

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Appendix 4D

Half-year report

for the half-year ended 31 December 2020

Half-year report

This half-year ended report is for the reporting period from 1 July 2020 to 31 December 2020. The previous corresponding half-year ended period was from 1 July 2019 to 31 December 2019.

Results for announcement to the market

				\$		\$
Revenue from ordinary activities	Up	258%	from	5,989,618	to	21,446,279
Profit before tax for the half-year	Up	289%	from	4,178,956	to	16,244,828
Profit from ordinary activities after tax attributable to members	Up	287%	from	2,974,779	to	11,504,049

Dividends

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Interim dividend	13.0 cents	13.0 cents	30.0%
2020 Final dividend	1.0 cent	1.0 cent	30.0%

Interim dividend dates

Ex-dividend date	6 April 2021
Record date	7 April 2021
Payment date	21 April 2021

Net tangible assets

	31 December 2020 \$	31 December 2019 \$
Net tangible asset backing (per share) before tax	1.4562	1.1331
Net tangible asset backing (per share) after tax	1.3282	1.1014

Brief explanation of results

The gross portfolio return before all fees and expenses was approximately 44.36% for the half-year ended 31 December 2020 (31 December 2019: 14.68%).

Further information

This report is based on the Interim Report which has been subject to independent review by the auditors, Ernst & Young. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2020 Annual Report.

Monash Absolute Investment Company Limited

ABN 86 610 290 143

Interim Report for the half-year ended 31 December 2020

Monash Absolute Investment Company Limited ABN 86 610 290 143

Interim Report - for the half-year ended 31 December 2020

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Monash Absolute Investment Company Limited
Corporate Directory

Directors	Paul Clitheroe AM (Independent Chairman) Suvan de Soysa (Independent Director) Simon Shields (Non-Independent Director) Paul Jensen (Independent Director) (appointed 29 October 2020)
Secretary	Laura Newell
Investment Manager	Monash Investors Pty Limited Level 5, 139 Macquarie Street Sydney NSW 2000
Registered office	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Phone: (02) 9290 9600
Administrator	Link Fund Solutions Pty Limited Level 12, 680 George Street Sydney NSW 2000 Phone: (02) 8280 7100
Prime broker	Morgan Stanley & Co. International plc Level 26, Chifley Tower 2 Chifley Square Sydney NSW 2000 Phone: 1800 808 576
Share registrar	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (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	Ernst & Young 200 George Street Sydney NSW 2000 Telephone: (02) 9248 5555
Securities exchange	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: MA1 Ordinary Shares
Website	www.monashinvestors.com

Directors' Report

The Directors present their report together with the interim financial report of Monash Absolute Investment Company Limited (the "Company") for the half-year ended 31 December 2020.

Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Paul Clitheroe AM (Independent Chairman)
 Suvan de Soysa (Independent Director)
 Simon Shields (Non-Independent Director)
 Paul Jensen (Independent Director) (appointed 29 October 2020)

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 half-year period.

Dividends

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Interim dividend	13.0 cents	13.0 cents	30.0%
2020 Final dividend	1.0 cent	1.0 cent	30.0%

Interim dividend dates

Ex-dividend date	6 April 2021
Record date	7 April 2021
Payment date	21 April 2021

On 19 August 2020, the Directors declared a final full franked dividend of 1 cent per ordinary share franked at 30.0% (2019: 2 cents per ordinary share franked at 30.0%), which was paid on 30 October 2020. On 25 February 2021, the Directors declared a fully franked interim dividend of 13 cents per ordinary share franked at 30%, which is expected to be paid on 21 April 2021 out of the profits reserve at 31 December 2020 (31 December 2019: nil).

The Company's dividend objective is to pay dividends provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practice to do so.

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.

Review of operations

The operating profit before tax was \$16,244,828 for the half-year ended 31 December 2020 (31 December 2019: \$4,178,956). The net result after tax was a profit of \$11,504,049 (31 December 2019: \$2,974,779).

The net tangible asset backing before tax as at 31 December 2020 was \$1.4562 per share (31 December 2019: \$1.1331).

Significant changes in the state of affairs

On 19 November 2018, the Company issued pro-rata bonus options to eligible shareholders with an expiry date of 15 May 2020. Upon the exercise of the bonus options, the Company issued an equal number of loyalty options with exercise price of \$1.15 per share with an expiry date of 15 November 2021. A total of 538,369 loyalty options have been issued. As at 31 December 2020, 2,000 loyalty options (31 December 2019: nil) have been exercised.

Significant changes in the state of affairs (continued)

The Company announced on 8 August 2019 its intention to restructure the Company into an Exchange Traded Managed Fund (ETMF). On 4 February 2021, the Company announced it had achieved significant progress with the proposal and there were some critical final steps to be finalised to complete the transition. The Company expects that these will be completed and a Notice of Meeting will be sent to shareholders by 31 March 2021.

On 29 October 2020, Paul Jensen was appointed as an independent director of the Company.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2020.

Matters subsequent to the end of the financial period

The Company announced on 8 August 2019 its intention to restructure the Company into an Exchange Traded Managed Fund (ETMF). On 4 February 2021, the Company announced it had achieved significant progress with the proposal and there were some critical final steps to be finalised to complete the transition. The Company expects that these will be completed and a Notice of Meeting will be sent to shareholders by 31 March 2021.

On 25 February 2021, the Directors declared a fully franked interim dividend of 13 cents per ordinary share franked at 30%, which is expected to be paid on 21 April 2021 out of the profits reserve at 31 December 2020.

The Company's franking account balance as at 31 December 2020 was \$260,137. Subsequent to 31 December 2020 and before 30 June 2021, \$2,321,054 of franking credits will arise as a result of the Company paying its income tax liability for the year ended 30 June 2020.

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

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

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 4.

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



Paul Clitheroe AM
Chairman

Sydney
25 February 2021



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Monash Absolute Investment Company Limited

As lead auditor for the review of the half-year financial report of Monash Absolute Investment Company Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.


Ernst & Young


Rita Da Silva
Partner
25 February 2021

Monash Absolute Investment Company Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2020

	Half-year ended	
	31 December 2020	31 December 2019
	\$	\$
Investment income/(loss) from ordinary activities		
Net realised gains on investments	4,935,490	4,008,712
Net unrealised gains on investments	16,053,993	1,786,823
Dividend income	434,263	182,999
Interest income	8	11,734
Other income	22,123	-
Net foreign exchange gains/(losses)	402	(650)
Total investment income	21,446,279	5,989,618
Expenses		
Management fees	(463,421)	(396,820)
Performance fees	(4,236,050)	(1,011,469)
Brokerage expense	(71,336)	(33,074)
Short dividend expense	-	(48,824)
Interest expense	(10,033)	(146)
Stock loan fees	(9,577)	(5,772)
Accounting fees	(48,966)	(48,567)
Share registry fees	(25,764)	(15,958)
Company secretarial fees	(23,063)	(23,063)
Tax fees	(10,958)	(8,758)
Legal fees	(98,628)	(25,935)
Directors' fees	(53,736)	(45,000)
ASX fees	(14,269)	(23,262)
Audit fees	(23,896)	(24,999)
Marketing expense	(32,376)	(16,715)
Other expenses	(79,378)	(82,300)
Total operating expenses	(5,201,451)	(1,810,662)
Profit before income tax	16,244,828	4,178,956
Income tax expense	(4,740,779)	(1,204,177)
Profit for the half-year after tax	11,504,049	2,974,779
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year	11,504,049	2,974,779
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share	25.65	6.71
Diluted earnings per share	25.65	6.71

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 31 December 2020

		At	
	31 December	30 June	
	2020	2020	
	\$	\$	
Notes			
ASSETS			
Current assets			
Cash and cash equivalents	16,471,578	8,185,788	
Other receivables	340,480	108,289	
Financial assets at fair value through profit or loss	56,326,330	44,380,702	3
Other current assets	22,828	40,736	
Total current assets	73,161,216	52,715,515	
Non-current assets			
Deferred tax assets	94,247	1,320,279	
Total non-current assets	94,247	1,320,279	
Total assets	73,255,463	54,035,794	
LIABILITIES			
Current liabilities			
Other payables	5,338,292	910,333	
Financial liabilities at fair value through profit or loss	2,451,849	2,232,705	3
Current tax liabilities	2,321,054	2,321,054	
Total current liabilities	10,111,195	5,464,092	
Non-current liabilities			
Deferred tax liabilities	3,514,747	-	
Total non-current liabilities	3,514,747	-	
Total liabilities	13,625,942	5,464,092	
Net assets	59,629,521	48,571,702	
EQUITY			
Issued capital	44,223,763	44,221,463	6
Profits reserve	24,973,488	13,917,969	
Accumulated losses	(9,567,730)	(9,567,730)	
Total equity	59,629,521	48,571,702	

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 half-year ended 31 December 2020

	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	43,656,176	10,428,052	(7,319,145)	46,765,083
Profit for the half-year after tax	-	-	2,974,779	2,974,779
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	2,974,779	2,974,779
Transactions with owners in their capacity as owners:				
Dividends paid		(886,293)	-	(886,293)
Shares issued on options exercised	5,250			5,250
Transfer to profits reserve	-	3,481,506	(3,481,506)	-
	5,250	2,595,213	(3,481,506)	(881,043)
Balance at 31 December 2019	43,661,426	13,023,265	(7,825,872)	48,858,819
Balance at 1 July 2020	44,221,463	13,917,969	(9,567,730)	48,571,702
Profit for the half-year after tax	-	-	11,504,049	11,504,049
Other comprehensive income for the half-year, after tax	-	-	-	-
Total comprehensive income for the half-year	-	-	11,504,049	11,504,049
Transactions with owners in their capacity as owners:				
Dividends paid	-	(448,530)	-	(448,530)
Shares issued on options exercised	2,300	-	-	2,300
Transfer to profits reserve	-	11,504,049	(11,504,049)	-
	2,300	11,055,519	(11,504,049)	(446,230)
Balance at 31 December 2020	44,223,763	24,973,488	(9,567,730)	59,629,521

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 half-year ended 31 December 2020

	Half-year ended	
	31 December	31 December
	2020	2019
	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial assets at fair value through profit or loss	45,482,230	23,265,279
Payments for purchase of financial assets at fair value through profit or loss	(36,132,528)	(21,462,821)
Proceeds from short sale of financial liabilities at fair value through profit or loss	3,099,801	2,494,875
Payments for settlement of financial liabilities at fair value through profit or loss	(2,576,504)	(3,293,426)
Dividends received	464,197	182,999
Interest received	10	15,005
Other income received	5,352	-
Dividends paid on short stocks	(7,480)	(48,824)
Interest paid	(7,986)	(146)
Investment management fees paid	(439,844)	(392,016)
Performance fees paid	(674,662)	(928,328)
Brokerage expenses paid	(66,161)	(32,163)
Payment of other expenses	(414,807)	(315,515)
Net cash inflow/(outflow) from operating activities	8,731,618	(515,081)
Cash flows from financing activities		
Shares issued on options exercised	2,300	5,250
Dividends paid to Company's shareholders	(448,530)	(886,293)
Net cash outflow from financing activities	(446,230)	(881,043)
Net increase/(decrease) in cash and cash equivalents	8,285,388	(1,396,124)
Cash and cash equivalents at the beginning of the half-year	8,185,788	5,649,277
Effects of exchange rate changes on cash and cash equivalents	402	(650)
Cash and cash equivalents at the end of half-year	16,471,578	4,252,503

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 interim financial statements were authorised for issue by the Board of Directors on 25 February 2021.

2 Summary of significant accounting policies

(a) Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Monash Absolute Investment Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2020.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these interim financial statements. None of these are expected to have a material effect on the interim financial statements of the Company.

(c) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

3 Fair value measurements

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

- Financial assets and financial liabilities 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 half-year 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 or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial instruments held by the Company is the last sale price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds.

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2020				
Financial assets				
Equity securities				
Australian equity securities	54,067,197	732,000	1,138,842	55,938,039
International equity securities	-	-	388,291	388,291
Total financial assets	54,067,197	732,000	1,527,133	56,326,330
Financial liabilities				
Australian equity securities sold short	(1,707,850)	-	(743,999)	(2,451,849)
Total financial liabilities	(1,707,850)	-	(743,999)	(2,451,849)
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2020				
Financial assets				
Equity securities				
Australian equity securities	43,015,272	-	1,010,492	44,025,764
International equity securities	-	-	354,938	354,938
Total financial assets	43,015,272	-	1,365,430	44,380,702
Financial liabilities				
Australian equity securities sold short	(1,259,036)	-	(973,669)	(2,232,705)
Total financial liabilities	(1,259,036)	-	(973,669)	(2,232,705)

Included within Level 1 of the hierarchy are listed investments. The fair values 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 a placement on a listed security in which the Company subscribed to, which was issued subsequent to half-year end. The investments included in Level 3 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed. These investments are not listed on any securities exchange as at half-year end and therefore represent investments not in an active market. In valuing these unlisted investments included in Level 3 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, adjusted for subsequent arm's length transaction pricing or other market data where available. Also included in Level 3 of the hierarchy is an equity security sold short which was suspended from the ASX on 25 June 2020 and remains suspended as at the end of the reporting period. The fair value of this financial liability has been based on the last sale price at the date of suspension, adjusted for approximately 24% reduction.

There were no transfers between levels for recurring fair value measurements during the half-year.

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Disclosed fair values

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

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

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in fair value of level 3 instruments for the half-year ended 31 December 2020 and year ended 30 June 2020 by class of financial instrument.

	Unlisted equity securities \$
At 31 December 2020	
Opening balance	391,761
Purchases	207,658
Gains recognised in the Statement of Comprehensive Income	183,715
Closing balance	<u>783,134</u>
 Total losses for the period included in the Statement of Comprehensive Income for financial assets and liabilities held at the end of the period	 <u>(691,770)</u>
	Unlisted equity securities \$
At 30 June 2020	
Opening balance	1,795,269
Purchases	329,835
Sales of financial assets	(207,238)
Short sale of financial liabilities	(959,196)
Losses recognised in the Statement of Comprehensive Income	(566,909)
Closing balance	<u>391,761</u>
 Total losses for the period included in the Statement of Comprehensive Income for financial assets and liabilities held at the end of the period	 <u>(875,485)</u>

3 Fair value measurements (continued)

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value \$	Unobservable inputs*	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
As at 31 December 2020		Recent sales transaction price adjusted for 15% to 30% reduction		
Unlisted equity securities	783,134		N/A	Direct
As at 30 June 2020		Recent sales transaction price adjusted for 15% to 30% reduction		
Unlisted equity securities	391,761		N/A	Direct

* The valuation of unlisted equity securities is based on the acquisition price of the security and the price may be adjusted based on a determination that a change in the carrying value is required due to impacts of changes in the financial and economic environment, or if an impairment has occurred, or if there has been an arm's length transaction in relation to the security that warrants an updated valuation.

4 Segment information

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

5 Contingencies and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2020 (30 June 2020: nil).

6 Issued capital

(a) Share capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares	44,855,003	44,853,003	44,223,763	44,221,463

6 Issued capital (continued)

(b) Movements in ordinary share capital

Details	Notes	Number of shares	\$
Opening balance 1 July 2020		44,853,003	44,221,463
Shares issued on options exercised		2,000	2,300
Closing balance 31 December 2020		44,855,003	44,223,763
Opening balance 1 July 2019		44,314,634	43,656,176
Shares issued on options exercised		538,369	565,287
Closing balance 30 June 2020		44,853,003	44,221,463

(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) Dividend reinvestment plan

The Company has established a dividend reinvestment plan (DRP) for shareholders. The DRP is currently not in place.

(e) Options

On 19 November 2018, the Company issued pro-rata bonus options to eligible shareholders with an expiry date of 15 May 2020. A total of 538,369 bonus options were exercised during the year ended 30 June 2020. Upon the exercise of the bonus options, the Company issued an equal number of loyalty options with exercise price of \$1.15 per share with an expiry date of 15 November 2021. A total of 538,369 loyalty options have been issued. As at 31 December 2020, 2,000 loyalty options (30 June 2020: nil) have been exercised.

7 Dividends

On 19 August 2020, the Directors declared a final full franked dividend of 1 cent per ordinary share franked at 30.0% (2019: 2 cents per ordinary share franked at 30.0%), which was paid on 30 October 2020.

8 Events occurring after the reporting period

The Company announced on 8 August 2019 its intention to restructure the Company into an Exchange Traded Managed Fund (ETMF). On 4 February 2021, the Company announced it had achieved significant progress with the proposal and there were some critical final steps to be finalised to complete the transition. The Company expects that these will be completed and a Notice of Meeting will be sent to shareholders by 31 March 2021.

On 25 February 2021, the Directors declared a fully franked interim dividend of 13 cents per ordinary share franked at 30%, which is expected to be paid on 21 April 2021 out of the profits reserve at 31 December 2020.

The Company's franking account balance as at 31 December 2020 was \$260,137. Subsequent to 31 December 2020 and before 30 June 2021, \$2,321,054 of franking credits will arise as a result of the Company paying its income tax liability for the year ended 30 June 2020.

No other 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.

Monash Absolute Investment Company Limited
Directors' Declaration
For the half-year ended 31 December 2020

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

- (a) the interim financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, 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 31 December 2020 and of its performance for the half-year 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.

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

A handwritten signature in black ink, appearing to read 'Paul Clitheroe', is written over a horizontal line.

Paul Clitheroe AM
Chairman

Sydney
25 February 2021

Independent Auditor's Review Report to the Members of Monash Absolute Investment Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Monash Absolute Investment Company Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'Rita Da Silva' in black ink.

Rita Da Silva
Partner
Sydney
25 February 2021