

Monash Absolute Investment Company Limited

12 October 2018

Monash Absolute Investment Company Limited (ASX Code: MA1) Response to the Sandon Capital Investments (SNC) Proposal

On Monday 8 October Sandon Capital Investments (SNC, Sandon) emailed the Chairman of Monash Absolute Investment Company (MA1) a Merger Proposal which Sandon described as incomplete, conditional and non-binding.

Following this the MA1 Chairman, after briefing the Board, entered into an exchange of emails with Sandon on Wednesday 10 and Thursday 11 October, in good faith, to explore the proposal and made an offer to meet on Monday 15 October. The MA1 Chairman was then asked by Sandon for a pre meeting with the Independent Directors, he promptly agreed to this and offered to attempt to meet on Friday 12 October, but with a firm time on Monday 15th October if this was not possible.

As such, the statement in the SNC release of 12 October that “To date, the MA1 Board has not responded to the proposal” is disingenuous.

The Board of MA1 has announced a number of initiatives to narrow the gap between the NTA and share price, and implemented a number of these, most recently an innovative off market buy back. It has also announced an options scheme with the potential to grow the size of the company.

The MA1 Board remains committed to narrowing the gap between its NTA and share price and welcomes suggestions and proposals to this regard. As arranged prior to the Sandon ASX market announcement, the MA1 Board will meet with Sandon to discuss the benefits of their offer to MA1 shareholders.

There are a number of serious concerns to be discussed:

- Based on the SNC share price and exchange ratio proposed, SNC is offering a discount of 8% to NTA as at the date of the original Merger Proposal.
- It appears to overestimate the uplift to MA1 shareholders who would potentially accept SNC scrip. We calculate the uplift was 13% when referenced in the Merger Proposal, not 21%.
- It appears to overestimate the degree of cost savings, and
- It underestimates SNC’s level of fees - which overall are much higher than MA1’s because SNC charges investment performance fees on a gross (pre-fee) basis and has no performance hurdle.

Other important shareholder issues include:

- MA1 and SNC have different investment approaches.
- The long term track record of Monash Investors in applying the investment strategy used in MA1 has delivered superior after fees performance

The MA1 Board regards the merger proposal and discussions as being at a very early stage and we will provide timely updates and ensure we work on getting the best positive outcome for our shareholders.

Regards
Simon Shields
Director, MA1 and Monash Investors

Monash Absolute Investment Company Limited

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For more information about the Company and the strategy, please refer to the Monash Investors website at www.monashinvestors.com. You can also [follow us on Livewire here](#) or [subscribe to our updates here](#)