paul Clitheroe	Chairman	-	500,000	-	500,000
Suvan de Soysa	Independent Director	-	500,000	-	500,000
Simon Shields	Non-independent Director	1	200,000	-	200,001
		-	-	-	-
		1	1,200,000	-	1,200,001

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

Options Held

2016

Director	Position	Balance at the start of the period	Options Acquired	Options Exercised	Balance at signing date
Paul Clitheroe	Chairman	-	500,000	-	500,000
Suvan de Soysa	Independent Director	-	500,000	-	500,000
Simon Shields	Non-independent Director	-	200,000	-	200,000
		-	-	-	-
		-	1,200,000	-	1,200,000

Directors and Director related entities acquired options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Insurance and indemnification of officers and auditors

During the financial period, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services in Note 19 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

This report is made in accordance with a resolution of Directors.



Paul Clitheroe AM
Chairman

Sydney
28 September 2016

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

In relation to the independent audit for the period ended 30 June 2016, the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Monash Absolute Investment Company Limited during the period.



C I CHANDRAN
Partner

PITCHER PARTNERS
Sydney

28 September 2016

Monash Absolute Investment Company Limited
Statement of Comprehensive Income
For the period ended 30 June 2016

	Notes	For the period 20 January 2016 to 30 June 2016 \$
Investment income from ordinary activities		
Net realised gains on investments		194,158
Net unrealised gains on investments		10,441
Dividend income		49,214
Interest income		111,320
		<u>365,133</u>
Expenses		
Management fees	21	(173,669)
Brokerage expense		(97,465)
Stock loan fees		(5,611)
Accounting fees		(18,450)
Share registry fees		(11,596)
Tax fees		(9,900)
Legal fees		(416)
Directors' fees		(22,500)
ASX fees		(19,433)
Audit fees	19	(24,750)
Other expenses		(28,974)
		<u>(412,764)</u>
Loss before income tax		(47,631)
Income tax benefit	7	29,053
Loss for the period		<u>(18,578)</u>
Other comprehensive income for the period, net of tax		<u>-</u>
Total comprehensive loss for the period		<u>(18,578)</u>
		Cents
Losses per share for (loss) from continuing operations attributable to the ordinary equity holders of the Company:		
Basic losses per share	24	(0.07)
Diluted losses per share	24	(0.07)
Losses per share for (loss) attributable to the ordinary equity holders of the Company:		
Basic losses per share	24	(0.07)
Diluted losses per share	24	(0.07)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Monash Absolute Investment Company Limited
Statement of Financial Position
As at 30 June 2016

	Notes	At 30 June 2016 \$
ASSETS		
Current assets		
Cash and cash equivalents	8	20,325,794
Trade and other receivables	9	1,122,964
Financial assets at fair value through profit or loss	10	42,630,131
Other current assets		19,456
Total current assets		<u>64,098,345</u>
Non-current assets		
Deferred tax assets	11	632,651
Total non-current assets		<u>632,651</u>
Total assets		<u>64,730,996</u>
LIABILITIES		
Current liabilities		
Trade and other payables	12	7,644,274
Financial liabilities at fair value through profit or loss	13	6,021,055
Total current liabilities		<u>13,665,329</u>
Non-current liabilities		
Deferred tax liabilities	14	8,292
Total non-current liabilities		<u>8,292</u>
Total liabilities		<u>13,673,621</u>
Net assets		<u>51,057,375</u>
EQUITY		
Issued capital	15	51,075,953
Profits reserve	16(a)	1,236,026
Accumulated losses	16(b)	(1,254,604)
Total equity		<u>51,057,375</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Monash Absolute Investment Company Limited
Statement of Changes in Equity
For the period ended 30 June 2016

	Notes	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 20 January 2016		-	-	-	-
Net profit/(loss) for the period		-	-	(18,578)	(18,578)
Total comprehensive income/(loss) for the period		-	-	(18,578)	(18,578)
Transactions with owners in their capacity as owners:					
Shares issued at incorporation	15	1	-	-	1
Shares issued under IPO	15	52,465,000	-	-	52,465,000
Costs of issued capital, net of tax		(1,389,048)	-	-	(1,389,048)
Transfer to profits reserve	16(a)	-	1,236,026	(1,236,026)	-
		<u>51,075,953</u>	<u>1,236,026</u>	<u>(1,236,026)</u>	<u>51,075,953</u>
Balance at 30 June 2016		51,075,953	1,236,026	(1,254,604)	51,057,375

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Monash Absolute Investment Company Limited
Statement of Cash Flows
For the period ended 30 June 2016

		For the period 20 January 2016 to 30 June 2016 \$
	Notes	
Cash flows from operating activities		
Proceeds from short sale of financial liabilities held at fair value through profit or loss		10,095,062
Re-purchase of financial liabilities held at fair value through profit or loss		(4,544,793)
Proceeds from sale of financial assets held at fair value through profit or loss		3,396,164
Purchase of financial assets held at fair value through profit or loss		(38,760,092)
Brokerage expenses		(105,866)
Interest received		83,679
Investment management fees paid		(117,894)
Payments for other expenses		(88,120)
Net cash outflow from operating activities	23	<u>(30,041,860)</u>
Cash flows from financing activities		
Share issue transaction costs		(2,097,347)
Shares issued		<u>52,465,001</u>
Net cash inflow from financing activities		<u>50,367,654</u>
Net increase in cash and cash equivalents		20,325,794
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of period	8	<u>20,325,794</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

Monash Absolute Investment Company Limited (the "Company") is a listed public company domiciled in Australia. The address of Monash Absolute Investment Company Limited's registered office is Level 12, 225 George Street, Sydney, NSW 2000. The Company's investment strategy is to invest in a portfolio of Australian and international listed equity securities, Pre-IPO securities, exchange traded and over-the counter derivatives and cash.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 20 January 2016 and commenced operations on 12 April 2016, following its successful listing on the ASX. The financial statements of Monash Absolute Investment Company Limited are for the period from 20 January 2016 to 30 June 2016.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial statements are set out below. The financial statements are for the Company Monash Absolute Investment Company Limited.

(a) Basis of preparation

This general purpose financial statements has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Monash Absolute Investment Company Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Board of Directors on xx September 2016.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Monash Absolute Investment Company Limited also complies with IFRS as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted by the Company

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period that have a material impact on the Company.

(iii) Historical cost convention

This financial statements has been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

(iv) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities as they are carried at fair value through profit or loss, the derecognition rules have not changed from previous requirements and the company does not apply hedge accounting.	<p>Must be applied for financial years commencing on or after 1 January 2018.</p> <p>Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.</p> <p>The Company has not yet decided whether it will early adopt AASB 9.</p>

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.</p>	<p>The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.</p>	<p>Mandatory for financial years commencing on or after 1 January 2018.</p> <p>The Company has not yet decided whether it will early adopt AASB 15.</p>

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) *Investment income*

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the period they are incurred in accordance with the policies described in Note 2(g).

(ii) *Dividends*

Dividends are recognised as revenue when the right to receive payment is established.

(iii) *Interest income*

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. 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.

(iv) *Other income*

The Company recognises other income when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

2 Summary of significant accounting policies (continued)

(c) Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, 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.

(e) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. Trades are recorded on trade date, and for equities normally settled within two business days. A provision for impairment of amounts due from brokers is recognised in the Statement of Comprehensive Income when there is objective evidence that the Company will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter into bankruptcy or financial reorganisation and default in payments.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

2 Summary of significant accounting policies (continued)

(g) Financial assets and liabilities

The Company's investments are classified as at fair value through profit or loss. They comprise:

(i) Financial assets at fair value through profit or loss

Classification

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments and unlisted trusts.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate information about these financial instruments on a fair value basis together with other related financial information.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures financial assets at fair value. Transaction costs of financial assets at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

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 Comprehensive Income.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised as realised gains and losses from the sale of financial instruments in the Statement of Comprehensive Income.

The Company's accounting policy on fair value measurements is discussed in Note 4.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Profits reserve

A profits reserve has been created representing an amount allocated on a monthly basis from retained earnings that is preserved for future dividend payments.

2 Summary of significant accounting policies (continued)

(l) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

In accordance with the Act, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

The amount of any dividend will be at the discretion of the Board. Currently, it is the Board's intention that all dividends paid to shareholders will be franked to 100% or to the maximum extent possible.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

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 taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

(p) Comparatives

The Company was registered with ASIC on 20 January 2016 and commenced operations on 12 April 2016. The reporting period covers the period 20 January 2016 to 30 June 2016 hence there is no comparative information.

2 Summary of significant accounting policies (continued)

(q) Operating segments

The Company operated in Australia only and the principal activity is investing.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure

The Company is not materially exposed to currency risk as the majority of its investments are quoted in Australian dollars.

Sensitivity

The analysis is based on the assumption that the Australian dollar weakened and strengthened by 10% against the foreign currencies to which the Company is exposed. The impact on post-tax loss for the period from 20 January 2016 would be \$32,979 lower/\$32,979 higher.

(ii) Other price risk

Exposure

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

The Company's investment sector as at 30 June is as below:

Sector	2016 (%)
Information technology	13.94
Financial services	25.68
Health care	14.75
Consumer staples	14.59
Industrials	4.77
Consumer discretionary	17.76
Materials	5.31
Telecommunications services	3.20
Total	100.00

As at 30 June 2016 eight securities represented over 5% of the long or short investment portfolio.

3 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

	Impact on post-tax (loss)/profit 2016 \$
Decrease 5%	(1,702,791)
Increase 5%	1,702,791
Decrease 10%	(3,405,583)
Increase 10%	3,405,583

Post-tax (loss)/profit for the period would increase/decrease as a result of (losses)/gains on equity securities classified as at fair value through profit or loss.

At balance date, the net portfolio position was \$36,609,076.

(i) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 30 June 2016

	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	20,325,794	-	-	20,325,794
Trade and other receivables	-	-	1,122,964	1,122,964
Financial assets held at fair value through profit or loss	-	-	42,630,131	42,630,131
	<u>20,325,794</u>	<u>-</u>	<u>43,753,095</u>	<u>64,078,889</u>
Financial liabilities				
Trade and other payables	-	-	(7,644,274)	(7,644,274)
Financial liabilities held at fair value through profit or loss	-	-	(6,021,055)	(6,021,055)
	<u>-</u>	<u>-</u>	<u>(13,665,329)</u>	<u>(13,665,329)</u>
Net exposure to interest rate risk	<u>20,325,794</u>	<u>-</u>	<u>30,087,766</u>	<u>50,413,560</u>

Sensitivity

At 30 June 2016, if interest rates had increased or decreased by 75 basis points from the period end rates with all other variables held constant, post-tax loss for the period would have been \$106,710 lower/\$106,710 higher, mainly as a result of higher/lower interest income from cash and cash equivalents.

3 Financial risk management (continued)

(b) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company is also exposed to counterparty credit risk on derivatives financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

The Company manages credit risk by only entering into agreements with credit worthy parties.

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager manages liquidity risk by monitoring the asset size of the Company as a whole on executing transactions.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Maturities of financial liabilities

All non-derivative financial liabilities of the Company have maturities of less than 1 month.

4 Fair value measurements

The Company measures and recognises the following assets at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

4 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June.

At 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed equity securities	41,577,007	-	-	41,577,007
Unlisted equity securities	-	581,999	-	581,999
International unlisted equity securities	-	471,125	-	471,125
Total financial assets	41,577,007	1,053,124	-	42,630,131
Financial liabilities				
Listed equity securities short sale	(6,021,055)	-	-	(6,021,055)
Total financial liabilities	(6,021,055)	-	-	(6,021,055)

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the last sale prices at the end of the reporting period, excluding transaction costs.

The investments included in Level 2 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed to during the period. These investments have not listed on the Australian Securities Exchange as at period end and therefore represent investments in an inactive market. In valuing these unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offers without any deduction for estimated future selling costs.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are reasonable approximations of their fair values due to their short-term nature.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Income taxes

The Company has recognised deferred tax assets relating to current period tax losses, capitalised share issue costs and unrealised losses on investments of \$632,651 at 30 June 2016. However, utilisation of the tax losses also depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. The Company may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. If the Company fails to satisfy the test, the deferred tax asset of \$125,383 that are currently recognised would be written off to income tax expense. Refer to Note 11 for further discussion of accounting for deferred tax assets.

5 Critical accounting estimates and judgements (continued)

Financial instruments

For the majority of the Company's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For more information on how fair value is calculated please see Note 4 to the financial statements.

6 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and from the sale of its investments.

7 Income tax benefit

(a) Income tax benefit through profit or loss

	For the period 20 January 2016 to 30 June 2016 \$
Current tax on losses for the period	-
Deferred tax on temporary differences	88,038
	<u>88,038</u>
<i>Income tax benefit is attributable to:</i>	
Loss from continuing operations	<u>88,038</u>

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

	For the period 20 January 2016 to 30 June 2016 \$
Loss from continuing operations before income tax benefit	(47,631)
Tax at the Australian tax rate of 30.0%	(14,289)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
Franking credits on dividends received	<u>(14,764)</u>
Income tax benefit	<u>(29,053)</u>
The applicable weighted average effective tax rates are as follows:	(61.00%)

7 Income tax benefit (continued)

(c) Amounts recognised directly in equity

	Notes	For the period 20 January 2016 to 30 June 2016 \$
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs	11, 14	476,245

8 Current assets - Cash and cash equivalents

	At 30 June 2016 \$
Current assets	
Cash at bank	20,325,794
	<u>20,325,794</u>

(i) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the Statement of Cash Flows as follows:

	At 30 June 2016 \$
Balances as above	<u>20,325,794</u>

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with the following financial institutions:

	Standard & Poor's Rating
Australia and New Zealand Banking Group Ltd	AA-
UBS AG, Australia Branch	A+

9 Current assets - Trade and other receivables

	At 30 June 2016 \$
Other receivables	4,270
Dividends receivable	49,214
Interest receivable	27,641
GST receivable	137,653
Unsettled trades	904,186
	<u>1,122,964</u>

Receivables are non-interest bearing and unsecured.

Fair value and credit risk

Due to the short-term nature of these receivables, the carrying amounts are reasonable approximations of their fair value. There are no past due or impaired receivables.

10 Current assets - Financial assets at fair value through profit or loss

	At 30 June 2016 \$
Equity securities	<u>42,630,131</u>

The market values of all investments as at 30 June 2016 are disclosed on page 8 of the Annual Report.
Listed securities are readily saleable with no fixed terms.

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the Statement of Comprehensive Income.

(a) Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial period was 139. Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was \$123,218 (inclusive of GST).

(b) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3.

11 Non-current assets - Deferred tax assets

	At 30 June 2016 \$
The balance comprises temporary differences attributable to:	
Capitalised share issue costs	476,245
Tax losses carried forward	125,383
Other temporary differences	10,395
Net unrealised losses on investments	20,628
	<u>632,651</u>
	Total
	\$
Movements:	
Opening balance 20 January 2016	-
(Charged)/credited:	
- directly to equity	476,245
- directly to profit or loss	156,406
Closing balance 30 June 2016	<u>632,651</u>

12 Current liabilities - Trade and other payables

	At 30 June 2016 \$
Management fees payable	68,482
Unsettled trades	7,495,004
Other payables	80,788
	<u>7,644,274</u>

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are reasonable approximations of their fair values, due to their short-term nature.

13 Current liabilities - Financial liabilities at fair value through profit or loss

	At 30 June 2016 \$
Equity securities sold short	<u>6,021,055</u>

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

14 Non-current liabilities - Deferred tax liabilities

	At 30 June 2016 \$
The balance comprises temporary differences attributable to:	
Other temporary differences	8,292
	<u>8,292</u>
Movements:	Total
Opening balance 20 January 2016	\$
Charged/(credited)	
- profit or loss	8,292
Closing balance 30 June 2016	<u>8,292</u>

15 Issued capital

(a) Share capital

	Notes	30 June 2016 Shares	30 June 2016 \$
Ordinary shares	15(c)	<u>52,465,001</u>	<u>51,075,953</u>
(b) Movements in ordinary share capital			
Shares issued at incorporation		1	1
Shares issued under IPO	15(d)	52,465,000	52,465,000
Cost of issued capital, net of tax		-	(1,389,048)
Closing balance 30 June 2016		<u>52,465,001</u>	<u>51,075,953</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Shares under IPO

The Company issued a Prospectus on 23 February 2016 for the offer of up to 80,000,000 fully paid ordinary shares at an offer price of \$1.00 per share to raise up to \$80,000,000. Under the offer, there was also an entitlement to 1 option for every 1 ordinary shares subscribed for, which are exercisable at an exercise price of \$1.00 per share on or before 29 September 2017. On 12 April 2016, the Company issued 52,465,000 fully paid ordinary shares under this initial public offering at \$1.00 per share.

(e) Options

On 12 April 2016, as part of the initial public offering the Company issued 52,465,000 options to acquire ordinary shares in the Company at an exercise price of \$1.00 on or before 29 September 2017.

15 Issued capital (continued)

(f) Capital risk management

The Board of Directors will actively manage the capital of the Company. The overriding intention is to deliver value to shareholders.

To achieve this the Board monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio and share price movements.

The Company is not subject to any externally imposed capital requirements.

16 Profits reserve and Accumulated losses

(a) Profits reserve

	At 30 June 2016 \$
Profits reserve	1,236,026
	<u>1,236,026</u>

This reserve details an amount preserved for future dividend payments as outlined in accounting policy Note 2(k).

	At 30 June 2016 \$
Movements:	
Opening balance	-
Transfer from retained earnings	1,236,026
Closing balance	<u>1,236,026</u>

(b) Accumulated losses

Movements in accumulated losses were as follows:

	At 30 June 2016 \$
Opening balance	-
Net loss for the period	(18,578)
Transfer to profits reserve	<u>(1,236,026)</u>
Closing balance	<u>(1,254,604)</u>

17 Dividends

(a) Dividend franking account

The franked portions of the final dividends recommended after 30 June 2016 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ended 30 June 2017.

The Company's franking account balance as at 30 June 2016 was nil. Subsequent to year end, the Company will receive \$21,092 in franking credits as a result of dividends accrued at 30 June 2016.

18 Key management personnel disclosures

(a) Key management personnel compensation

For the period
20 January 2016
to 30 June 2016
\$

Short-term employee benefits	22,500
	<u>22,500</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 15.

(b) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company that were held during the 2016 financial period by each Director of Monash Absolute Investment Company Limited and other key management personnel of the Company, including their personally related parties, are set out below.

2016 Name	Balance at the start of the period	Net movement	Balance at end of the period
Directors of Monash Absolute Investment Company Limited			
Paul Clitheroe	-	500,000	500,000
Suvan de Soysa	-	500,000	500,000
Simon Shields	-	200,000	200,000
	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>

(ii) Share holdings

The numbers of shares in the Company held during the financial period by each Director of Monash Absolute Investment Company Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2016 Name	Balance at the start of the period	Net movement	Balance at end of the period
Directors of Monash Absolute Investment Company Limited			
Paul Clitheroe	-	500,000	500,000
Suvan de Soysa	-	500,000	500,000
Simon Shields	1	200,000	200,001
	<u>1</u>	<u>1,200,000</u>	<u>1,200,001</u>

18 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

19 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(i) Audit and other assurance services

	For the period 20 January 2016 to 30 June 2016 \$
<i>Audit and other assurance services</i>	
Audit of financial statements	24,750
Other assurance services	
Other assurance	30,011
Other non-assurance	1,000
	<u>31,011</u>
Total remuneration for audit and other assurance services	<u>55,761</u>
<i>Taxation services</i>	
Tax compliance services	9,900
Total remuneration for taxation services	<u>9,900</u>
Total remuneration of Pitcher Partners	<u>65,661</u>

The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by the audit firm, to ensure that they do not compromise independence.

20 Contingent assets and liabilities and commitments

The Company had no contingent assets, liabilities or commitments as at 30 June 2016.

21 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

(b) Transactions with other related parties

All transactions with related entities were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Simon Shields is a Director and beneficial owner of Monash Investors Pty Limited, the entity appointed to manage the investment portfolio of Monash Absolute Investment Company Limited. In its capacity as Investment Manager, Monash Investors Pty Limited was paid a management fee of 1.50% p.a. (plus GST) of gross assets amounting to \$173,669 net of reduced input tax credits.

As at 30 June 2016, the balance payable to the Investment Manager was \$68,482.

21 Related party transactions (continued)

(b) Transactions with other related parties (continued)

In addition, Monash Investors Pty Limited is to be paid, annually in arrears, a performance fee being 20% (exclusive of GST) of the Portfolio's outperformance and subject to a high water mark. Further information in respect of the Company's performance fee calculation is contained in Section 9.1 of the Company's Prospectus which was issued 23 February 2016.

For the period ended 30 June 2016 in its capacity as Investment Manager, Monash Investors Pty Limited was not paid a performance fee.

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

22 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

23 Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	For the period 20 January 2016 to 30 June 2016 \$
(Loss)/profit for the period	(18,578)
Fair value (gains)/losses on financial assets at fair value through other comprehensive income	(36,609,076)
Change in operating assets and liabilities:	
Increase/(decrease) in trade and other receivables	(1,009,971)
Increase/(decrease) in other current assets	(19,456)
(Increase)/decrease in deferred tax assets	(37,345)
Increase/(decrease) in trade and other payables	7,644,274
Increase in deferred tax liabilities	8,292
Net cash outflow from operating activities	<u>(30,041,860)</u>

24 Losses per share

(a) Basic losses per share

	For the period 20 January 2016 to 30 June 2016 Cents
Basic losses per share attributable to the ordinary equity holders of the Company	<u>(0.07)</u>

24 Losses per share (continued)

(b) Diluted losses per share

**For the period
20 January 2016
to 30 June 2016
Cents**

Diluted losses per share attributable to the ordinary equity holders of the Company	(0.07)
---	---------------

Diluted losses per share are the same as basic losses per share. The Company currently has outstanding options which have the potential to convert to ordinary shares, but as the average share price from listing to 30 June 2016 is not in excess of the option exercise price, they are currently anti-dilutive in amount and therefore they are not considered for the diluted losses per share calculation.

(c) Weighted average number of shares used as denominator

**For the period
20 January 2016
to 30 June 2016
Number**

Weighted average number of ordinary shares used as the denominator in calculating basic losses per share	25,584,785
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Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted losses per share	25,584,785
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The weighted average number of shares used as the denominator in calculating basic and diluted losses per share is based on the average number of shares from 20 January 2016, being the date of incorporation to 30 June 2016. The basic and diluted losses per share would have been (0.04) cents per share if calculated from 12 April 2016 as the Company only had one share on issue and no earnings up to this date.

Monash Absolute Investment Company Limited
Directors' Declaration
For the period ended 30 June 2016

In the opinion of the directors of Monash Absolute Investment Company Limited:

- (a) the financial statements and notes set out on pages 18 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the period ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer of the Investment Manager required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Paul Clitheroe AM
Chairman

Sydney
28 September 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

Report on the Financial Report

We have audited the accompanying financial report of Monash Absolute Investment Company Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Monash Absolute Investment Company Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONASH ABSOLUTE INVESTMENT COMPANY LIMITED
ABN 86 610 290 143**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- a) the financial report of Monash Absolute Investment Company Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the period ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Monash Absolute Investment Company Limited for the period ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



C I CHANDRAN
Partner



PITCHER PARTNERS
Sydney

28 September 2016

Monash Absolute Investment Company Limited
Shareholder information
For the period ended 30 June 2016

The Shareholder information set out below was applicable as at 12 September 2016.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity security		
	Ordinary shares		
	No. of Shareholders	Shares	Percentage
1 - 1000	6	2,016	0.00
1,001 - 5,000	192	656,584	1.25
5,001 - 10,000	354	2,987,318	5.69
10,001 - 100,000	861	27,258,001	51.96
100,001 and over	46	21,561,082	41.10
	1,459	52,465,001	100.00

There were three holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,596,609	18.29
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,252,002	2.39
BARRY MARTIN LAMBERT & JOY WILMA LILLIAN LAMBERT	1,000,000	1.91
MR DANIEL JAMES BYRNE & DR KOULA KYRIAKI PRATSIS	750,000	1.43
MR PAUL HUGH CLITHEROE & MRS VICKI CLITHEROE	500,000	0.95
SIBBECK PTY LIMITED <DE SOYSA SUPER FUND A/C>	500,000	0.95
MS PAULA SIRTES <DOLPHIN HOLDINGS A/C>	500,000	0.95
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	430,164	0.82
ANISAM PTY LTD <THE GUPTA 2002 A/C>	350,000	0.67
MR MURRAY STEWART LITTLE & MRS JENNIFER JANE LITTLE	300,000	0.57
MR DAVID PATRICK TYNAN GPO BOX 2707	300,000	0.57
GASEOUS PTY LTD <LIQUID SUPER A/C>	300,000	0.57
MR PAUL DOSTAL	260,979	0.50
MR IAN DONALD HERAUD & MRS FIONA KERRY HERAUD	250,000	0.48
GIASAM PTY LTD <SINGER FAMILY A/C>	250,000	0.48
MR STEPHEN RICHARD BROWN <THE ADAPTOR A/C>	210,000	0.40
COLTBATH PTY LIMITED <COLTBATH SUPER FUND A/C>	202,500	0.39
JENRY PTY LTD <SEA DOG SUPER FUND A/C>	200,000	0.38
PETAROS PTY LIMITED <HUGHES SUPER FUND A/C>	200,000	0.38
SOUTHACE PTY LTD <MADER FAMILY SUPER FUND A/C>	200,000	0.38
	17,552,254	33.46

C. Substantial holders

There are no substantial shareholders.

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

E. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

F. Unquoted Securities

There are no unquoted shares.

G. Securities Subject to Voluntary Escrow

There are no securities subject to voluntary escrow.