

16 March 2020

# PRODUCT DISCLOSURE STATEMENT

## CFM IS Diversified Trust

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CFM IS Diversified Trust

ARSN: 608 414 026  
APIR: PIM0034AU

Product Disclosure Statement

Class A Units  
Dated 16 March 2020

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## Notices

CFM IS Diversified Trust (the “**Fund**”) is a managed investment scheme that is registered in Australia (ARSN 608 414 026). This PDS should be read carefully before making a decision to invest in the Fund.

This PDS is dated 16 March 2020. The Investment Manager and the Responsible Entity are of the opinion that this PDS is accurate as of its date and no representation is made as to its continued accuracy thereafter. You should read this PDS carefully before making a decision to invest in the Fund.

The Responsible Entity holds an Australian Financial Services Licence (“**AFSL**”), number 235150, and is the responsible entity of the Fund available for investment through this PDS. The Responsible Entity is the issuer of the PDS and the Units in the Fund. Units to which this PDS relates will only be issued on the receipt of a properly completed Application Form included in or accompanied by this PDS or obtained from the Responsible Entity and information as to an Investor’s identity and the source of payment of the application monies. The Responsible Entity may reject an application for Units, in whole or part, for any reason it thinks fit.

The Fund has been designed for medium to longer-term investment and is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Your investment does not represent deposits or other liabilities of the Responsible Entity, Capital Fund Management LLP (“**CFM LLP**” or the “**Investment Manager**”), the Administrator or any other person. None of the Fund, the Responsible Entity, the Investment Manager or any member of the CFM group of companies or any of their associates, or the Administrator or any of its related bodies corporate, guarantees in any way the performance of the Fund, repayment of capital from the Fund, income tax and other taxation consequences of investing in the Fund or any particular rate of return, or any increase in, the value of the Fund.

This PDS has been prepared without taking into account the investment objectives, financial situation or needs of any particular Investor. Before deciding whether to make an investment decision you should carefully read all of this PDS and obtain professional advice about an investment in the Fund having regard to your particular investment needs, objectives and financial circumstances before investing. If you invest \$500,000 or more, or you otherwise qualify as a wholesale client under the Corporations Act, you will be taken to invest under this PDS as a wholesale client.

When used in this PDS, the words “anticipate”, “believe”, “estimate”, “intend”, “seek” and words or phrases of similar import, as they relate to the Fund or its investments, are intended to identify forward-looking statements. Such statements reflect the current risks, uncertainties, and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions including market conditions, one-time events, government intervention and regulatory changes, overall market liquidity, supply and demand factors, ability to leverage and the associated costs and terms and other factors described herein, particularly in the section entitled “What are the Risks?”. Based upon changing conditions, should any one or more of these risks or uncertainties materialize or should an underlying assumption prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

Any information or representation not contained in this PDS must not be relied on as having been authorised by the Responsible Entity or CFM LLP.

The offer to which this PDS relates is only available to people receiving this PDS in Australia. This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an offer or invitation. For the avoidance of doubt, this PDS does not constitute a direct or indirect offer of securities in the US or to any US Person. No action has been taken to register or qualify the Units or the offer or otherwise to permit a public offering of the Units in any jurisdiction outside Australia. The distribution of this PDS in jurisdictions outside Australia may be restricted by the laws of those jurisdictions. A failure to comply with these restrictions may constitute a violation of the laws in those jurisdictions.

Pursuant to the exemption specified in ASIC Class Order 03/1099 (which applies by force of ASIC Corporations (Repeal and Transitional) Instrument 2016/396), CFM LLP, the investment manager of the Fund, is exempt from the requirement to hold an AFSL under the Corporations Act. CFM LLP is regulated by the UK Financial Conduct Authority (the “**FCA**”) under United Kingdom laws which may differ from Australian laws.

The Constitution of the Fund gives the Responsible Entity wide discretion to issue different Classes of Units and determine the rights, obligations and restrictions attached to each Class. The Responsible Entity may offer other Classes of Units under this PDS. Generally, the only difference between the Classes offered will be the fees payable for each Class. The Responsible Entity reserves the right to change the terms and conditions of this PDS.

There is no active secondary market for the Units and none is expected to develop. Any transfer of the Units or the redemption of a Unit may be subject to restrictions. As a result, you must be in a position to bear the economic risk of an investment in the Fund for a significant period of time.

THE FUND SHOULD BE CONSIDERED A HIGHLY SPECULATIVE INVESTMENT AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. IT IS DESIGNED ONLY FOR INFORMED AND EDUCATED INVESTORS WHO CAN BEAR THE ECONOMIC RISK OF THE LOSS OF THEIR INVESTMENT IN THE FUND AND WHO HAVE A LIMITED NEED FOR LIQUIDITY OF THEIR INVESTMENT. THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVE OR THAT AN INVESTOR WILL RECOVER THEIR INVESTMENT.

When an electronic copy of this PDS is printed, all pages of this PDS must be printed. A hard copy version can be obtained free of charge by contacting CFM LLP at the contact details set out on the front cover of the PDS. Non-materially adverse information may be updated without issuing a supplementary PDS and is accessible by contacting the Responsible Entity or will be available on the Investment Manager's website [www.cfmalta.com.au](http://www.cfmalta.com.au).

Further information about the Fund or investing in the Fund, including a copy of the Constitution and information which has previously been made generally available to the public or might reasonably influence the decision whether to acquire this product, can also be obtained by contacting CFM LLP at the contact details set out on the front cover of the PDS.

In this PDS, unless a contrary intention is clearly indicated or the context requires, capitalised terms have the meaning attributed to them in the Definitions section.

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## Definitions

Term	Definition
“ABN”	Australian Business Number.
“Administrator”	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch ABN 65 117 925 970, AFSL 301737.
“AFSL”	Australian Financial Services Licence.
“AIFM”	An Alternative Investment Fund Manager within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers. Refers to Capital Fund Management LLP; also referred to as the Investment Manager.
“AMF”	The French Autorité des Marchés Financiers.
“AML Act”	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
“AML Requirements”	The AML Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies.
“Applicant”	A person who completes, signs and submits an Application Form.
“Application Form”	The application form to be completed to apply for Units, being the form attached to this PDS, or such other form as the Responsible Entity determines.
“Application Price”	The initial issue price or the NAV per Unit for a Class taking into consideration any applicable Buy Spread, as ascribed in the Constitution
“ASIC”	The Australian Securities and Investments Commission.
“AUD”	The Australian Dollar.
“AUSTRAC”	Australian Transaction Reports and Analysis Centre.
“Broker”	The brokers of the Master Fund, at the time of this PDS being Deutsche Bank AG and its affiliates, Barclays Bank plc and its affiliates, J.P. Morgan Securities plc and its affiliates and Nomura International plc and its affiliates. The Master Fund has entered into several agreements with the Brokers including execution agreements, brokerage agreements, futures and options clearing agreements, ISDAs, master repurchase agreements and other financial services agreements. The Portfolio is held by the Brokers who also provide other securities processing services.
“Business Day”	Any Weekday on which trading banks and exchanges are open for general banking business simultaneously in Sydney, Australia, the Grand Duchy of Luxembourg, the Republic of Ireland and New York, New York, United States of America.
“Buy Spread”	Nil except when net application and redemption requests for a Dealing Day exceed the larger of \$50 million and 10% of the Net Asset Value of the Fund. The applicable Buy Spread will reflect the estimated <a href="#">Transaction Costs</a> for the relevant application and shall not exceed 3% of the value of the application request. The amount of Buy Spread is determined by the Responsible Entity.
“Carry Forward Loss”	If the Trading Profits of a Class are negative as of the end of a Performance Period, then such negative Trading Profits will be carried forward into the next Performance Period as a Carry Forward Loss.
“Cash Equivalents”	Assets that are readily convertible into cash such as money market holdings, short term government bonds, treasury bills and commercial paper which matures within 3 months or less.
“CBI”	The Central Bank of Ireland.
“CFM”	Capital Fund Management SA and its affiliates.
“CFM SA” or “Investment Advisor”	Capital Fund Management SA. A portfolio management company based in France.
“CFM LLP” or “Investment Manager”	Capital Fund Management LLP. An affiliate to CFM SA acting as an alternative investment fund manager out of London, United Kingdom.
“CFTC”	The United States Commodity Futures Trading Commission.
“Class”	A class of Units in the Fund offered under this PDS.
“CNRS”	Centre National de la Recherche Scientifique
“Company”	InRIS UCITS plc, incorporated under the laws of Ireland as an open-ended investment company with segregated liability between sub-funds, authorised by the Central Bank of Ireland on 19 July 2013 as a UCITS pursuant to the UCITS Regulations.
“Constitution”	The document dated 8 October 2015, as amended from time to time, which, together with the Corporations Act and other applicable laws, governs the Fund’s operation.

Term	Definition
<b>“Corporations Act”</b>	Corporations Act 2001 (Cth).
<b>“Custodian”</b>	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch ABN 65 117 925 970, AFSL 301737.
<b>“Dealing Day”</b>	A day on which Investors may subscribe or redeem Units in the Fund being on each Business Day.
<b>“Dealing Threshold”</b>	When the net amount of applications and redemptions in the Fund on a Dealing Day is greater than 20% of the Net Asset Value of the Fund.
<b>“Deferred Dealing Day”</b>	Where the Dealing Threshold is met, the second Dealing Day after the intended Dealing Day.
<b>“Derivative Contract”</b>	A financial contract whose value depends on, or is derived from assets, liabilities or indices (the underlying asset). Derivatives may be used for both risk management purposes (that is, to protect the Fund, Master Fund or Portfolio from either being invested or uninvested) and to take opportunities to increase returns (for example, to gain access to markets not readily available to foreign investors, to build a position in selected companies and to create Short Positions).
<b>“Direct Investors”</b>	Investors classified as wholesale clients under the Corporations Act who acquire Units directly in the Fund. For the avoidance of doubt, Direct Investors will not include retail clients.
<b>“Directors”</b>	The directors of the Company.
<b>“Dodd-Frank Act”</b>	the US Dodd–Frank Wall Street Reform and Consumer Protection Act
<b>“EMIR”</b>	EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation)
<b>“EUR”</b>	The Euro Dollar
<b>“FATCA”</b>	US Tax Withholding & Reporting under the Foreign Account Tax Compliance Act are intended to prevent US persons from avoiding tax.
<b>“FCA”</b>	The United Kingdom Financial Conduct Authority.
<b>“FOS”</b>	The Financial Ombudsman Service.
<b>“Fund”</b>	CFM IS Diversified Trust (ARSN 608 414 026).
<b>“FX”</b>	Foreign Exchange.
<b>“Gross Market Exposure”</b>	The sum of the value of the Long Positions and the absolute value of the Short Positions.
<b>“GST”</b>	Goods and Services Tax.
<b>“HSBC”</b>	The Administrator and/or the Custodian, as applicable in the context.
<b>“IDPS”</b>	An investor directed portfolio service or IDPS-like scheme including a master trust or wrap account. Investors not classified as wholesale clients under the Corporations Act are required to invest through an IDPS.
<b>“Indirect Investors”</b>	Investors investing in the Fund through an IDPS.
<b>“Innocap”</b>	Innocap Global Investment Management (Ireland) Ltd, the investment manager of the Company.
<b>“Investment Management Agreement”</b>	The agreement between the Responsible Entity and CFM LLP under which CFM LLP is appointed to manage the assets of the Fund.
<b>“Investor”</b>	A person investing in the Fund. Investors may be either Direct Investors or Indirect Investors.
<b>“Long” or “Long Position”</b>	Refers to an asset which is held with the expectation that the value of the asset will appreciate.
<b>“Master Administrator”</b>	State Street Fund Services (Ireland) Limited, a limited liability company incorporated in Ireland on 23 March 1992 with registered number IE186184.
<b>“Master Custodian”</b>	State Street Custodial Services (Ireland) Limited, a limited liability company incorporated in Ireland on 22 May 1991 with registered number IE174330.
<b>“Master Fund”</b>	InRIS CFM Diversified, a sub-fund of the Company.
<b>“Master Fund Share Class”</b>	A share class of the Master Fund.

Term	Definition
<b>“Net Asset Value” or “NAV”</b>	The value of the assets less the liabilities (including any liabilities due to accrued management fees and performance fees) of the Fund or attributable to a Class (as applicable), as ascribed in the Constitution. The Net Asset Value applied for the purposes of calculating the management fee and the ratio of other expenses shall be the Net Asset Value of the previous Pricing Day taking into consideration the applications, redemptions and distributions on the following Dealing Day.
<b>“Operator”</b>	An IDPS operator.
<b>“OTC”</b>	Over the Counter
<b>“PDS”</b>	This Product Disclosure Statement.
<b>“Performance Period”</b>	The first performance period commences on the Dealing Day on which Units are first issued and typically ends on the next following 30 June, or, in respect of Units being redeemed, the Dealing Day on which the Units are redeemed. Subsequent performance periods commence on the day after the end of the previous performance period and end on the next 30 June, or, in respect of Units being redeemed, the Dealing Day on which the Units are redeemed.
<b>“Portfolio”</b>	The trading portfolio held at the level of the Master Fund.
<b>“Pricing Day”</b>	Each Business Day and the day (or days) of the month prescribed by the Responsible Entity from time to time as the day (or days) as at which the Net Asset Value attributed to each class of Units is determined at the end of such day for the purposes of calculating the Application Price and the Redemption Price for each class of Units.
<b>“Program”</b>	The Fund follows the quantitative CFM Institutional Systematic Diversified trading program.
<b>“Redemption Price”</b>	The redemption price for Units of a Class being the Net Asset Value for a Class taking into consideration any Sell Spread.
<b>“Responsible Entity” or “Perpetual”</b>	The Trust Company (RE Services) Limited, ABN 48 003 278 831, registered with the ASIC and holding AFSL 235150.
<b>“RITC”</b>	Reduced input tax credit.
<b>“Sell Spread”</b>	Nil except when net application and redemption requests for a Dealing Day exceed the larger of \$50 million and 10% of the Net Asset Value of the Fund. The applicable Sell Spread will reflect the estimated Transaction Costs for the relevant redemption and shall not exceed 3% of the value of the redemption request. The amount of Sell Spread is determined by the Responsible Entity.
<b>“SEC”</b>	The United States Securities and Exchange Commission.
<b>“Short” or “Short Position” or “Short Selling”</b>	Refers to an investment technique in which an asset is borrowed and then immediately sold in the expectation that the asset will then depreciate. The borrowed asset is repaid by buying back the asset on the market with the intention of obtaining it at a lower price. The asset is then returned to the original lender.
<b>“Tax Act”</b>	The Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth).
<b>“Trading Profit”</b>	The change in the NAV of a Class (excluding the accrued performance fees for the valuation period) less any Carry Forward Loss from the previous period, adjusted for applications, redemptions, distributions, carry forward profit/loss adjustments and (if applicable) the adjustments for Designated Investments, as ascribed in the Constitution.
<b>“Transaction Costs”</b>	Means when calculating: (a) the Application Price, the amount (which may be determined as a percentage of the applicable NAV) calculated and fixed to represent the Responsible Entity’s estimate of the total trading costs that would be incurred by the Fund to buy the investments corresponding to the relevant application amount on that date; and (b) the Redemption Price, the amount (which may be determined as a percentage of the applicable NAV) calculated and to represent the Responsible Entity’s estimate of the total trading costs that would be incurred by the Fund to sell the investments corresponding to the relevant redemption amount on that date.
<b>“TFN”</b>	Tax File Number.
<b>“UCITS”</b>	Undertaking for Collective Investment in Transferable Securities established pursuant to EC Council Directive 2009/65/EC of 13 July, 2009 as amended, consolidated or substituted from time to time.
<b>“UCITS Regulations”</b>	The European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) (as amended, consolidated or substituted from time to time) and any regulations or notices issued by the CBI pursuant thereto for the time being in force.

Term	Definition
"Unit"	The Units of the Fund offered to Investors under this PDS.
"Weekday"	Any day that is not a Saturday or a Sunday.



## Synopsis

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<b>Administrator</b>	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, ABN 65 117 925 970, AFSL 301737, or such other person appointed by the Responsible Entity from time to time.	16
<b>Applications</b>	<p>Applications (including for additional investments) will generally be processed on each Dealing Day.</p> <p>For Direct Investors' initial investment, an original completed Application Form and cleared funds must be received by the Administrator by 12pm (Sydney time) on the intended Dealing Day in order for Units to be issued as at that Dealing Day.</p> <p>Additional investments can be made by faxing or emailing a completed Application Form to the Administrator by 12pm (Sydney time) on the intended Dealing Day (and ensuring cleared funds are received for value by 12pm (Sydney time) on the intended Dealing Day), in order for Units to be issued as at that Dealing Day.</p> <p>Applications received after the above cut-off time will not be accepted on the relevant Dealing Day but may be carried forward, without interest earned, to the next applicable Dealing Day.</p> <p>The Responsible Entity reserves the right to change the cut off time and to reject applications in whole or in part.</p>	45
<b>Buy/Sell Spread</b>	<p>Nil except when net application and redemption requests for a Dealing Day exceed the larger of \$50 million and 10% of the Net Asset Value of the Fund (the <b>"Buy/Sell Spread Threshold"</b>).</p> <p>If net application and redemption requests for a Dealing Day exceed the Buy/Sell Spread Threshold, the applicable Buy/Sell spread will reflect the estimated Transaction Costs for the relevant application or redemption, but shall not exceed 3% of the value of each relevant application or redemption request. The amount of the Buy/Sell spread is determined by the Responsible Entity.</p>	43
<b>Compulsory Redemptions</b>	The Responsible Entity has the power under the Constitution to compulsorily redeem Units held by Unitholders in the Fund in certain limited circumstances (see section 'Compulsory Redemptions' on page 48 of this PDS).	48
<b>Cooling Off</b>	There is no cooling off period offered by the Responsible Entity during which Investors can have their investment repaid. Indirect Investors should contact their Operator for information on any cooling off period which may be provided by the Operator.	56
<b>Custodian</b>	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, ABN 65 117 925 970, AFSL 301737 or such other person appointed by the Responsible Entity from time to time.	16

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<b>Deferred Dealing</b>	When the net amount of applications and redemptions in the Fund on a Dealing Day is greater than 20% of the Net Asset Value of the Fund (the “ <b>Dealing Threshold</b> ”), the Fund will automatically defer all applications and redemptions for processing on the second Dealing Day after the intended Dealing Day (the “ <b>Deferred Dealing Day</b> ”). The deferred application and redemption instructions will be processed at the Net Asset Value applicable on the Deferred Dealing Day and may not be cancelled by the Investor once accepted by the Fund. Any additional applications or redemptions received during a period when the Fund applies a Deferred Dealing Day, will be processed on the applicable Deferred Dealing Day.	17
<b>Designated Investments</b>	In order to seek to maintain the liquidity of the Fund, the Responsible Entity, in consultation with the Investment Manager, may designate investments that are identified as long-term, illiquid and/or without a readily ascertainable market value as Designated Investments.	55
<b>Distributions</b>	If any, annually as at 30 June. The Responsible Entity may, in its sole discretion, cause a special distribution to be made at any time during the year.	49
<b>Entry/Exit Fee</b>	Nil.	
<b>Fund Investments</b>	The Fund realizes its investment strategy through an investment in InRIS CFM Diversified (the “ <b>Master Fund</b> ”), a sub-fund of InRIS UCITS plc (the “ <b>Company</b> ”) which trades securities, options, futures, foreign exchange and credit as well as derivatives on all the foregoing in accordance with the Program. Net assets of the Fund that are not invested in the Master Fund are held in cash, Cash Equivalents or interest-bearing instruments.	18
<b>Fund Structure</b>	Registered Australian managed investment scheme investing in an AUD or EUR Master Fund Share Class. The Master Fund is a sub-fund of the Company, an open-ended investment company structured as an investment company with segregated liability between sub-funds, incorporated under the laws of Ireland and authorised by the Central Bank of Ireland (the “ <b>CBI</b> ”) on 19 July 2013 as a UCITS pursuant to the <a href="#">UCITS Regulations</a> .	9
<b>Investing through an IDPS</b>	Investors may invest in the Fund through a master trust, wrap account, a nominee or custody service or an investor directed portfolio service (all referred to in this PDS as an “ <b>IDPS</b> ”). These Investors are referred to as “ <b>Indirect Investors</b> ”. Investors not classified as wholesale clients under the Corporations Act are required to invest through an IDPS. For the avoidance of doubt, any investors classified as retail clients under the Corporations Act may not invest in the Fund directly. Indirect Investors gaining exposure to the Fund through an IDPS do not themselves become Unit holders in the Fund. Instead, it is the operator of the IDPS (or its custodian) that has the rights of Direct Investors and they may choose to exercise these rights in accordance with their arrangements with you. To invest in the Fund, Indirect Investors need to follow the instructions of the IDPS operator.	45
<b>Investment Advisor</b>	Capital Fund Management S.A.	9
<b>Investment Manager</b>	Capital Fund Management LLP.	9

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<b>Investment Objective</b>	<p>The Fund's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund aims to give effect to this objective by investing approximately 6/7's of its net assets in an AUD or EUR denominated Master Fund Share Class that follows the quantitative trading strategies developed by the Investment Advisor. The Fund will seek to hedge its currency exposure when investing in a EUR Master Fund Share Class. The Fund will subscribe and redeem its investment in the Master Fund on the next available dealing day in the Master Fund which is generally one business day after the dealing day of the Fund. The net assets not invested in the Master Fund will be held as cash, Cash Equivalents or interest bearing instruments at the level of the Fund.</p>	18
<b>Investment Strategy</b>	<p>The Program designed by the Investment Advisor, which invests in equal proportions of risk across three portfolios: trends (long-term following and value), equity market neutral (momentum, value, and quality), and risk premia (multi-asset short implied volatility and generalized carry). Trade execution is generally electronic in all asset classes and is based upon execution models that seek to take advantage of short-term market information.</p>	18
<b>Liquidity</b>	<p>Daily.</p> <p>Applications and redemptions are processed on a Business Day that is a Pricing Day also referred to as a Dealing Day.</p>	23
<b>Management Costs<sup>1</sup></b>	<p>The management fee for Class A is calculated as 1% per annum of the Net Asset Value of Class A. The management fee is calculated and accrued on each Pricing Day, reflected in the Unit price and is paid by the Fund to the Investment Manager monthly in arrears.</p> <p>When the other expenses of the Fund (excluding the management fee and the performance fee and abnormal expenses), including the Fund's pro-rata share of the other expenses of the Master Fund, exceed 0.30% per annum (including also GST net of RITCs for such other expenses and the management and performance fees) of the Net Asset Value of a Class, the Investment Manager will bear the portion of such other expenses exceeding 0.30% per annum. For the avoidance of doubt, the management fee of the Investment Manager shall not be negative.</p> <p>Performance fees are a component of management costs. A performance fee of 10% of the Trading Profit of Class A Units is calculated and accrued on each Pricing Day and reflected in the Unit price and payable by the Fund to the Investment Manager at the end of a Performance Period.</p>	41
<b>Minimum Additional Investment or Redemption</b>	<p>\$100 or such lesser amount as the Responsible Entity may determine from time to time.</p>	45 – 46
<b>Minimum Initial Investment</b>	<p>\$20,000 or such lesser amount as the Responsible Entity may determine from time to time.</p>	45

<sup>1</sup> Please refer to the section on 'Additional Explanation of Fees and Costs' for further information regarding the fees and costs, which apply to this Fund.

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<b>Minimum Investment Balance</b>	\$20,000 or such lesser amount as the Responsible Entity may determine from time to time.	45 – 46
<b>Non Australian Investors</b>	Applications will only be accepted from persons receiving the PDS in Australia. The Fund is not intended for investment by persons receiving this PDS outside Australia, unless expressly authorised by the Responsible Entity. If you are a U.S. person you may not be permitted to invest in the Fund.	17
<b>Notice Periods</b>	Applications: 12pm Sydney time, on the intended Dealing Day. Redemptions: 12pm Sydney time, on the intended Dealing Day.	45 – 46
<b>Payment</b>	Applications: 12pm Sydney time, on the intended Dealing Day. Redemptions: within 5 Business Days after the Dealing Day.	45 – 46
<b>Performance Fee</b>	10% of the Trading Profits of Class A Units. The performance fee is reflected in the Unit price and payable yearly by the Fund as of 30 June.	41
<b>Reporting</b>	Monthly Fund fact sheets and annual reporting information is available at <a href="http://www.cfmaltbeta.com.au">www.cfmaltbeta.com.au</a> .  In addition, as an Investor in the Fund, you will also receive confirmation advice for your applications and redemptions to and from the Fund, monthly Unit holder statements, annual reporting and an annual tax statement (if the Fund has paid a distribution during the financial year).	57
<b>Responsible Entity</b>	The Trust Company (RE Services) Limited is the Responsible Entity for the Fund. The Responsible Entity is a wholly owned subsidiary of Perpetual Limited which has been in operation for over 125 years. Perpetual Limited is an Australian public company that has been listed on the Australian Securities Exchange for over 40 years. The Responsible Entity holds AFSL number 235150 issued by ASIC, which authorises it to operate the Fund.	13
<b>Risks</b>	Investing in the Fund involves risks, including the risk that you may lose your entire investment in the Fund. You should read and understand these risks before you invest in the Fund. Key risks of investing in the Fund include (but are not limited to) the risks of investment in the Program which is speculative and whose value may increase as well as decrease, the risks involved by the use of derivatives instruments which may be highly volatile, illiquid and speculative, the risks associated with the Fund structure which notably consists of investing the majority of the Fund's net assets in the Master Fund and the counterparty risks associated with a default of a counterparty of the Fund or of the Master Fund to any contractual arrangements.	24
<b>Unit Pricing</b>	Application Prices and Redemption Prices for Units are generally calculated as of the Pricing Day which is the same day as the Dealing Day on which applications, redemptions or transfers, as applicable, are processed.	22
<b>Units offered</b>	The Units offered under this PDS are Class A Units. The Responsible Entity may, in accordance with the Constitution of the Fund, and without notice to or the consent of Unitholders, create additional, different Classes in the Fund and such Units may be issued each Dealing Day.	-

Features	Details	Page
<b>Volatility</b>	<p>Under normal market conditions, the target volatility of the Fund will be set at between 5% and 8% per annum. The exact volatility target is set by the investment committee of the Investment Manager. Notwithstanding the foregoing, the Investment Advisor reserves its full discretion to cut the target volatility of a Class of Units, even to nil, when it perceives that such a risk reduction may preserve capital.</p> <p>PLEASE NOTE THAT THE REALIZED VOLATILITY OF A CLASS OF UNITS MAY DIFFER MATERIALLY FROM ITS TARGET VOLATILITY. THE INVESTMENT MANAGER MAKES NO REPRESENTATION THAT THE FUND OR A CLASS OF UNITS WILL ACHIEVE ITS TARGET VOLATILITY.</p>	19

# Summary of Benchmarks and Disclosure Principles

The following table contains a summary of the information required for the Fund under the ASIC benchmarks and disclosure principles in ASIC Regulatory Guide 240.

The Fund implements its investment strategy by investing in Class G AUD or EUR Hedged shares of the Master Fund, which trades in accordance with the Program. Therefore, this section also addresses information required for the Master Fund under the ASIC benchmarks and disclosure principles.

Feature	Description
<b>I- Benchmarks</b>	
<b>Valuation of assets</b>	This benchmark is satisfied. The Responsible Entity meets the requirements of the Benchmark by outsourcing the valuation of the Fund's assets to the Administrator of the Fund. The Administrator values the Fund's assets in accordance with its valuation policy, which includes how to independently verify the valuation of assets that are exchange traded, non-exchange traded and assets that could be categorized as investments in funds. Similarly, the assets of the Master Fund are valued by the Master Administrator. See 'How the Units in the Fund are Valued' on page 28 for further information.
<b>Periodic reporting</b>	This benchmark is satisfied. The Responsible Entity meets the requirements of the Benchmark by providing annual and monthly periodic reports on key information about the Fund and Master Fund to Investors. The reports are available at CFM LLP's website: <a href="http://www.cfmaltbeta.com.au">www.cfmaltbeta.com.au</a> . See 'Keeping you informed' on page 70 for further information.
<b>II- Disclosure principles</b>	
<b>A. Investment Strategy</b>	
The Fund offers Investors exposure to the Program through Units denominated in AUD. See 'What is the Fund's Investment Strategy' for further information.	
<b>Investment objective</b>	The Fund's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund aims to give effect to this investment objective by investing approximately 6/7 of its net assets in an AUD or EUR denominated Master Fund Share Class that follows the quantitative trading strategies developed by the Investment Advisor. The Fund will seek to hedge its currency exposure when investing in a EUR Master Fund Share Class.
<b>Investment strategy</b>	The investment program of the Master Fund is the same as that of the Fund, and the Fund will conduct substantially all of its trading activities through the Master Fund. Any discussion in this PDS relating to the investment strategy of the Master Fund will thus also be relevant to the investment strategy of the Fund as approximately 6/7 of the Fund's net assets are invested in the Master Fund. The Master Fund is a quantitative trading fund that invests according to the Program designed by the Investment Advisor. The Investment Manager specialises in systematic trading strategies which trade financial instruments based on statistical analysis of price and fundamental data. The Program has been implemented as a computer program that generates trading signals for each instrument included in the Program's trading universe. See "What is the Fund's Investment Strategy" on page 24 for further information.
<b>Nature of Portfolio and financing of the Portfolio</b>	The Program is implemented at the level of the Master Fund through positions in financial instruments held in futures and options accounts, brokerage accounts and ISDAs. The Portfolio of the Master Fund consists mainly of exchange traded instruments and includes mainly Derivatives Contracts such as futures, options, forwards and swaps. The Investment Manager seeks to only include liquid instruments that are easy to value in the Portfolio. The Master Fund may sell securities Short and may act both as a buyer or seller of Derivatives Contracts. The Master Fund employs leverage through derivatives with the aim to achieve its risk target. The Investment Manager seeks to control the exposures of the Master Fund through its risk management systems.

Feature	Description
<b>Risk management</b>	The computer-based proprietary technology implementing the Program includes an integrated risk management system which monitors the risk of the Fund and the Master Fund on a continuous basis. The leverage of the individual trading strategies is adjusted on the basis of volatility forecasts in order to target a stable portfolio risk over the medium-term.
<b>Cash management</b>	From time-to-time there may be excess collateral available at the level of the Fund or the Master Fund, which is not allocated as collateral for supporting the exposures of the trading Program. Excess cash held at the level of the Fund will be held with the Custodian generally outside Australia.
<b>Risks associated with the investment strategy</b>	The specific risks associated with the investment strategy are Past Performance risk, Market Disruptions risk, Short Sales risk, Hedging Transactions risk, Futures Trading risk, Options risk, the Effectiveness of Trading Systems risk and the Development and Implementation of Trading Systems risk.  <b>Please refer to the 'What are the risks?' section on page 24 of this PDS for a description of these particular risks and for the risks generally associated with the Fund.</b>
<b>Changes to the investment strategy</b>	If CFM LLP makes any material changes to the Funds' investment strategy, Direct Investors in the Fund will be given notice of these changes as required by the Corporations Act.
<b>Fund's investment in the Master Fund</b>	The Master Fund was selected for investment by the Fund to provide an efficient exposure to the Fund's desired investment strategy. See "What is the Fund's Investment Strategy" on page 24 for further information.

## B. Investment Manager

	<p>CFM LLP, an affiliate to CFM SA, is the investment manager of the Fund. CFM SA is a sub-adviser to the Investment Manager and is the sole trading advisor of the Master Fund. Investments by the Master Fund are made according to the Program which is a systematic trading strategy implemented through the computer systems of CFM. Both CFM LLP and CFM SA are of the opinion that they employ adequate staff to implement, monitor and develop the Program.</p> <p>The key investment personnel for the Investment Manager and the Investment Advisor spend approximately 50% of their time on this investment strategy.</p> <p>The Responsible Entity may terminate the appointment of CFM LLP in certain circumstances including if there are certain unremedied breaches of the Investment Management Agreement, the Fund terminates or Investors pass a special resolution directing the Responsible Entity to do so.</p> <p>See "The Investment Manager" on page 20 for further information.</p>
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## C. Fund Structure

<b>Fund</b>	<p>Investors may apply for Class A Units in the Fund, which is domiciled in Australia. The Fund is a managed investment scheme registered with ASIC under the Corporations Act. The Responsible Entity has appointed a number of service providers who are involved in the on-going operation and administration of the Fund.</p> <p>The Fund invests approximately six-sevenths ("6/7") of its net assets in an AUD or EUR denominated Master Fund Share Class. The remaining assets of the Fund are retained by the Fund in cash, Cash Equivalents or interest-bearing instruments as explained in the section "Cash Management" on page 25 of this PDS. The Fund will seek to hedge its currency exposure when investing in a EUR Master Fund Share Class.</p>
<b>Master Fund and Sub-Fund</b>	<p>The Company is an open-ended investment company with variable capital and segregated liability between sub-funds, incorporated in Ireland. The Master Fund was launched on 1 December 2014.</p> <p>A diagram of the fund structure showing the key flows of investment cash is available in the section "Investment Structure of the Fund" on page 19 of this PDS.</p>
<b>Key service providers of the Fund</b>	<ul style="list-style-type: none"> <li>- The investment manager of the Fund is CFM LLP.</li> <li>- HSBC is the administrator and custodian of the Fund</li> </ul> <p>Please refer to the 'Administration and Custody Services for the Fund' sub-section on page 73 for further information.</p> <ul style="list-style-type: none"> <li>- KPMG is the independent auditor of the Fund.</li> <li>- The Responsible Entity regularly monitors the performance of the Fund's key service providers against the service levels documented in its service agreements with each key service provider.</li> </ul> <p>See 'Services Providers of the Fund' on page 22 for further information.</p>

Feature	Description
<b>Key service providers of the Master Fund</b>	<ul style="list-style-type: none"> <li>- The Company has appointed Innocap, as investment manager with discretionary powers.</li> <li>- Innocap has appointed CFM SA as the trading advisor of the Master Fund.</li> </ul> <p>Please refer to the 'Investment Manager' section on page 15 of this PDS for further information.</p> <ul style="list-style-type: none"> <li>- The Master Administrator is the administrator of the Master Fund.</li> <li>- The Master Custodian acts as custodian of the assets of the Company and the Master Fund.</li> <li>- Deloitte &amp; Touche is the auditor of the Master Fund.</li> <li>- Deutsche Bank AG and its affiliates (Germany, UK and US) are Brokers of the Master Fund.</li> <li>- Barclays Bank plc and its affiliates (UK and US) are Brokers of the Master Fund.</li> <li>- J.P. Morgan Securities plc and its affiliates (UK) are Brokers of the Master Fund.</li> <li>- Nomura International plc and its affiliates (UK) are Brokers of the Master Fund.</li> </ul> <p>See 'Services Providers of the Master Fund' on page 23 for further information.</p>
<b>Related party relationships</b>	CFM LLP, which is the investment manager of the Fund, is an affiliate to CFM SA, which is the investment advisor of the Fund and the trading advisor of the Master Fund, in each case authorized to perform discretionary portfolio management.
<b>Due diligence on the Master Fund</b>	The Responsible Entity has delegated the investment decision and monitoring processes of the Fund to the Investment Manager under the Investment Management Agreement. The Investment Manager is responsible for determining the investment in the Master Fund and completing ongoing monitoring of the Master Fund. The Investment Manager has followed a due diligence process in relation to its selection to invest into the Master Fund. In relation to the service providers of the Master Fund, Innocap follows a due diligence process in their appointment and ongoing monitoring of these service providers, assessing factors such as resourcing, capability, reputation and costs.
<b>Aggregate fees and expenses for the Master Fund</b>	The costs and expenses of the Master Fund allocated to the Fund are included in the management costs of the Fund. Please refer to the 'Fees and Other Costs' section on page 50 for further information.
<b>Risks associated with the investment structure of the Funds</b>	The specific risks associated with the investment structure are Master Feeder Structure risk, Cross Liability risk, Counterparty risk and Multiple Jurisdictions risk. Please refer to the 'What are the risks?' section on page 30 of this PDS for a description of the particular risks and for the risks generally associated with the Fund.

#### D. Valuation, Location and Custody of Assets

<b>Fund</b>	The NAV and NAV per Unit of the Fund will be determined by the Administrator on each Pricing Day, on the basis of the prevailing prices at the close of business of the markets on the relevant Pricing Day. HSBC has been appointed as the custodian of the Fund. See 'How the Units in the Fund are Valued' on page 28 and 'Administration and Custody Services for the Fund' on page 73 for further information.
<b>Master Fund</b>	The NAV and NAV per Share of the Master Fund will be determined by the Master Administrator on each Pricing Day, on the basis of the prevailing prices at the close of business of the markets on the relevant Pricing Day. State Street Custodial Services (Ireland) Limited has been appointed as custodian for the Master Fund. See 'How the Units in the Fund are Valued' on page 28 and 'Service Providers of the Master Fund' on page 23 for further information.

#### E. Liquidity



Feature	Description
<b>Fund</b>	<p>Under normal market conditions, the Responsible Entity reasonably expects to be able to realise at least 80% of the Fund's assets at market value within 10 days. As such, the Fund is considered liquid.</p> <p>The Fund's liquidity is dependent on the liquidity of the Master Fund. Therefore, if the Master Fund suspends liquidity (e.g. due to adverse or emergency market conditions or a suspension on redemptions) and the Fund cannot redeem its investment in the Master Fund, an Investor will not be able to redeem from the Fund and the Fund will not be liquid. If the Fund is illiquid, redemptions from the Fund will only be possible under a withdrawal offer made in accordance with the Corporations Act.</p> <p>The Responsible Entity does not have a specific policy in relation to the liquidity of the Fund.</p> <p>See 'What is the Liquidity of the Fund and the Master Fund' on page 29 for further information.</p>
<b>Master Fund</b>	<p>The Master Fund primarily invests in derivatives listed on major global exchanges as well as generally liquid forward contracts. Therefore, under normal market conditions, the Master Fund reasonably expects to be able to realise at least 80% of the Portfolio's assets at market value within 10 days. As such, the Portfolio is considered liquid.</p> <p>The Responsible Entity does not have a specific policy in relation to the liquidity of the Master Fund.</p> <p>See 'What is the Liquidity of the Fund and the Master Fund' on page 29 for further information.</p> <p>In addition, the Master Fund also invests in OTC derivatives. See 'Use of Derivatives' on page 27 and 'What are the risks?' section on page 30 for further information.</p>

## F. Leverage

<b>Fund</b>	Leverage is not employed at the level of the Fund.
<b>Master Fund</b>	<p>The Master Fund may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the net asset value of the Master Fund. Subject to this limit the Directors of the Company may exercise all borrowing powers on behalf of the Company, acting in respect of the Master Fund.</p> <p>Leverage is acquired by the Master Fund through the use of derivatives. The maximum amount of leverage employed by the Portfolio (expressed as ten year equivalent committed Gross Market Exposure and netting out hedges), to which the Fund is exposed, is 6 times the Fund's Net Asset Value. See 'Leverage' on page 26 for further information, including a worked example. The use of leverage can increase the size of any potential gains or losses for the Portfolio.</p> <p>See 'Leverage' on page 26 and 'What are the risks?' section on page 30 for further information.</p>

## G. Derivatives

<b>Fund</b>	The Fund does not generally employ derivatives, but may do so for currency hedging purposes.
<b>Master Fund</b>	<p>The Master Fund employs derivatives to take opportunities in the financial markets as well as for risk management purposes. This includes exchange traded and OTC derivatives. The type of derivatives typically includes index futures on equities; fixed income; currency and volatility underlyings; currency forwards; index options, contracts for difference, equity swaps and credit default indices.</p> <p>See 'Use of Derivatives' on page 27 and 'What are the risks?' section on page 30 for further information.</p>

## H. Short Selling

<b>Fund</b>	The Fund does not employ Short Selling.
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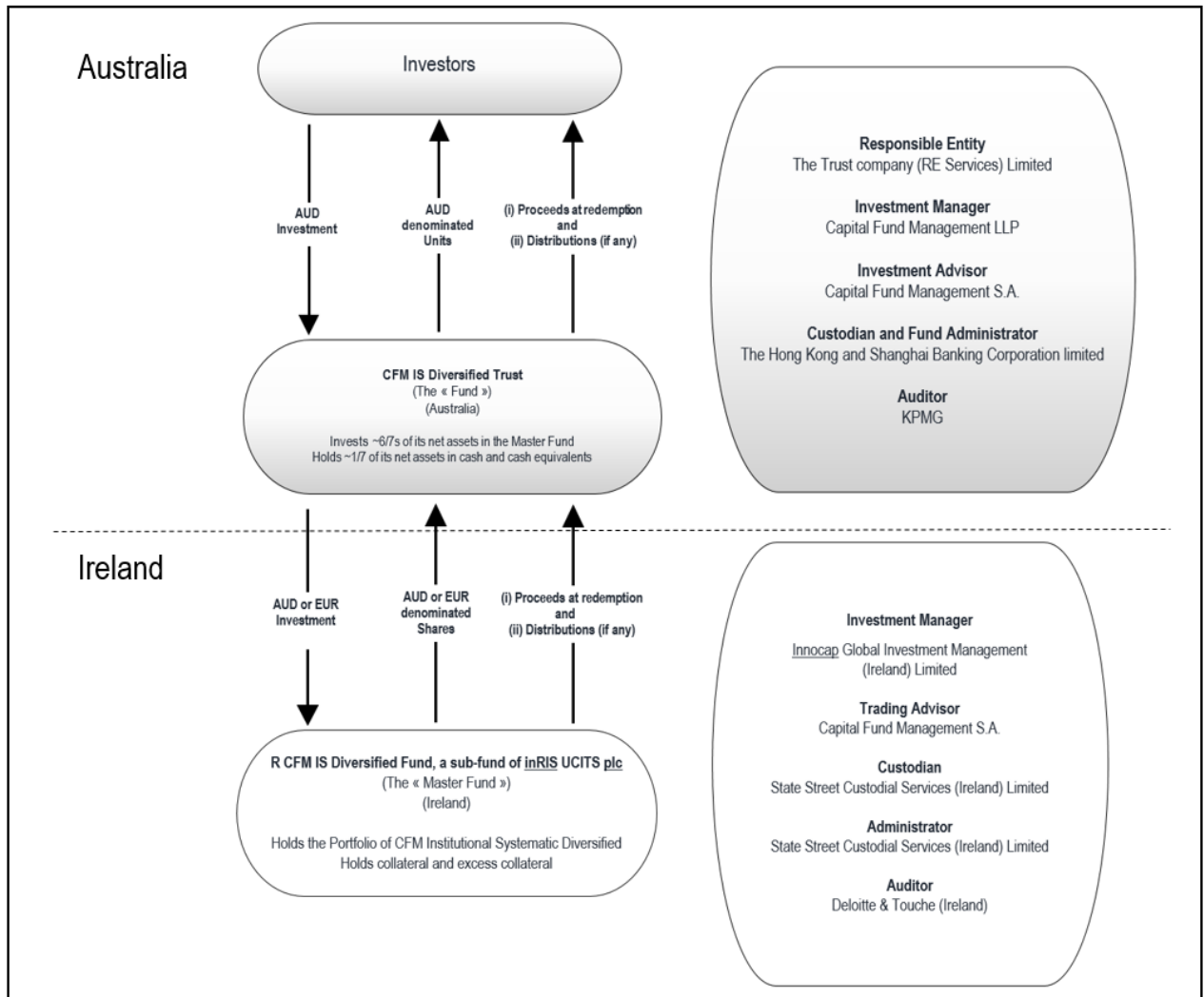
Feature	Description
<b>Master Fund</b>	<p>The Master Fund may effect trades in derivatives taking a Short exposure to underlyings as a speculative position or as a part of a hedging strategy and does not effect Short sales <i>per se</i>. Short trades are defined as transactions in which a person sells a security, which it does not own (by borrowing such security), in anticipation of a decline in the market value of such security. The underlying instruments may include instruments concerned by Short Selling restrictions. Losses from Short sales may be unlimited if the price of an instrument sold short continues to appreciate.</p> <p>In theory, the potential loss on a Short Position can be infinite where the market price of the asset sold Short rises. The cost of covering the Short Position can rise without limit. The risk of loss from Short Selling is greater than holding a Long Position. Please refer to 'Short Sales' sub-section on page 32 for further information.</p> <p>The Responsible Entity does not have a specific policy in relation to the use of Short Selling by the Fund and the Master Fund.</p>

## I. Redemptions

<b>Redemptions by Direct Investors from the Fund</b>	<p>Redemptions by Direct Investors are processed on each Dealing Day (being on each Business Day that is a Pricing Day). Redemption requests will be processed on a Dealing Day, if the redemption request is provided to the Administrator by 12pm on the intended Dealing Day. Redemptions will be processed at the NAV per Unit calculated on the applicable Dealing Day and payment generally made within 5 Business Days after the Dealing Day.</p> <p>When the net amount of applications and redemptions in the Fund on a Dealing Day is greater than the Dealing Threshold, the Fund will automatically defer all applications and redemptions for processing on the Deferred Dealing Day. The deferred application and redemption instructions will be processed at the Net Asset Value applicable on the Deferred Dealing Day and may not be cancelled by the Investor once accepted by the Fund. Any additional applications or redemptions received during a period when the Fund applies a Deferred Dealing Day, will be processed on the applicable Deferred Dealing Day.</p> <p>In some circumstances (e.g. if the Fund becomes illiquid), Investors may not be able to redeem their investment in the normal period or at all. Please refer to 'Redemptions for Direct Investors' on page 58 for further information.</p>
<b>Redemptions by Indirect Investors from the Fund</b>	<p>Redemptions by Indirect Investors are made in accordance with their arrangements with their Operator. Indirect Investors should contact their Operator to obtain these details.</p>
<b>Notifications</b>	<p>Investors will be notified of any material changes affecting their redemption rights in the Fund in accordance with the Corporations Act.</p>

# Investment Structure of the Fund

The investment structure chart below shows a summary of the key entities and the investment flows between the Investors, the Fund and the Master Fund. The investment portfolio is held at the level of the Master Fund. The Fund will subscribe and redeem its investment in the Master Fund on the next available dealing day of the Master Fund, which is generally one business day after the Dealing Day.



Note: If the Fund invests in EUR denominated shares in the Master Fund it will seek to hedge its currency exposure in the forward market.

## Investment Manager

CFM is an independent asset management group focused on developing trading strategies based on a global and quantitative approach to financial markets. CFM's research team takes a scientific approach to developing trading signals that rely on the in-depth statistical analysis of large data sets. These signals are systematically integrated and deployed through a global implementation infrastructure with consideration for risk, liquidity, correlation and cost. The research of CFM is internationally renowned and has resulted in several published academic papers. CFM maintains an industrial strength straight-through-processing infrastructure across data centers on three continents. Trading is conducted facing leading global counterparties.

As of 28 February 2019, CFM employed approximately 242 staff at offices in London, New York, Paris, Sydney and Tokyo. Many of CFM's staff have a Ph.D. in physics or have graduated in other hard sciences. As of 1 March 2019, CFM managed a notional amount of US\$9.5 billion on behalf of clients mainly through off-shore funds but also through US and EU based funds. The investor base includes pension funds, funds of funds, endowments, insurance companies, private banks and family offices.

The group's parent, CFM SA, was founded in 1991 and is headquartered in Paris, France. CFM SA is registered with the U.S. CFTC, the U.S. SEC, the French AMF and is a member of the U.S. National Futures Association. CFM SA is privately held, with a majority owned by its directors and staff and a minority held by Dyal Capital Partners. CFM SA is the sole trading advisor to the Master Fund in which the Fund invests its assets.

CFM LLP, which is a London (UK) based alternative investment fund management firm that holds an UK FCA (licence number 600018) issued by the UK FCA, is affiliated to CFM SA. CFM LLP opened an Australian branch on 30 April 2018, located at 333 George Street, Sydney, NSW 2000 Australia with Australian registered body number 624703 886. The Australian branch of CFM LLP conducts investor relations activities.

The Responsible Entity of the Fund has delegated the responsibility for the investment management activities of the Fund to CFM LLP and CFM LLP, in its capacity as investment manager, has accepted the responsibility for the Fund's investment activities. This delegation is in the form of an investment management agreement.

The Responsible Entity may terminate the appointment of CFM LLP if:

- ▶ it goes into administration, receivership or liquidation;
- ▶ it ceases to carry on business in relation to its activities as an Investment Manager;
- ▶ it materially breaches or fails to observe or perform a duty, obligation, representation, warranty or undertaking required of it under the Investment Management Agreement that in the reasonable opinion of the Responsible Entity, adversely affects the rights of Investors, and fails to rectify the breach or failure to the reasonable satisfaction of the Responsible Entity within 20 business days;
- ▶ the Fund terminates; or
- ▶ there is a special resolution that is passed by the Investors directing the Responsible Entity to terminate the appointment of the Investment Manager.

CFM LLP is responsible for the risk management of the Fund and has in the form of a portfolio management agreement delegated portfolio management of the Fund to CFM SA.

The investment manager of the Company, Innocap, may terminate the appointment of CFM SA as trading advisor to the Master Fund at any time upon written notice.

To date, there have not been any adverse regulatory findings against CFM LLP, any other entity part of the CFM group of companies, or the Responsible Entity.

There are six principals of CFM SA, the ultimate holding company of CFM LLP:

- ▶ **Jean-Philippe Bouchaud, Chairman & Chief Scientist.** Dr. Jean-Philippe Bouchaud was appointed Chairman and Chief Scientist of CFM SA in October 2001. At CFM, Dr. Bouchaud supervises, together with Dr. Potters, the research team of CFM, and contributes by maintaining strong links between CFM's research and the academic world.

After studying at the French Lycée in London, Dr. Bouchaud graduated from the École Normale Supérieure in Paris, France, where he obtained his Ph.D. in theoretical physics. He was then appointed as a researcher by the CNRS until 1992. After a year at the Cavendish Laboratory in Cambridge (UK), he joined the Service de Physique de l'État Condensé at the Commissariat à l'Énergie Atomique at Saclay (France). Dr. Bouchaud became interested in theoretical and empirical finance in 1991. His research in quantitative finance led him to founding the research company S&F in 1994. S&F merged with CFM in July 2000.

Dr. Bouchaud is today a well-known authority within the field of econophysics. His work, summarised in the book *Theory of Financial Risks and Derivative Pricing* (Cambridge University Press), includes new statistical models of returns and correlations, extreme risk control and option pricing beyond Black-Scholes. Dr. Bouchaud was awarded the IBM Young Scientist prize and the CNRS Silver Medal. He is also the Editor-in-Chief of *Quantitative Finance*.

- ▶ **Marc Potters, Chief Investment Officer.** Dr. Marc Potters joined CFM in October 1995 as a researcher in quantitative finance. Today he acts as board member and CIO of CFM SA.

Marc Potters holds a Ph.D. in physics from Princeton University (USA). Prior to joining CFM, he was a post-doctoral fellow at the University of Rome La Sapienza (Italy). Dr. Potters is the author, with Mr. Bouchaud, of the book *Theory of Financial Risk and Derivative Pricing* (Cambridge University Press).

- ▶ **Jacques Saulière, Chief Executive Officer.** Mr. Saulière joined CFM in August 2001. Today he acts as board member and CEO of CFM SA where he oversees operations and information technology.

Prior to joining CFM, Mr. Saulière worked from February 1993 as Head of Sales at Ubitrade where he acquired in-depth knowledge of the development of software solutions for risk management within the financial industry. From 1988 to 1992, he worked as a research consultant for major aerospace groups of the defence sector in France.

Mr. Saulière graduated from the École Centrale of Paris (France) in 1985. He also holds M.Sc. degrees in Electrical and Aerospace Engineering from the University of Southern California (United States) and an MBA from INSEAD at Fontainebleau (France). Mr. Saulière serves as a director of certain private investment funds managed by CFM.

- ▶ **Philippe Jordan, President of CFMI.** Mr. Jordan joined CFM in 2005. Today he acts as President of CFM International Inc., a wholly owned subsidiary of CFM SA, and a board member of CFM SA. He is responsible for CFM's global investor relations and counterparty management.

Prior to joining CFM, Mr. Jordan was a founding member of Indeman Capital Management, LLC ("IDM") a start-up focused on hedge fund incubation. Mr. Jordan joined IDM from Credit Suisse First Boston ("CSFB") where he was a director and the Global Head of Capital Introduction in the Prime Banking Group. He also worked in CSFB's Hedge Fund Development Group where he was the Head of Hedge Fund Origination and Distribution for the Americas. Prior to this, Mr. Jordan was a Senior Vice President in Hedge Fund Coverage and later the Co-Head of Alternative Investments at Daiwa Securities, America and a Senior Vice President in International Sales at Oppenheimer & Co. Mr. Jordan began his career as an Account Executive at Refco Group Limited in London. He served on the board of directors of FINEX from 1993 to 1999.

- ▶ **Laurent Laloux, Chief Product Officer.** Dr. Laloux manages product development with a particular focus on evolving CFM's research and IT capabilities and acts as a board member of CFM SA. Previously, he led the equity strategies group. Laurent obtained his Ph.D. in Theoretical Physics from Université Pierre et Marie Curie in the Laboratoire de Physique Théorique de l'École Normale Supérieure. He joined CFM in February 1997 as a researcher to work on Discus, a managed futures program. In 1998, he started to focus on equities to develop the equity statistical arbitrage program, which was launched in 2001.

- ▶ **Dyal Capital Partners (B) LP.** Dyal Capital Partners (B) LP is a minority shareholder of CFM SA.

Key investment personnel for the Investment Manager and the Investment Advisor include:

- ▶ **Marc Potters, CIO of CFM SA.** Please refer to biography set forth herein above.
- ▶ **Philip Seager, Head of Institutional Systematic Strategies, oversees the Program.** Dr. Seager joined CFM in August 2000 to build an intraday managed futures / FX program. Dr. Seager was named Head of Directional Strategies in 2004 and continued in that role for more than 10 years before taking on the task of leading the research effort for the firm's suite of Institutional Systematic strategies. Prior to joining CFM in 2000, Dr. Seager obtained a two-year European Fellowship to work at the Commissariat à l'Energie Atomique ("**CEA**") in Saclay (France), working on a search for the charged Higgs boson with the ALEPH detector using the LEP collider at the European Centre for Nuclear Research ("**CERN**") in Geneva (Switzerland). Dr. Seager obtained his Ph.D. in 1998 from Lancaster University (UK).
- ▶ **Sylvain Calais, Chief Risk Officer of CFM LLP.** Sylvain Calais joined CFM in 2010, after having spent a few years in a software development company. He started as a member of the Risk and Operations IT team, before becoming a full time member of the Risk team in 2011. Sylvain joined Capital Fund Management LLP in 2013; since then he has been involved in different risk processes relative to operational and market risk. Mr. Calais is a member of the CFM group's Investment Committee focusing on the Institutional Systematic programs and a board member of CFM LLP. Mr. Calais graduated in 2005 from Supélec with a degree in engineering. He obtained a M.Sc. in Computer Science in 2006 from Georgia Tech.

The key investment personnel for the Investment Manager and the Investment Advisor spend approximately 50% of their time on this investment strategy.

## Service Providers

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### Service Providers of the Fund

The Responsible Entity has appointed CFM LLP as the investment manager of the Fund. The Responsible Entity is not aware of any unusual or materially onerous terms in the Investment Management Agreement under which the Investment Manager has been appointed. Please refer to the Section "[Investment Manager](#)" above for further details on the termination conditions of such Investment Management Agreement.

The Responsible Entity has appointed The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch as Administrator and Custodian to the Fund.

With the exception of CFM LLP all direct service providers to the Fund are located in Australia. CFM LLP has appointed CFM SA as an investment advisor, paid by CFM LLP. CFM LLP is affiliated to CFM SA. None of the other service providers are related parties to one another nor does the Responsible Entity believe that any material agreements to which the Fund has entered could be considered not to have been negotiated on an arm's length basis.

The agreements in place with each service provider include mechanisms for the Responsible Entity to monitor the services that each provides to the Fund. In addition, the compliance plan for the Fund provides for a framework in which the Responsible Entity is able to effectively monitor the services being provided to the Fund. Such monitoring includes regular reporting, as well as on-going monitoring visits and reviews performed for each service provider.

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### Service Providers of the Master Fund

The Company has appointed Innocap as investment manager with discretionary powers. Innocap is engaged in the business of managing alternative investment funds. It is regulated by the Central Bank of Ireland as an AIFM and holds a Category 2 License, which, inter alia, allows it to provide fund management services. Innocap is part of the National Bank of Canada group of companies.

Innocap is responsible, subject to the overall supervision and control of the Directors, for managing the assets and investments of the Company in accordance with the investment objective and policies of each sub-fund, including to select, appoint and terminate trading advisors to which it may delegate, in accordance with the requirements of the CBI, the authority to manage the assets and investments of the Company in accordance with the investment objective and policies of each sub-fund. The Company shall not be liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of Innocap or for its own acts or omissions in following the advice or recommendations of Innocap. Innocap is also the promoter of the Company.

Innocap has appointed CFM SA as trading advisor to the Master Fund. The Responsible Entity is not aware of any unusual or materially onerous terms in the trading advisory agreement under which the Investment Advisor has been appointed. The Company has appointed State Street Fund Services (Ireland) Limited (the “**Master Administrator**”) as administrator and State Street Custodial Services (Ireland) Limited (the “**Master Custodian**”) as custodian for the Master Fund. The Brokers of the Master Fund are Barclays Bank plc and its affiliates (UK and US), Deutsche Bank AG and its affiliates (Germany, UK and US), J.P. Morgan Securities plc and its affiliates (UK) and Nomura International plc and its affiliates (UK). See the section titled 'Master Fund' on page 65 of this PDS for more details.

The service providers to the Master Fund are domiciled in foreign jurisdictions that have different laws and regulations to that of Australia. None of the appointed service providers are considered related parties to CFM nor does CFM believe that there are any material arrangements to which the Master Fund is involved that would not be considered to be on commercial terms or at arm's length.

The agreements in place with each service provider include mechanisms for monitoring the services that each provides. Such monitoring includes regular reporting, as well as on-going monitoring visits and reviews performed for each service provider.

## WHO CAN INVEST IN THE FUND THROUGH THIS PDS?

**The offer made in this PDS is available only to Direct Investors and Operators receiving this PDS in Australia. Investment in the Fund can be made directly or through an IDPS.**

For Direct Investors, the initial investment amount must be for a minimum of \$20,000. Only Investors classified as wholesale clients under the Corporations Act can be Direct Investors.

Indirect Investors investing through an IDPS may rely on information in this PDS for the purpose of directing an Operator to invest in the Fund on their behalf. Investors not classified as wholesale clients under the Corporations Act are required to invest through an IDPS. Operators will advise Indirect Investors about how to invest through their IDPS, including the minimum initial investment amount. The rights of unitholders in the Fund specified in this PDS generally refer to the rights exercisable by Direct Investors. Indirect Investors investing through an IDPS do not themselves become unitholders in the Fund, nor do they acquire the same rights as Direct Investors, under this PDS.

Indirect Investors investing through an IDPS are encouraged to seek details of their rights as an investor from the Operator through which they are investing. See the section titled 'Investor Status' on page 71 of this PDS for more details.

# WHAT IS THE FUND'S INVESTMENT STRATEGY?

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## Investment Objective<sup>2</sup>

The Fund's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund aims to give effect to this objective by investing approximately 6/7's of its net assets in the AUD or EUR denominated Master Fund Share Class that follows the Program. The net assets not invested in the Master Fund will be held as cash, Cash Equivalents or interest bearing instruments at the level of the Fund.

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## Investment Strategy

The Master Fund is a quantitative trading fund that invests according to the Program designed by the Investment Manager.

The Investment Manager specialises in systematic trading strategies, which trade financial instruments based on statistical analysis of price and fundamental data. The Program has been implemented as a computer program that generates trading signals for each instrument included in the Program's trading universe.

The Program trades the financial markets on a global basis focusing on markets providing sufficient liquidity and supporting infrastructure. Trading may be extended to new markets when liquidity and market infrastructure allows. The strategy may be based on momentum or mean reversion generally with long term patterns. The Program trades in a variety of derivative instruments on securities, options, futures, FX and credit. Trade execution is generally electronic in all asset classes and is based upon execution models that seek to optimise market entry and exit.

The Program includes directional and relative value components. At the date of this PDS the following strategies were traded within the Program:

### Trends

The trends strategies include long-term trend-following and value. Long-term trend following is a strategy that seeks to extract profits from long-term trends. Value is a strategy that seeks to extract profits by selling assets that are perceived to have a high valuation whilst buying assets perceived to have a low valuation. The strategies are based on price and fundamental data and are statistical and systematic in nature. Both strategies take exposure through futures and other derivatives on benchmark indicators, such as government securities, market indices, exchange traded funds, interest rates, foreign exchange, commodities, volatility indices and credit indices. The strategies may also acquire outright exposure to the same underlyings. The strategies seek to be exposed to the financial markets on a global basis, focusing on markets that provide sufficient liquidity and supporting infrastructure.

### Risk Premia

The risk premia strategies include volatility premium and generalised carry. The volatility premium strategy seeks to extract profits from the condition that implied volatilities tend to be higher than realised volatilities. The volatility premium strategy includes hedges, which seek to decrease the portfolio's sensitivity to directional market risk. The generalised carry strategy seeks to extract profits by buying assets with high yields and selling assets with low yields. The strategies take exposure through futures, options and other derivatives on benchmark indicators, such as government securities, market indices, exchange traded funds, interest rates, foreign exchange, commodities, volatility indices and credit indices. The strategies may also acquire outright exposure to the same underlyings. The strategies seek to be exposed to the financial markets on a global basis, focusing on markets that provide sufficient liquidity.

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<sup>2</sup> The investment objective is a target and as such its achievement cannot be guaranteed.



### **Equity Market Neutral**

The equity market neutral strategy is a relative-value statistical equity arbitrage strategy. The strategy builds its portfolio as a global long/short equity book constrained by market and sector neutralities. The trading decisions are the result of an automated trading system based on historical price, corporate and fundamental time-series data. The system seeks to be self-adaptive to market conditions, using both price-based models and fundamental based predictions. The underlying stock universe of the strategy includes exchange traded stocks and exchange traded funds in the Americas, Asia/Pacific, Europe and South Africa.

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#### Risk Management

The computer-based proprietary technology implementing the Program includes an integrated risk management system, which monitors the risk of the Master Fund's Portfolio on a continuous basis. The leverage of the individual trading strategies is adjusted on the basis of volatility forecasts in order to target a stable portfolio risk over the medium-term.

In addition, the Investment Manager employs an independent risk management team, which monitors the market risk of the Master Fund using independently developed market risk models. The independent risk team also monitors operational risks in relation to the trading activity of the Program. The Investment Manager maintains a number of risk targets and limits for the Program based mainly on volatility, value at risk and maximum exposures. The volatility target of the Program based on annualized daily returns is generally at between 5% and 8% per annum. The exact target volatility of the Program is set by the investment committee of the Investment Manager. Notwithstanding the foregoing, the Investment Advisor reserves its full discretion to cut the target volatility of a Class, even to nil, when it perceives that such a risk reduction may preserve capital.

PLEASE NOTE THAT THE REALIZED VOLATILITY OF A CLASS MAY DIFFER MATERIALLY FROM ITS TARGET VOLATILITY. THE INVESTMENT MANAGER MAKES NO REPRESENTATION THAT THE FUND OR A CLASS OF UNITS WILL ACHIEVE ITS TARGET VOLATILITY.

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#### Cash Management

From time-to-time there will be cash held at the level of the Fund and there may be excess collateral available at the level of the Master Fund (which is not allocated as collateral for supporting the exposures of the trading strategies).

Such cash or excess collateral may be held as cash on deposit or in time deposits, money market instruments, reverse-repurchase agreements or cash funds invested in fixed income securities or otherwise. Such cash or excess collateral may also be invested in securities at the level of the Fund or the Master Fund, as the case may be. The securities eligible for investment include: government securities; municipal obligations; obligations of financial institutions; commercial paper and other short-term corporate obligations issued by corporations; investment companies; trusts or other entities; corporate bonds and notes; variable and floating rate securities; participation interests in any of the foregoing; and may include repurchase agreements. The cash management at the level of the Master Fund is managed by Innocap.

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#### Trading Policies and Restrictions

##### **Use of Proceeds and Cash at Fund Level**

Approximately six-sevenths ("6/7") of the net assets of the Fund will be invested in a AUD or EUR Master Fund Share Class. The net assets not invested in the Master Fund will be held as cash, Cash Equivalents or interest-bearing instruments including time deposits at the level of the Fund (See the section [Cash Management](#) on page 25 of this PDS). The selection and allocation among these investments is performed according to their respective liquidity, duration and credit worthiness.

Notwithstanding the above, assets held by the Fund whether in cash or invested in the Master Fund are pooled and held for the benefit of all Units. The NAV of the Fund and the NAV per Unit will be determined according to the principles described in the section [How are Units in the Fund Valued?](#) below.

##### **Borrowing and Lending**

The Master Fund may only borrow on a temporary basis and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value. Subject to this limit the Directors of the Company may exercise all

borrowing powers on behalf of the Company, acting in respect of the Master Fund. In accordance with the provisions of the UCITS Regulations, the Company may charge its assets as security for such borrowings. The Master Fund may acquire foreign currency by means of a “back-to-back” loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of the borrowing restrictions as set out above provided that the offsetting deposit (a) is denominated in the base currency of the Master Fund and (b) equals or exceeds the value of the foreign currency.

In order to secure the obligations to each Broker, the Master Fund is required to provide collateral and the assets held by each Broker are generally charged in favour of the Broker. Brokers may have the right to re-use the Master Fund’s assets held in custody. Collateral held by a Broker may not be segregated from the assets of the Broker and the Master Fund may be a general creditor to each Broker. Although certain assets may be held on trust with Brokers and the Master Fund may benefit from certain client protections at Brokers, Investors should assume that assets held with Brokers as subject to counterparty exposure.

The Fund does not intend to enter into loan agreements and does not have any intention to borrow.

### **Intra-Month Risk Adjustment for Trading Profits or Losses**

An investment in the Fund will generate Trading Profit and losses on a continuous basis when markets are open. The Fund generally only adjusts its risk level at the end of each calendar month to account for these profits or losses. Exceptionally, at the Responsible Entity’s discretion, the Fund may also adjust its risk level in the event of a material intra-month profit or loss. Consequently, the Fund’s intra-month risk exposure relative to its net assets may decrease when in a profit or may increase when in a loss. As the Fund is subject to intra-month dealing, the Fund will, however, adjust its risk level intra-month when receiving material subscriptions or withdrawals, as determined in the Responsible Entity’s sole discretion.

### **Currency Hedging**

The Fund seeks to equal the foreign exchange exposure of its net assets and its equity by entering into foreign exchange transactions or hedges at the level of the Master Fund or the Fund.

### **Market Manipulation**

The Investment Advisor has a policy not to develop trading systems that can be deemed to manipulate markets.

### **Labour Standards, Environment, Social and Ethical Considerations**

The Responsible Entity at the Fund level and the Investment Manager at the Master Fund level, do not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising any investment of the Fund except in the case of the Investment Advisor which does not carry out trading with respect to companies which are substantially active in manufacturing of certain non-conventional weapons.

Leverage

#### **Fund**

Leverage is not employed at the level of the Fund.

#### **Master Fund**

Leverage is acquired by the Master Fund through the use of derivatives. Further information on the use of leverage by the Master Fund is provided in the section Borrowing and Lending

The maximum allowed level of leverage employed by the Portfolio (expressed as ten year equivalent committed Gross Market Exposure and netting out hedges), to which the Fund is exposed, is 6 times the Fund’s Net Asset Value so that, for every \$1 of the Portfolio’s net asset value, the Portfolio is able to be leveraged a further \$5.

As a worked example, if \$1,000,000 of the Fund’s cash is utilised to purchase \$1,000,000 worth of investments at the level of the Master Fund, the Fund is not using leverage. Any increases or decreases in the value of these investments represent the exact amount of the gain or loss on the money invested.

If the Master Fund's investments are leveraged through Derivative Contracts by up to \$5,000,000 and invested with \$1,000,000 of the Fund's cash to purchase a maximum of \$6,000,000 worth of investments, the Portfolio is now using leverage and the Portfolio has a gross value of \$6,000,000 measured as ten-year equivalent exposures. If these investments increase in value by 5%, the gross value would be \$6,300,000. The gain of \$300,000 represents a return of 30% on the \$1,000,000 invested. Conversely, if the value of the assets decreases by 5%, the gross value would be \$5,700,000. This loss of \$300,000 represents a 30% loss on the \$1,000,000 invested. As demonstrated, the use of leverage can increase the size of any potential gains or losses for the Portfolio.

The Responsible Entity does not have a specific policy in relation to the use of leverage by the Fund or the Master Fund.

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#### Use of Derivatives

##### **Fund**

The Fund does not generally employ derivatives, but may do so for currency hedging purposes..

##### **Master Fund**

The Master Fund employs derivatives to take advantage of opportunities in the financial markets as well as for risk management purposes.

The Portfolio held at the level of the Master Fund may be invested in both exchange traded and OTC derivatives. The types of derivatives typically included in the Portfolio are index futures on equities, fixed income, currency and volatility underlyings; currency forwards; index options; contracts for difference, equity swaps and credit default indices. The Master Fund will seek to minimise counterparty risk in relation to derivatives by selecting counterparties that are considered appropriate for each derivatives transaction based on the creditworthiness of each counterparty and operational criteria. Counterparties are monitored on an ongoing basis to ensure they remain appropriate for the Master Fund.

Derivatives positions are generally collateralised by either cash or other assets of the Master Fund. Collateral for exchange traded derivatives is generally held at the central clearing facility of each derivatives exchange. Collateral for OTC derivatives positions may be centrally cleared or may be held directly with a derivatives counterparty. Collateral held with a counterparty may not be segregated from the derivatives counterparty's own assets. The Master Fund may not be able to recover such collateral in full in the event of a counterparty becoming insolvent. Please refer to the 'What are the risks?' section on page 30 for further details on these risks.

The Responsible Entity does not have a specific policy in relation to the use of derivatives by the Fund and the Master Fund.

##### **Material Changes**

The Responsible Entity will give prior notice to the Investors of any material changes affecting the Fund's investment objective and the investment strategy described in this PDS, in order for the Investors to be able to redeem their Units prior to such changes.

## HOW ARE UNITS IN THE FUND VALUED?

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### Unit Prices

Unit prices for a Class are calculated by:

- ▶ establishing the Net Asset Value of the Class; and
- ▶ dividing the Net Asset Value of the Class by the number of Units in the Class on issue to determine the Net Asset Value of each Unit (which is both the entry price and the exit price).

Generally, the Net Asset Value of the Class is determined each Pricing Day. The Net Asset Value of a Class is calculated by deducting from the value of the Class' gross assets, the value of the Class' liabilities, including any accrued but unpaid management costs.

The Net Asset Value of investments in the Fund includes not only the value of unrealised capital gains but also any income and realised capital gains accrued but not yet distributed.

Applications received by HSBC by 12pm (Sydney time) on a Dealing Day (and ensuring cleared funds are received by 12pm (Sydney time) on the intended Dealing Day) will be allocated Units at an Application Price as at the close of business on that Dealing Day. Applications received after this time will be allocated Units at an Application Price as at close of business of the next Dealing Day. Any net interest, after deducting any taxes and bank charges, accruing on the trust account for application monies received prior to being invested is credited to the account of the Fund.

When the net amount of applications and redemptions in the Fund on a Dealing Day is greater than the Dealing Threshold, the Fund will automatically defer all applications and redemptions for processing on the Deferred Dealing Day. The deferred application and redemption instructions will be processed at the Net Asset Value applicable on the Deferred Dealing Day and may not be cancelled by the Investor once accepted by the Fund. Any additional applications or redemptions received during a period when the Fund applies a Deferred Dealing Day, will be processed on the applicable Deferred Dealing Day.

The Responsible Entity reserves the right to change the cut off time and to reject applications in whole or in part.

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### Performance

Performance data and unit prices for the Fund are updated on a monthly basis, and are available on the website of the Investment Manager at [www.cfmaltbeta.com.au](http://www.cfmaltbeta.com.au).

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### Valuation

#### **Fund**

The NAV and NAV per Unit of the Fund will be determined by the Administrator on each Pricing Day, on the basis of the prevailing prices at the close of business of the markets on the relevant Pricing Day.

The NAV of the Fund means total assets less total liabilities of the Fund, determined according to the following principles and, on the basis of accounting principles generally accepted in the Australia ("**Australian GAAP**"), consistently applied. The NAV of the Fund shall include all cash and Cash equivalents, accrued income, the market value of open positions and other assets maintained by the Fund, less all other liabilities of the Fund (including accrued fees and expenses, if any).

The asset types, allocation and valuation methodology for assets the Fund may invest in are detailed below:

Asset type	Valuation	Allocation Range
Shares or units in open-ended funds	Last available net asset value for such shares or units	The Fund invests approximately 6/7 of its net assets in an AUD or EUR Master Fund Share Class which is incorporated under the laws of Ireland.
Cash and Cash Equivalents	As determined by the relevant administrator	The Fund invests approximately 1/7 of its assets in cash and Cash Equivalents.

### **Master Fund**

The NAV and NAV per Share of the Master Fund will be determined by the Master Administrator on each Pricing Day, on the basis of the prevailing prices at the close of business of the markets on the relevant Pricing Day.

The NAV of the Master Fund means total assets less total liabilities of the Master Fund, determined according to the following principles and, on the basis of International Financial Reporting Standards, consistently applied. The NAV of the Master Fund shall include all cash and Cash Equivalents, accrued income, the market value of open positions and other assets maintained by the Master Fund, less all other liabilities of the Master Fund (including accrued fees and expenses, if any, but excluding any amounts paid up on the issued share capital of the Master Fund).

The Master Fund trades in a variety of financial instruments including derivatives on securities, options, futures, FX and credit. Trade execution is generally electronic in all asset classes and is based upon execution models that seek to optimise market entry and exit.

The Master Fund and the Investment Advisor do not have a specific policy in relation to the geographical location of an asset of the Portfolio, instead the markets traded are selected based on the available liquidity and market infrastructure. There are no geographic limits on the market exposure of the Portfolio.

The assets of the Fund and the Master Fund are held by third party custodians, banks and brokers. The Company has appointed Deutsche Bank AG and its affiliates (Germany, UK and US), Barclays Bank plc and its affiliates (UK and US), J.P. Morgan Securities plc and its affiliates (UK) and Nomura International plc and its affiliates (UK) as brokers for the Master Fund.

The Responsible Entity does not have a specific policy in relation to the custodial arrangements that apply in relation to the Master Fund.

## What is the Liquidity of the Fund and Master Fund?

### Fund

The Fund's investments in the Master Fund may be redeemed on a daily basis. However, since redemptions from the Fund are also available on a daily basis, the redemption rights in the Master Fund are not expected to affect an Investor's right to redeem from the Fund under normal market conditions.

The Fund's liquidity is dependent on the liquidity of the Master Fund. Therefore, if the Master Fund suspends liquidity (e.g. due to adverse or emergency market conditions or a suspension on redemptions) and the Fund cannot redeem its investment in the Master Fund, an Investor will not be able to redeem from the Fund and the Fund will not be liquid. If the Fund is illiquid, redemptions from the Fund will only be possible under a redemption offer made in accordance with the Corporations Act.

In order to facilitate liquidity in the Fund, the Responsible Entity may designate any investment held by the Fund that is long-term, illiquid and/or without a readily ascertainable market value as Designated Investments. The Responsible Entity, may reclassify the Units of an existing Class to which the Designated Investment is attributable as Units of one or more Classes so that the Designated Investment and the costs associated with it are attributable to those Units of one or more Classes to which the Designated Investment is attributable. This means that new Investors i.e. those investing after a Designated Investment is created, would not pay for or receive any rights to such Designated Investments. For more information about the

redemption of Designated Investments please refer to the section [Redemptions for Direct Investors](#) on page 58 of this PDS.

In the event the Fund cannot realise its investment in the Master Fund due to the Master Fund suspending redemptions or the calculation of their net asset value, the Fund may also suspend redemptions.

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#### Master Fund

The Master Fund primarily invests in derivatives listed on major global exchanges as well as generally liquid forward contracts. Therefore, under normal market conditions, the Master Fund reasonably expects to be able to realise at least 80% of the Portfolio's assets at market value within 10 days. As such, the Portfolio is considered liquid.

The Responsible Entity does not have a specific policy in relation to the liquidity of the Master Fund.

## What are the Benefits?

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#### Investing in a Managed Fund

The advantages of managed funds include:

- ▶ Scope for investors to take advantage of investment diversification and access to markets and opportunities to which they would otherwise not have access.
- ▶ Generally reduced investment costs as fixed costs are shared.
- ▶ Scope to utilize specialized investment techniques that investors would not normally be able to use.

The Fund would usually expect to have exposure to the following:

- ▶ Dividends
- ▶ Interest
- ▶ Distributions
- ▶ Gains

The Fund will then distribute realised capital and income gains. If the Fund is terminated, the net proceeds, after the sale of investments and discharging liabilities, will be distributed to Investors.

## What are the Risks?

There are risks associated with any investment. Generally, the higher the expected return on an investment, the higher the risk and the greater the variability of returns. CFM LLP's risk management objective is to deliver risk/return outcomes in line with the Fund's objectives, however the Investment Manager and the Responsible Entity cannot provide assurances or guarantees on either future profitability or Fund returns, distributions and return of capital.

Prospective Investors should carefully consider the following risks, before investing. The most common risks are described below, but there could be other risks that affect the performance of the Fund. You should seek your own professional advice on the appropriateness of this investment to your circumstances. A financial adviser can explain these risks and provide advice based on a particular Investor's financial objectives, time period for investing and risk tolerance. Investors must be prepared to lose all or substantially all of their investment.

The trading strategy of the Fund is achieved through an investment in the Master Fund. For the avoidance of doubt and unless it is otherwise indicated, reference is made to the Fund throughout this section as the risk factors presented below may be applicable to the Fund, the Master Fund or both.

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## Investment Risks

### **Investment Risk**

The Program is subject to systemic risk, which is the risk inherent to the entire market or an entire market segment and which may adversely affect the performance of an investment. The Fund and the Investment Manager cannot predict or control the general market or economic conditions, which can have a material effect on the liquidity of the market, the overall performance of the market participants and the performance of the Fund and the Investment Manager's investment strategies.

### **Recession**

The Program may be adversely impacted and may be significantly less likely to achieve their objectives during any economic recession and/or a general slowdown in the overall economy. The Fund and the Investment Manager cannot predict whether any economic recession or general economic slowdown will occur, continue, remain steady or worsen and no prediction nor anticipation be made as to the duration of such conditions or to any structural economic changes in the near-to mid-term future. Continued and/or prolonged overall economic slowdown and recession and/or any such changes as may result could have a materially adverse effect on the performance of the Fund, the Master Fund, the Investment Manager or the Investment Advisor and could negatively affect the creditworthiness of the Counterparties of the Fund and the Master Fund.

### **Market Disruptions**

The Fund and the Master Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions may cause dramatic losses for the Fund and the Master Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### **No Guarantee of Profit**

There is no assurance that the Fund and the Master Fund will provide an acceptable return to Investors or not incur substantial losses.

### **Past Performance**

Past performance of the Investment Manager, the Investment Advisor, the Fund and the Master Fund is not indicative of future results attributable to the Fund. The Program is based on statistical methods for determining position weights in financial instruments and derivatives. No assurances can be made that the Fund will generate returns in the future and that the strategies utilised by the Investment Manager and the Fund will perform in future market conditions. Historical results are neither a guarantee nor indicative of future performance.

### **Spread and Arbitrage Trading**

Certain strategies pursued by the Fund and/or Master Fund involve spread positions between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavourably causing a loss to the spread position. The Fund's and/or Master Fund's trading operations may involve arbitraging between a security and its announced buy-out price (or other forms of "risk arbitrage"), or between or among two or more financial instruments (e.g., by means of "statistical arbitrage," which depends heavily on the ability of market prices to return to a historical or predicted normal). This means, for example, that the Fund and/or Master Fund may purchase (or sell) financial instruments (i.e., on a current basis) and take offsetting positions in the same or related financial instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavourably causing a loss to the position.

### **Investment in Fixed Income Instruments**

The value of fixed income instruments in which the Fund and/or the Master Fund generally invests will change in response to fluctuations in interest rates; except to the extent that values are independently affected by

currency exchange rate fluctuations, when interest rates decline, the value of fixed-income instruments generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income instruments generally can be expected to decline. Investments in, or exposition through derivatives to, fixed income instruments are generally financed through repurchase or reverse repurchase agreements, which may expose the Fund and the Master Fund to credit risk as a general creditor.

### **Foreign Securities**

The Master Fund and the Fund may invest in foreign securities, including non-AUD denominated securities traded outside of Australia. Foreign securities also include US dollar-denominated American Depositary Receipts representing shares of foreign-based corporations (each, an “**ADR**”). ADRs are issued by US banks or trust companies, and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares. Investment in ADRs may be less liquid than the liquidity of the underlying shares in their primary trading market. Foreign securities also include global depositary receipts (each a “**GDR**”), which are similar to ADRs, but are shares of foreign-based corporations generally issued by international banks in one or more markets around the world. Investments in ADRs and GDRs may be less liquid than the underlying shares in their primary trading market and GDRs, many of which are issued by companies in emerging markets, may be volatile.

### **Short Sales**

The Master Fund may effect trades in derivatives taking a short exposure to underlyings as a speculative position or as a part of a hedging strategy and does not effect Short sales per se, defined as transactions in which a person sells a security, which it does not own (by borrowing such security), in anticipation of a decline in the market value of the security. Losses from derivatives positions taking a short exposure to an underlying may be unlimited if the price of the underlying sold short continues to appreciate.

The Fund does not employ such Short trading activities.

### **Hedging Transactions Risk**

The Investment Manager, the Fund and/or the Master Fund generally employ a variety of financial instruments for investment purposes and as hedging techniques for risk management purposes. The success of the hedging strategy is subject to the Investment Manager’s, the Fund’s and/or the Master Fund’s ability to correctly assess the degree of correlation between the performance of the hedging instruments and the performance of the investments in the portfolios being hedged. Since the characteristics of many financial instruments change as markets change or time passes, the success of the Investment Manager’s, the Fund’s and/or the Master Fund’s hedging strategy is also subject to the Investment Manager’s, the Fund’s and/or the Master Fund’s ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. It is not possible to hedge fully or perfectly against any risk. In addition, the Investment Manager, the Fund and/or the Master Fund may not anticipate a particular risk so as to hedge against it or may, in their sole discretion, decide not to hedge against certain risks. Mis-hedging of the exposure of the Fund and/or the Master Fund may materially and adversely affect the Fund.



### **Risks of Foreign Exchange Trading**

The risk of loss in FX trading can be substantial. Investors should therefore carefully consider whether such trading as a part of the Master Fund's strategy is suitable for them in light of their financial condition. In considering whether to trade or to authorise someone else to trade for them, Investors should also be aware of the following additional risks of FX trading at the level of the Master Fund: FX transactions generally are not traded on an exchange, and those funds deposited with the Counterparty for FX transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If a Counterparty becomes insolvent and the Master Fund has a claim for amounts deposited or profits earned on transactions with the Counterparty, the Master Fund's claim may not receive a priority and may be treated as a general creditor. The high degree of leverage that is often obtainable in FX trading can lead to large gains as well as losses.

### **Money Market Funds**

Excess cash may be invested in money market funds. Money market funds generally are considered to be low risk, and, because by definition they are short-term securities, highly liquid. Nonetheless, these financial instruments are subject to risk, including default risk, depreciation risk and liquidity risk. For example, commercial paper is not backed by collateral. Issuers of commercial paper are required to have high credit ratings and defaults have been rare but they have nonetheless occurred. Money market funds are generally not insured or guaranteed. As a result, they are subject to a risk of loss.

### **Income**

An investment in the Fund may not be suitable for an Investor seeking current income from such investment.

### **Risk of Correlation with Traditional Asset Classes**

Even if the Fund's performance is generally non-correlated with traditional asset classes, a risk exists that there will be unfavourable economic cycles during which the Fund's results are similar to those of traditional asset classes, thereby causing the Fund's performance to depend on market fluctuations and reducing or eliminating the Fund's diversification benefits. There can be no assurance that the Fund's results will be non-correlated with traditional asset classes. If the Fund is not able to diversify its portfolio or achieve a position that is uncorrelated with traditional asset classes, an investment in the Fund may increase rather than mitigate an Investor's aggregate market risks.

### **Concentration of Investments**

Although the Fund and the Master Fund will endeavour to diversify its positions, the Fund and the Master Fund may, however, hold a few, relatively large securities, derivatives or foreign currency positions in relation to the capital of the Fund and the Master Fund. Consequently, a loss in any such position could result in significant losses to the Fund and a proportionately higher reduction in the NAV of the Fund than if the Fund's capital had been spread among a wider number of positions.

### **Offsetting Investments**

The Fund may, at times, hold economically offsetting positions. In this event, no gain may be realised by the Fund with respect to such positions despite incurrence of expenses.

### **Trade Errors**

The Fund will generally be responsible for any losses resulting from management, trading or administrative errors in connection with the Fund's trading activities. Any gains or benefits that result from such errors will also accrue to the Fund. Given the volume of transactions executed by the Investment Manager on behalf of the Fund, Investors should assume that any such errors might occur, although the Investment Manager does not expect them to occur frequently. Although the Fund is responsible for any losses as described above, the Investment Manager generally only expects to reimburse the Fund for losses resulting from management, trading or administrative errors resulting from acts or omissions which are set out in the Investment Management Agreement. For the avoidance of doubt, any errors that arise in connection with the development and implementation of trading systems will not be considered trade errors by the Investment Manager.

**Trade Execution Risk**

Many of the trading techniques used by the Investment Manager require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which the Investment Manager will attempt to exploit. The potentially adverse impact of inefficient trade executions will be increased by the Fund's and/or Master Fund's potentially high turnover rate.

## **Risk Management and Risk Controls**

Recent events, including the bankruptcy and other adverse financial results of major financial institutions, have focused attention upon the necessity for firms to maintain adequate risk controls and compliance procedures. Although the Investment Manager has spent significant resources on developing its risk management procedures and systems, no assurance may be given that such systems and procedures will be adequate or that any proprietary technology implementing a risk management system will accurately measure and/or capture risks or prevent losses.

## **Discretion**

Although the Fund's and the Master Fund's trading strategies rely on quantitative trading systems, the Investment Manager may use its discretion in portfolio management decisions (and the timing of any such decisions), including, but not limited to, the commencement of trading, determining which trading strategies and trading systems warrant participation by the Fund and/or the Master Fund, allocating assets among trading systems and trading strategies, adding and removing trading strategies, trading systems or assets traded by trading systems, executing trades, establishing and liquidating positions, de-levering and re-levering trading systems and trading strategies, determining Fund leverage, and hedging and other risk management decisions. For example, the Investment Manager has the ability, in its sole discretion, to include or remove additional risk constraints or take other measures to reduce risk in response to market conditions. In addition, the Investment Manager has the ability, in its sole discretion, to override computer-generated trading signals in the event of extraordinary market conditions or market dislocations. The Investment Manager also may exercise discretion in determining how to comply with actions taken by regulatory or self-regulatory agencies or central banks. Such discretionary trading decisions or modifications require the exercise of judgment by the Investment Manager. There can be no assurance that the Investment Manager has or will correctly evaluate the nature and magnitude of the various factors that could affect the Fund. Prices of assets traded by the Fund and the Master Fund may be volatile, and a variety of factors that are inherently difficult to predict may significantly affect the results of the Fund's activities and the value of its assets. While the Investment Manager and its employees will endeavour to exercise discretion in a reasonable manner, there is no guarantee that the discretionary decisions will improve performance or will be successful or will not have unintended or unforeseen consequences and such decisions could also result in substantial losses to the Fund.

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## Derivatives Risks

### **Futures Trading Can Be Highly Volatile**

Futures contracts can fluctuate widely in price due to a diverse set of factors, including but not limited to domestic and international economic and political events, fluctuations in domestic and international interest rates, changing supply and demand issues, natural catastrophes, fiscal and monetary controls and unpredictable changes in investor sentiment. Because the margin deposits required for futures trading are generally a fraction of the nominal contract value, a small price movement in a futures contract may result in an immediate and substantial loss to the Fund.

### **Derivative Contracts May Employ a High Degree of Leverage**

Because the margin deposits required for trading in Derivative Contracts are generally a fraction of the nominal contract value, a small price movement in a futures contract may result in an immediate and substantial loss to the Fund.

### **Physical Delivery of Underlying in Certain Derivatives Markets**

The Fund and/or the Master Fund generally engage in trading in various Derivative Contracts in the derivatives and foreign exchange markets. Such contracts may involve special terms such as physical delivery of the underlying at the maturity of the contract. The Fund, the Master Fund and the Investment Manager have invested significant resources in designing trading systems that aim at rolling or closing maturing positions in Derivatives Contracts in advance of any physical delivery date. Any failure to roll or close such positions may lead to the Fund taking possession of a significant amount of physical inventory in foreign exchange and financial instruments, which may need to be financed, hedged and/or liquidated. A physical delivery in relation to a Derivative Contract may involve significant costs and may have a materially negative effect on the value of the Units. Certain Derivative Contracts, including swap, forward and option contracts will be subject to the swap regulations recently adopted by the CFTC and SEC pursuant to the Dodd-Frank Act and by the European Commission pursuant to EMIR, including exchange trading, clearing,

margin, collateral segregation, reporting, recordkeeping and position limits (among many other requirements).

### **Settlement of Certain Forward Contracts and Options**

The Fund and/or the Master Fund may also invest in Derivative Contracts such as certain forward contracts and options in the derivatives markets and currencies that do not provide for a daily settlement, but where the profit or loss of the contract settles at maturity. The cash-flows of such contracts are thus subject to credit risk. Such Derivative Contracts, when cleared against a central counterparty, thus introduce additional risks to the Fund and the Master Fund in terms of novation, credit risk as well as liquidity matching. The realisation of such risks may adversely affect the value and liquidity of the Units.

### **Options**

The Fund and/or the Master Fund engage in various types of options transactions, which may also include long-term equity anticipation securities. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the “strike” price or “exercise” price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a “premium,” which consists of a single, non-refundable payment. Unless the price of the securities or derivative underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Fund and/or the Master Fund may lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the Fund and/or the Master Fund may incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying security or derivative becomes restricted. Options trading may also be illiquid in the event that the Fund's and/or the Master Fund's assets are invested in contracts with extended expirations. The Fund and/or the Master Fund may purchase and write put and call options on specific securities or derivatives, on stock indices or on other financial instruments and, to close out its positions in options, it may make a closing purchase transaction or closing sale transaction.

### **Derivative Contracts May Be Illiquid**

The Fund and/or the Master Fund generally endeavour to trade in recognised regulated markets and with readily realisable futures and options contracts. However, it is not always possible to execute a buy or sell order in a future or option at the desired price due to a lack of liquidity in the markets. Illiquidity may be caused by intrinsic market conditions (e.g., lack of demand) or extrinsic factors (e.g., changes in monetary policies or exchange-imposed limits on daily permitted increase or decrease in the price of traded instruments). In such instances, the Fund and/or the Master Fund could be prevented from promptly liquidating unfavourable positions, which could thereby expose the Fund to losses.

### **Speculative Nature of the Program**

The Program is speculative and involves a high degree of risk. There is no assurance that the technical and risk management techniques utilised by the Investment Advisor, as well as the investment decisions made by the Investment Advisor, will not expose the Fund and the Master Fund to risk of significant losses. The analytical techniques used by the Investment Advisor cannot provide any assurance that the Fund and the Master Fund will not be exposed to the risk of significant trading losses if the underlying patterns of market behaviour studied by the Investment Advisor and which provide the basis for its statistical models change in ways not anticipated by the Investment Advisor. In addition, an Investor who redeems Units after a short period may not realise the amount originally invested as a result of the charges affecting the issue and/or redemption of the Units.

### **Speculative Position Limits**

Certain regulators and derivatives exchanges have established limits (herein referred to as “**Speculative Position Limits**”) on the maximum net Long or Short Position which any person may hold or control in particular futures, option and/or Derivative Contracts or complexes of contracts. In addition, all positions held in the individual accounts managed by the Investment Manager, including the Fund's accounts, may be aggregated for the purpose of determining compliance with such limits. In certain instances, the positions held by the Fund may also be limited by a Counterparty holding positions for other clients. Regulators and exchanges may change such limits at their sole discretion. It is thus fully possible that positions held by the Fund may have to be adjusted or liquidated in order to avoid exceeding such Speculative Position Limits. The positions of the Fund may thus be impacted by Speculative Position Limits, which may be affected by

the positions of other unrelated accounts. The Investment Manager endeavours to treat all of its clients equally, but modification or liquidation of the Fund's positions due to Speculative Position Limits could, however, adversely affect the Fund. Speculative Position Limits may also impact the Fund's capacity to gain exposure to certain positions, thus hindering the Fund's ability to realise its investment objectives.

### **Currency Forward and Option Trading**

The Fund and/or the Master Fund generally enter into forward contracts and options on currencies. The market for trading of forward contracts and options on currencies is currently a private market and not regulated. Such forward contracts and options therefore differ substantially from exchange-traded futures and options contracts. Forward contracts on currencies have no Speculative Position Limits. Banks and dealers may thus limit trading at their discretion with an account on the basis of their commercial interests and credit exposure. Furthermore, there are usually no limitations on the daily price movements of forward contracts and options on currencies. Such forward and option transactions may be subject to credit risk, as explained in the section [Counterparty Risks](#) on page 41 of this PDS.

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## Fund Structure

### **Currency Exposure**

The Units of the Fund are denominated in AUD. The Fund will use the AUD as its base currency and invests in AUD and EUR denominated shares in the Master Fund. The Fund will seek to hedge its currency exposure when investing in a EUR Master Fund Share Class. The Master Fund uses the EUR as its base currency and will trade non-EUR denominated instruments as well as EUR denominated instruments. Accordingly, the value of the Units may be affected favourably or unfavourably by fluctuations in currency rates of underlying investments of the Fund. Although the Investment Manager will undertake a currency hedging policy which seeks to protect the Fund against foreign exchange risk, there is no guarantee that such a policy will be successful, in whole or in part, and the costs of operating such policy will be borne by Investors.

### **Master/Feeder Fund Structure**

The Fund realises its investment strategy through an investment in the Master Fund. The Fund's investment in the Master Fund may be affected by an investment by other feeders and/or investors in the same Master Fund. In the event of substantial applications/redemptions in the Master Fund by the Fund or other investors, the Master Fund may incur additional costs mainly from adjusting position sizes. Such applications/redemptions could also result in the Master Fund's Portfolio being less diversified or liquid. Further, because all expenses of the Master Fund are shared pro-rata among its investors, if other investors in a Master Fund adjust their interests, then the possibility exists that the Fund will bear the burden of an increased share of such Master Fund's expenses.

### **Reliance on the Investment Manager and the Investment Advisor**

The Fund relies on the Investment Manager and the Investment Advisor for the management of the Fund's investment portfolio. There could be adverse consequences in the event that the Investment Manager and/or the Investment Advisor or their principals cease to be available to devote their services to the Fund. In addition, the Investment Manager's and/or the Investment Advisor's past experience is neither a guarantee nor a guide of future results.

The Investment Manager operates an independent risk control team, which monitors operational and market risk of the traded portfolios. The independent risk control team does not cover the task of independently verifying the trading models developed by the Investment Advisor's research team.

### **Use of Leverage**

The Master Fund generally uses leverage as part of its investment strategies. This generally results in the Master Fund's market exposure being significantly higher than its equity. The Master Fund may acquire leverage by entering into instruments that embed leverage. Leverage may increase the Master Fund's returns since it increases its market exposure in comparison to the market exposure the Master Fund could achieve with its equity only, however, the use of leverage exposes the Master Fund to additional risks, including (i) greater losses from investments than would otherwise have been the case had the Master Fund not applied leverage and (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions. In the event of a sudden, precipitous drop in the value of the Master Fund's assets,

the Master Fund might not be able to liquidate assets quickly enough to repay its obligations, further magnifying losses.

### **Effect of Substantial Applications/Redemptions**

Substantial applications/redemptions of Units in the Fund could require the Fund to adjust its allocations to the Master Fund thereby causing the Fund and/or the Master Fund to adjust its positions more rapidly than would otherwise be desirable, which could (i) adversely affect the value of the Units and/or the liquidity profile of the Fund and/or the Master Fund and (ii) cause additional trading costs to be incurred and additional liquidity risk to be borne by the current or non-redeeming Investors.

### **Limited Ability to Redeem**

Although Investors may require the Fund to redeem any or all of their investment on any Dealing Day, certain restrictions apply in certain circumstances, such as in the event of a suspension at the level of the Fund or the Master Fund.

### **Reserve for Contingent Liabilities**

Under certain circumstances, the Fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of an Investor's proceeds at the time of redemption from the Fund, in which case the reserved portion would remain at the risk of the Fund's activities.

### **Cross Liability**

The Company is established as an umbrella fund with segregated liability between sub-funds. The Master Fund is a sub-fund of the Company. Under Irish law, the assets of one sub-fund are not available to satisfy the liabilities of or attributable to another sub-fund. However, the Company may operate or have assets in countries other than Ireland which may not recognise segregation between sub-funds and there is no guarantee that creditors of one sub-fund will not seek to enforce one sub-fund's obligations against another sub-fund. The Directors are not aware of any such existing or contingent liability or of any instances where the treatment of segregated assets under Irish law, as described above, has been successfully challenged, against the Company and any sub-funds, in Ireland or in any jurisdiction where shares of any sub-fund have been distributed.

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## Trading Systems and Technology

### **Effectiveness of Trading Systems**

The success of the Fund's trading activities will depend on the effectiveness of the Investment Manager's trading systems. There can be no assurance that the trading systems are currently effective or, if currently effective, that they will remain effective during the existence of the Fund. Trading systems are generally back-tested, to the extent practicable, prior to implementation on the basis of historical data. Even if all of the assumptions underlying the trading systems were met exactly, the trading systems can only make a prediction, not afford certainty. Moreover, the effectiveness of such trading systems may diminish over time, including as a result of market changes and the changes in behaviour of other market participants. There is no guarantee that such trading systems will continue to be effective in changing market conditions, and past performance is no indication of future performance or returns. Further, most statistical procedures cannot fully match the complexity of the financial markets and, as such, results of their application are uncertain.

Because the financial markets are constantly evolving, most trading systems eventually require replacement or enhancement. The use of a trading system that is not effective or not completely effective could, at any time, have a material adverse effect on the performance of the Fund.

### **Reliance on Technical Trading Systems**

Trading decisions made by the Investment Manager in connection with its trading methodology in respect of the Fund are based chiefly on the statistical modelling and technical analysis which form the Program. The calculations which underlie the Investment Manager's trading systems, methods and strategies involve the extensive use of computers and related information technology. The Investment Manager directs the purchase and sale of investments for the Fund in accordance with computer generated trading signals. The use of computers in processing information or in developing and operating a trading strategy does not assure the success of the strategy as computers merely perform a mechanical aid in processing trade information. Accordingly, no assurance is given that the computer generated trading decisions will produce profits for the Fund.

### **Changes in the Investment Manager's Trading Models, Risk Systems and IT Systems**

The Investment Manager has discretion to make certain changes in its trading models and risk systems at the Master Fund level without the approval of the Fund and its Investors. A change in trading models or risk system involves a risk due to the difficulties in anticipating the future actual performance of such new models or risk systems. There may also be risks with implementing new information technology required to operate such new models and risk systems. There are several risks in implementing new models, risk systems, software and/or IT systems, including risks due to programming and/or technical errors. New or updated trading models, risk systems, software or IT systems may not function as anticipated. Investors may be subject to substantial losses, without reimbursement, in the case such risks were to materialise.

### **Increased Use of Trading Systems Generally**

In recent years, there has been an increase in the number of, and flow of capital into, investment vehicles and accounts that utilise trading systems that are similar to those used by the Fund. While the precise effect of such increase cannot be determined, such increase could alter trading patterns or affect trade execution to the detriment of the Fund. In addition to competing for trades, the increased use of trading systems by other persons and entities may result in competition for portfolio managers or researchers, software, signals and other technology; such competition may reduce the opportunities available to the Fund to generate returns. Other trading systems may be developed by third parties employing a similar investment strategy to the Investment Manager that are similar to or more advanced than those that are utilised by the Investment Manager.

### **Multiple Trading Systems**

The Investment Manager's trading systems generate trading signals independent of each other. Thus, there is the possibility that the Fund could hold offsetting positions in the same or similar financial instruments at the same time or during the same period of time, thereby incurring multiple brokerage commissions with little or no net change in the Fund's holdings. There is also the possibility that the different trading systems may from time to time enter orders for the same instruments in the same or opposite direction, and therefore compete for the same trades or potentially create situations that may cross trades. Such competition could prevent orders for the Fund from being executed at desired prices or may create crosses between different accounts advised by the Investment Manager. In addition, other funds and accounts managed by the Investment Manager or others may also utilise the same or similar trading systems and therefore compete with the Fund for trading and investment opportunities. Even trading strategies employed by the Fund that are typically intended to not be highly correlated may go through periods of time when the trading strategies are more or highly correlated or when the trading strategies in the aggregate generate losses for the Fund.

### **Development and Implementation of Trading Systems**

The use of quantitative trading systems and trading strategies in the Fund's trading activities involves special risks, both in the development of the trading systems and in their implementation. The accuracy of the trading signals produced by the trading systems is dependent on a number of factors, including without limitation the analytical and mathematical foundation of the trading systems, the accurate incorporation of such principles in a complex technical and coding environment, the quality of the data introduced into the trading systems and the successful deployment of the trading systems' output into the investment process.

The Investment Manager has developed certain guidelines that seek to ensure that trading systems are appropriately developed, adapted, calibrated, and configured, and seeks to reduce the incidence of software errors by internal testing. Nonetheless, analytical errors, software development errors, implementation errors, data errors and other types of trading system or human errors are an inherent risk of employing complex quantitatively-based trading systems in investment and trading processes. These errors may be exceedingly hard to detect and some errors may go undetected for long periods of time, or not be detected at all. Such errors could have a material adverse effect on the clients. It may be exacerbated by the fact that Investment Manager's investment strategies include executing a significant number of trades over a particular time period, which may result in several trades being affected by any such error before it can be detected or corrected. Trading systems may operate or be operated erroneously, and the interactions among trading systems may make it difficult to detect the source of any weakness or failure in such trading systems before material losses are incurred. For example, it may be difficult or impossible to distinguish unexpected trading results due to market activity from unexpected trading results due to an error in the applicable trading systems. The Investment Manager's controls, including its escalation policies, are designed to assure that errors in trading systems are subject to review once discovered. However, the effect of errors on investment performance, which can be either positive or negative, may not be fully apparent even when disclosed.



Because of the complexity involved and indeterminate nature of the undertaking, the Investment Manager may in good faith and in accordance with its obligations decide not to correct or to delay the correction of an error, not to undertake an in-depth analysis of the effect of an error on performance and not to disclose an error to its clients.

The mathematical calculations and trading systems utilised by the Investment Manager are subject to inherent limitations and, like all approaches to investing, are almost always susceptible to being improved upon as experience is gained, strategies are refined, and markets change.

### **Information Technology Systems**

The Fund is dependent on the Investment Manager for investment management, operational and financial advisory services. The Fund is also dependent on the Investment Manager for certain securities processing services as well as back-office functions. The Investment Manager depends on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Fund. Information technology systems are also used to trade in the investments of the Fund. In addition, certain of the Investment Manager's operations may interface with or depend on systems operated by third parties, including brokers, securities exchanges and other types of trading systems, market counterparties, custodians and other service providers.

It is possible that a defect, failure or interruption of some kind which causes disruptions to these information technology systems and communications systems including, without limitation, those caused by computer "worms", viruses and power failures could materially limit the Investment Manager's ability to adequately assess and adjust investments, formulate strategies and provide adequate risk controls. Any such information technology related difficulty could harm the performance of the Fund. For example, such failures could cause the settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Investment Manager's ability to monitor the Fund's investment portfolios and risks.

### **Computer Systems Failures**

The trading strategy operated by the Investment Manager is based on computer generated trading signals. In addition, certain components of the trading strategy generate high volume of trades that can only be processed using a fully automated trading infrastructure. Such strategies are thus highly dependent on the proper functioning of the information technology systems and processes of the Investment Manager, the Investment Advisor, the Fund, the Master Fund, the Counterparties, the Administrator, electronic trading platforms, exchanges, data providers, service providers and market infrastructure. Computer systems failures (software errors, system errors, data errors, cyber security incidents, etc.) might occur and in addition, such strategies are highly dependent on establishing reliable electronic communication links between the above parties.

Accordingly, any information technology or communication systems degradation or failure at any of the above parties or their respective contractors could lead to errors, delays or disruptions in the trading process. Any such errors, consequential errors, delays or inability to trade (even for a short period), could, in certain market conditions cause an investment in the Fund to experience significant losses or to miss significant trading opportunities.

In addition, any information technology or communication systems degradation or failure could lead to materially detrimental consequences for the Fund including holding erroneous positions, experiencing significant trading losses, failing to comply with trading limits and regulations as well as failing to comply with risk limits which may adversely impact the performance of an investment in the Fund. The Fund will assume such losses in full without reimbursement.

Many of the information technology services utilised by the Fund or the Investment Manager are utilised on an "as is" basis and the service providers are frequently indemnified for any error or disruption in the service except in the case of gross negligence, wilful default or fraud.

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### Counterparty Risk

#### **Counterparty Risks**

The Fund and the Master Fund are generally a party to banking, custody, execution, brokerage, settlement, clearing, margin, stock lending, listed derivatives clearing, OTC Derivative Contracts, repurchase, netting,

electronic trading agreements and may in the future enter into other agreements and transactions with banks, custodians, brokers, futures clearers, exchanges, clearing houses and other counterparties (each, a “**Counterparty**” and collectively, the “**Counterparties**”). The foregoing agreements are collectively referred to as “**Counterparty Arrangements**”. The default of any Counterparty on any obligation to the Fund or the Master Fund could have a material adverse effect on the Fund. While the Fund and the Master Fund seeks to enter into Counterparty Arrangements with Counterparties that it believes are creditworthy, neither the Fund, the Master Fund, nor the Investment Manager is in a position to perform extensive credit analyses on Counterparties. Furthermore, any misconduct on behalf of a Counterparty, including, without limitation, operational errors, faulty set-ups or fraudulent activities, may have a material adverse impact on the Fund’s risk exposure.

In addition, the default of the Master Fund on any of its obligation to the Fund will have a material adverse effect on the Fund.

Some of the markets in which the Fund effects transactions are bilateral “OTC” or “interdealer” markets. For example, foreign exchange transactions, contracts for differences, swaps, forwards, OTC options, repurchase, reverse repurchase and other customised instruments whether centrally cleared or not are subject to the risk of non-performance by the clearing Counterparty in relation to any outstanding payments. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Fund and/or the Master Fund to the risk that a Counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer losses. Such “**Counterparty risk**” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund, in the aggregate has concentrated its transactions with a single or small group of Counterparties. In addition, the Fund and the Master Fund is also subject to the risk of the failure of any of the exchanges or trading venues on which a security, derivative or foreign exchange trades or of the related clearing houses.

In addition, the Counterparties may provide leverage to the Fund and/or Master Fund through Derivatives Contracts. Any such Derivatives Contracts are collateralised from the assets of the Fund and/or Master Fund. However, unlike other leverage situations, a Counterparty may take physical delivery of the Fund’s and/or the Master Fund’s assets and may be permitted to deal with the assets for its own account and not hold them in segregated client accounts. The Fund’s and/or the Master Fund’s cash and assets as well unsettled profits may therefore be treated as being indistinguishable from the assets of Counterparties and may not be segregated as client monies or assets. In the event of the insolvency of a Counterparty, the Fund and/or the Master Fund may thus be in a position of general creditor to the Counterparty and consequently be exposed to the Counterparty’s balance sheet together with other creditors.

Because the performance of foreign exchange transactions as well as forward contracts on currencies is not guaranteed by an exchange or clearing house, currency trading may be subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principal or agents through which the Investment Manager may trade. The Fund and /or the Master Fund will enter into foreign exchange or forward contracts on the interbank markets with the Counterparties. In the event of the bankruptcy of a Counterparty, the Fund and/or the Master Fund may be treated as a general creditor of the Counterparty and may not be able to recover its assets held as collateral by the Counterparty, or any unrealised gains on open transactions.

Without limiting the generality of the foregoing, Counterparty risk may be incurred by the Fund and/or the Master Fund as a result of being a general creditor to a Counterparty, the rehypothecation of the assets of the Fund and/or Master Fund, assets being held in accounts that are not segregated from the assets of its Counterparties, Counterparties defaulting on settlement of trades, trades being carried out on a synthetic basis and/or assets being charged to Counterparties through pledges or outright title transfer. Furthermore, even when assets are held by Counterparties in trust or under agreements that require segregation, the Fund and/or Master Fund may experience short-falls as a result of errors, negligence, operational failures, defaults of sub-custodians or existence of pledge arrangements by the Counterparties. In addition, in the case of failure of a Counterparty, such trust assets may take significant time to be released even when available in full. Furthermore, the Fund and/or Master Fund may be exposed to systemic risk, whereby the default of one Counterparty leads to the default of one or several other Counterparties.

### **Failure of Counterparties and Other Service Providers**

The Counterparties and other service providers to the Fund and/or Master Fund may not segregate client assets from their own assets, or from other client assets. In the event of the bankruptcy of a Counterparty or a service provider, the Fund may not recover the entirety of its property.

### **Broad Indemnification and Exculpation**

The Fund and the Master Fund have entered into and/or will enter into various agreements and other documents which may contain provisions broadly limiting the liability of the Investment Manager, the Investment Advisor, and other service providers, and counterparties and provide broad indemnification and exculpation to such persons. The Fund's assets may then be subject to claims for indemnity that could be material and could have an adverse effect on the Fund's returns. Notwithstanding anything in this PDS to the contrary, no provision of this PDS (or any of the various agreements and documents referenced herein) shall be construed so as to provide for the indemnification or exculpation of any party (including, the Investment Manager, the Investment Advisor or their affiliates) for any liability (including liability under US federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such indemnification or exculpation would be in violation of applicable law, but shall instead be construed so as to effectuate such provision to the fullest extent permitted by law.

Other Risks Including Tax, Regulatory and Legal Risks

### **Multiple Jurisdictions**

Investing in financial instruments of multiple jurisdictions involves additional risks. These include changes in exchange rates and exchange control regulations, political and social instability, terrorism, restrictions on foreign investment, changes in government policies, expropriation, imposition of foreign taxes, potentially illiquid markets and limited availability of information, higher transaction costs, foreign governmental restrictions, varying levels of government supervision (if any) of banks, exchanges, clearing houses, brokers and issuers, greater risks associated with identifying performing and creditworthy counterparties, difficulty in enforcing contractual obligations, lack of uniform legal framework for holding of assets and establishing trading, settlement, custody, security, pledging and reuse of assets and lack of uniform accounting, taxation and auditing standards and greater price volatility.

### **Interpretation and Changes of Law and Regulations**

The offering and holding of the Units and the business of the Fund, the Investment Manager, the Administrator, the Custodian, the Master Administrator, the Master Custodian and the Brokers as well as other service providers of the Fund are subject to numerous laws and regulations in multiple jurisdictions that may be difficult to interpret and that may be subject to change. Any change or change in the interpretation of existing laws and regulations may have a materially adverse effect on an investment in the Fund. In particular, both the United States and the European Union are in the process of implementing several new regulations and taxes in relation to alternative investments and trading in financial instruments which may materially impact the Fund's ability to achieve its investment objective, significantly increase costs of operating the Fund or which may limit its ability to do business. It is recommended that an Investor seek advice from his adviser before making an investment in the Fund as to the legal and regulatory issues affecting an investment in the Fund.

### **Government Intervention and Legal Risk**

The Fund and/or the Master Fund trade futures and foreign exchange globally in many jurisdictions, some of which are highly controlled by governmental authorities. Trading in various markets throughout the world may be subject to additional risks due to government intervention including but not limited to embargoes, lock-outs, changes in law and/or regulation, changes in taxes, customs and duties, regulation of free movement of capital, trade and resources, currency moratoriums, changes in currency convertibility, inflation, sovereign defaults, change of currency, political instability, changes to political agreements or unions and war (collectively, "**Government Intervention**").

In the event of an "emergent" Governmental Intervention, as was the case during the global financial market turmoil, market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions could be suddenly and substantially reduced or eliminated. The consequence of such an emergent Government Intervention could be the implementation of new regulations which could be unclear in scope and application, resulting in confusion and uncertainty, which could be materially detrimental

to the efficient functioning of the markets. Furthermore, a global financial market crisis may cause an increase in the regulation of the global financial markets and such an increased regulation could be materially detrimental to the efficiency of the markets and to the performance of the Fund.

In addition, the Fund and/or the Master Fund conduct its investing strategies in emerging markets having exposure to additional greater risk. Particularly in emerging markets, the economic structures are less diverse and the political systems are less stable. Many of the laws that govern the contractual relationships in emerging markets are new and largely untested. Investments in emerging markets may be affected by national policies restricting foreign investments or requiring prior governmental approval. Such investments may entail additional and unusual risks, including illiquidity, volatility, less developed settlement procedures, market disruptions, inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs and lack of enforcement of legal regulations. It may be difficult to obtain or enforce judgments in these countries. Moreover, the lack of uniform accounting and financial reporting standards in certain emergent markets potentially increases the risk of fraud or other manipulative and deceptive practices.

No assurances can be made that the Fund will not incur substantial losses in the case of Government Intervention and/or due to the legal risk described in this risk factor.

### **Increased Regulation**

Governmental and regulatory authorities, including in the United States and the European Union, have taken unprecedented action to attempt to stabilise financial markets and improve and increase regulatory oversight in response to events in recent years, including the recent global financial market crisis. Attention has been focused on the need for financial institutions, trading firms and private investment funds to maintain adequate risk controls, capital reserves and compliance procedures. Events have also raised concerns and prompted regulatory responses as to the manner in which certain exchanges and regulators monitor trading activities and protect customer funds. Disruptions and adverse events in the equity, securitisation, derivative and money markets and the freezing of the credit markets have increased the call for additional and consolidated regulatory oversight of the global financial markets. As a result, the regulatory environment for investment funds (such as the Master Fund and the Fund) and investment management firms (such as the Investment Advisor and the Investment Manager) is evolving, and the effect of any regulatory or tax changes currently being implemented or which may be implemented in the future on the Master Fund, the Fund, the Investment Advisor, the Investment Manager, the markets and instruments in which the Master Fund invests and the Counterparties with which the Master Fund conducts business is difficult to predict.

Both the United States and the European Union authorities have begun to study, investigate, consider issuing guidance and/or proposing regulations relating to high frequency trading and trading via computerised systems, automated trading systems and electronic trading platforms. These initiatives are due to the transition from human-centred trading venues to highly automated and interconnected trading environments, rapid technological changes, some high-profile errors and crashes and some instances of market abuses. Traditional risk controls and safeguards that relied on human judgment and speeds (which were appropriate for manual and/or floor-based trading environments) are thus being re-evaluated in light of new market structures, and regulatory standards and internal controls are being recalibrated to match both current and foreseeable market technologies and risks. It is unknown in what form or when such regulations in connection with the above may be implemented or the impact any such implemented regulations will have on the Investment Advisor, the Investment Manager and the Master Fund (and in turn the Fund).

### **Eurozone Economic Risk**

In recent years, European financial markets have experienced volatility as a result of being adversely affected by concerns about high government debt levels and possible further default on or restructuring of government debt. Holders of such sovereign debt (including banks and other financial institutions) could be adversely affected by events such as defaults, restructurings, and/or downgrades on these holdings. Furthermore, the ability of governments to support their domestic financial systems would likely be impeded.

It is possible that EU member countries that have already adopted the Euro could abandon the Euro and return to a national currency and/or that the Euro will cease to exist as a single currency in its current form. The effects of voluntary or involuntary abandonment of the Euro on that country, the rest of the European Union, and global markets are impossible to predict but are likely to be negative. The exit of any country out of the Euro may create significant legal, operational, and other uncertainties that may not be

resolved for many years, and would potentially have a destabilising effect on all Eurozone countries and their economies and a negative impact on the global economy as a whole.

### **Brexit Risk**

On 29 March 2017, the United Kingdom triggered the procedures to withdraw from the EU after a two-year period settlement negotiation as prescribed in Article 50 of the Treaty of Lisbon. However, this process has been extended beyond the two-year period. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the EU and globally. It is not possible to ascertain the precise impact the United Kingdom's departure from the EU may have on the Fund, the Master Fund, the Investment Manager, the Investment Advisor, the Counterparties, the Fund's and the Master Fund's service providers and the general market infrastructure from an economic, financial, or regulatory perspective, but any such impact could have material consequences.

### **Regulation of OTC Derivative Transactions through EMIR and Dodd -Frank**

EMIR and the US [Dodd-Frank Act](#) introduce requirements in respect of Derivative Contracts by requiring certain "eligible" OTC Derivative Contracts, including swaps, to be exchange traded and/or submitted for clearing to regulated central clearing counterparties (the clearing obligation) and by mandating the reporting of certain details of OTC Derivative Contracts (together with exchange-traded Derivative Contracts within the scope of EMIR) to trade repositories (the reporting obligation). In addition, EMIR and the Dodd-Frank Act impose requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of Derivative Contracts which are not subject to mandatory clearing (the mitigating requirements). These risk mitigation requirements are likely to include the exchange and segregation of certain collateral by the parties, including by the Master Fund. Under EMIR, the requirements cover both financial counterparties ("FCs") that are investment firms, credit institutions, insurance companies and AIFs which are managed by an EU AIFM, such as the Fund, and certain non-financial counterparties ("NFCs"). FCs will be subject to the clearing obligation, the reporting obligation and the risk mitigation requirements. NFCs will be subject to the reporting obligation and the risk mitigation requirements and may also be subject to the clearing obligation, subject to their positions in OTC Derivative Contracts exceeding certain thresholds.

While some of the obligations under EMIR and the Dodd-Frank Act have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this PDS. It is as yet unclear how the OTC derivatives markets will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR or the Dodd-Frank Act on the Master Fund, which may include an increase in the overall costs of entering into and maintaining OTC Derivative Contracts. Both OTC and listed derivatives transactions became mandatorily reportable on 12 February 2014 by FCs (as defined in EMIR) to an EU Trade Repository (as defined in EMIR). The EMIR trade reporting involves both operational considerations and costs which are borne by the Master Fund since it is classified as a FC.

The Responsible Entity, the Master Fund and the Investment Manager will monitor ongoing regulatory changes under EMIR and the Dodd-Frank Act. However, prospective investors and Investors should be aware that the regulatory changes arising from EMIR and the Dodd-Frank Act may in due course adversely affect the Master Fund's ability to adhere to its investment approach and achieve its investment objective as well as materially increase regulatory costs including costs of mandatory reporting.

### **European Union Short Selling Regulation**

The EU regulation on short selling and certain aspects of credit default swaps (the "**SSR**") applies to short sales relating to (1) the issued share capital of companies whose shares are admitted to trading on a regulated market or multilateral-trading facility in the EEA (unless the principal trading venue for the relevant shares is located in a country outside the EEA) ("**EEA listed shares**"); and (2) debt instruments issued by an EEA sovereign issuer ("**EEA sovereign debt**"). The SSR currently applies in respect of member states of the EU and will apply to the additional EEA jurisdictions once further implementation steps have been taken.

The SSR provides for the disclosure of net short positions in EEA listed shares and EEA sovereign debt. It applies to all natural or legal persons, irrespective of regulatory status, located inside and outside the EEA. The SSR also contains prohibitions on uncovered or "naked" short sales of EEA listed shares and EEA sovereign debt in certain circumstances, as well as a prohibition on uncovered credit default swaps referencing EEA sovereign debt ("naked CDS"). The SSR provides for the possibility of an EEA member state's national regulator temporarily suspending the prohibition where it believes that its sovereign debt

market is not functioning properly and that the prohibition may have a negative impact on the sovereign CDS debt market. When the prohibition is suspended in this way, naked CDS positions must be included in the net short position calculation for EEA sovereign debt and will be disclosable as part of the more general disclosure relating to short positions in EEA sovereign debt.

National regulators, and in certain circumstances the European Securities and Markets Authority, are able to take additional emergency measures.

### **Tax and Regulatory Change**

The tax consequences to the Fund and its Investors, the ability of the Fund to make investments as a foreign investor in certain markets, and the ability of the Fund and / or Master Fund to repatriate assets including any income and profit earned on assets are based on existing regulations, which are subject to change through legislative, judicial or administrative action in the various jurisdictions in which the Program may operate. The markets and instruments in which the Fund and/or the Master Fund trade are undergoing significant regulatory change in various jurisdictions. Changes in any of these regulations, incompatibility of changes between jurisdictions, restrictions on certain trading strategies, or increased licensing and reporting obligations could negatively affect the ability of the Fund and/or the Master Fund to continue the Program or could adversely affect the Fund and Investors. In particular, high-frequency, algorithmic trading, OTC derivatives and trading in various agricultural and energy commodities have been the subject of increased regulatory scrutiny which could result in restrictive regulations that could adversely affect the Fund. NO ADVICE IS BEING PROVIDED AND NO REPRESENTATIONS HAVE BEEN OR ARE BEING MADE (AND NONE SHALL BE INFERRED) BY THE FUND, THE INVESTMENT MANAGER OR ANY OF ITS AFFILIATES WITH RESPECT TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND OR OF ANY INVESTMENTS OR TRANSACTIONS ENTERED INTO BY THE INVESTMENT MANAGER FOR THE FUND. AN INVESTOR MUST SEEK AND RELY ON THE ADVICE OF HIS OR HER OWN TAX ADVISOR BEFORE INVESTING IN THE FUND AS TO THE POTENTIAL TAX CONSEQUENCES OF AN INVESTMENT.

### **Withholding and Other Taxes**

Income and gains on securities and other instruments in which the Fund and the Master Fund invest may be subject to withholding, capital gains or other taxes including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by the Fund and the Master Fund are incorporated, established or resident for tax purposes. The Fund and the Master Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to their investment portfolio, including without limitation, taxes imposed by the jurisdiction in which the issuer of securities held by the Fund, the Master Fund or the counterparty to a transaction involving the Fund is incorporated, established or resident for tax purposes. The Fund and the Master Fund generally will not be able to recover such taxes, if any. Accordingly, the imposition of such taxes could be expected to reduce the Fund's and the Master Fund's economic return from the investments on or in respect of which such taxes are imposed. The periodic calculation of the NAV of the Fund and the Master Fund would be reduced by the amount of taxes. Depending on the timing of the payment of the taxes, which sometimes can be on a delayed basis, it could cause benefits or detriments to certain Investors. Amounts necessary to pay these taxes may be at times recognized and reserved as explained in the immediately preceding paragraph and otherwise.

### **Retroactive and Retrospective Taxes**

The Fund and certain investments of the Fund and the Master Fund may be subject to retroactive or retrospective taxes. This means new tax laws that are enacted or existing tax laws that are retroactively applied by a country on the Fund and/or Master Fund or their portfolio transactions or intermediary that acts locally on behalf of the Fund and/or the Master Fund. Any such new tax laws or change in the application and interpretation of existing tax laws, may have a material adverse effect on investments in the Fund and its Investors. Should such retroactive taxes be enacted and/or retroactively applied to an investment, both existing Investors (even if they were not invested in the Fund at the time of the transaction) and Investors that their Units in the Fund but that benefited from such investments may be subject to the cost of such retroactive taxes. In accordance with applicable law, the Fund reserves the right to create reserves necessary to pay those taxes, withhold portions of withdrawal proceeds or ask for amounts previously paid-back to withdrawing Investors that should have received lower withdrawal proceeds if such taxes had been applied at the time of the triggering event or transaction.

### Taxes and Economics May Not Match During a Calendar Year

The income tax effects of the Fund's investments may differ from the economic consequences of those investments during a calendar year.

### Potential Tax Audit

The Fund's tax returns might be audited by a taxing authority. An audit could result in adjustments to the Fund's tax returns. If an audit results in an adjustment, Investors may be required to file amended returns and to pay additional taxes plus interest.

### Deductions May Be Limited

An Investor's ability to claim current deductions for certain expenses and tax losses, including capital losses, may be subject to various limitations.

### US Tax Reporting

The Fund and the Master Fund are required to comply with certain reporting and other requirements under FATCA in order not to be subject to a 30% US withholding tax on interest and other income and the proceeds from sales of US securities and other US financial instruments. Australia and Ireland have entered into a Model 1 FATCA Inter-Governmental Agreement ("**IGA**") with the United States. Complying with such requirements will require the Fund to request and obtain certain information from Investors and (where applicable) their beneficial owners, and to agree to furnish such information and documentation to the IRS or the Australian Taxation Office. Any Investor that fails to provide the required information and documentation may be subject to compulsory redemption and/or withholding tax.

### Valuation

The Fund is expected to only invest in liquid financial instruments. However, the value of any positions that the Fund acquires that become restricted or otherwise illiquid financial instruments is determined from time to time, whether or not a public market exists for instruments of the same class or type. If the determination of the value of any such instruments proves to be inaccurate, the Fund may pay greater management fees and incentive fees (both terms defined below) than would otherwise be the case. Any inaccuracy also could operate to the benefit or detriment of newly admitted, redeeming or continuing Investors.

### Equitable Treatment of Investors

The Fund has a policy to seek to treat all of its Investors equitably. Notwithstanding this policy and anything to the contrary in this PDS, but subject to the Corporations Act, Investors should be aware that the Fund reserves the right to create new Classes and to grant on a discretionary and an exceptional basis more favourable commercial terms to Investors of a certain Class as opposed to Investors of other Classes (including, but not limited to fees and reporting, but excluding rights in relation to liquidity) ("**More Favourable Terms**").

The Fund, the Responsible Entity or the Investment Manager are neither required to notify any or all of the other Investors of the other Classes of any such arrangement or any of the More Favourable Terms thereof, nor required to offer such More Favourable Terms to any or all of the other Investors in the other Classes.

Investment Manager may also provide information and/or reporting to third parties such as risk management data aggregators ("**Risk Aggregators**") that provide such information only to Investors of a Class who subscribe to the service provided by such Risk Aggregator and subject to confidentiality agreement between those Investors and the Investment Manager. The Investment Manager has no role in the preparation or dissemination of the Risk Aggregator reports and makes no representation as to the accuracy or completeness for risk management purposes of the Risk Aggregator's analyses or reports. The Investment Manager will not review and may not agree with the methodologies or accuracy of the presentation of data by the Risk Aggregators. In addition, the reporting provided by the Risk Aggregators contains data which is not included in the monthly attribution and transparency reports for the Units and which could be material to Investors.

### Potential Conflicts of Interest

Jacques Saulière is a director of CFM Corporate Member Limited, which is the corporate member and designated member of the Investment Manager and a principal of the Investment Advisor. Mr. Saulière may,

when acting as director, have a conflict of interest with regard to decisions of the board relating to transactions and agreements with, including remuneration paid to, the Investment Manager and/or the Investment Advisor.

The Investment Manager will not be devoting its time exclusively to the management of the Fund. In addition, the Investment Manager will perform similar or different services for other clients and may sponsor or establish other investment funds during the same period that it acts as the investment manager to the Fund. The Investment Manager, therefore, will have conflicts of interest in allocating management time, services and functions between the Fund and such other clients for which it provides services. The Investment Manager will, however, endeavour to achieve a fair allocation of its management time, services, functions and investment opportunities between the Fund and any other such clients.

The Investment Manager may have conflicts of interest when allocating investment opportunities among the Fund and its other clients. However, when making investments where a conflict of interest may arise, the Investment Manager will endeavour to act in a fair and equitable manner among the Fund and the Investment Manager's other clients. Specifically, when several clients of the Investment Manager seek to purchase or sell the same Derivatives Contracts, the Investment Manager will allocate such transactions in compliance with CFTC rules (using an enhanced CFTC allocation algorithm). The Investment Manager has included trade allocation functions in the design of its automated trading systems, which seek to fairly allocate trades across all of its clients participating in the same investment program.

In addition, purchase and sale transactions (including swaps) may be effected among the Fund and other entities or accounts also advised by the Investment Manager subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no additional brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

The Counterparties, the Administrator and other service providers to the Fund are all being retained on a non-exclusive basis. Other clients of the service providers (which may be affiliated or not with such providers) may thus be receiving similar services as well as competing for the same resources as the Fund. Although, the Fund seeks to retain reputable high quality service providers, no assurance can be made that the Fund will be treated in an equitable manner in relation to other clients of the service providers who may be larger or represent a more significant business interest than the Fund. Some of the service providers or their employees or affiliates to the Fund and/or the Master Fund have expressed interest in investing in the Fund and may have invested in the Master Fund or funds managed by the Investment Manager and/or the Investment Advisor. Such investment or potential investment, however, was not a factor in the Fund's decisions to retain any service provider.

From time to time, the Investment Manager's and/or the Investment Advisor's principals and/or personnel may speak at conferences and programs for potential Investors interested in investing in hedge funds which are sponsored by the Brokers or other counterparties. These conferences and programs may be a means by which the principals and/or the Investment Manager can be introduced to potential Investors in the Fund. Currently, neither the principals, nor the Investment Manager, nor the Fund intend to compensate the Brokers or other counterparties for organising such "capital introduction" events or for any investments ultimately made by prospective investors attending such events (although they may do so in the future). While such events and other services provided by a Broker may indirectly influence the principals, the Investment Advisor and/or the Investment Manager in deciding whether to recommend the use of Broker or other counterparties to the Master Fund in connection with brokerage and other activities of the Master Fund. The organisation of any capital introduction events and other services is not included as a factor when recommending counterparties to the Fund.

### **Risks Associated with Performance Fees**

The compensation arrangements provide for a substantial performance fee to be paid to the Investment Manager. The existence of a performance fee may create an incentive for an investment manager to make more speculative investments through the Fund than it would otherwise make in the absence of such performance-based compensation.

### **Reliance on the Expertise of Key Individuals**

The ability of the Fund to achieve its investment objectives is significantly dependent upon the availability and the expertise of the Investment Manager's personnel and its ability to attract and retain suitable experts. The impact of the departure of a key individual on the future ability of the Investment Manager and the Fund



to achieve the investment objectives cannot be determined and may depend on the ability of the Investment Manager to recruit individuals with similar expertise. There can be no assurance that the Investment Manager would be able to do so or that any delay in doing so would not adversely impact the investment objectives and strategies.

### **Lack of Control**

Investors will have no right to participate in the management or control of the Fund. Accordingly, no person should invest in the Fund, unless they are willing to entrust all aspects of management of the Fund to the Responsible Entity and the Investment Manager of the Fund.

### **Possible Indemnification Obligations**

The Fund and the Master Fund are generally obligated to indemnify the Responsible Entity, the Investment Manager, the Administrator and the Counterparties under the various agreements entered into with such persons against certain liabilities they or their respective affiliates may incur in connection with their relationship with the Fund and/or the Master Fund. The Investment Manager purchases insurance in respect of these indemnification obligations. The Investment Manager maintains directors and officers insurance.

## FEES AND OTHER COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the fund</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	No fee is charged
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	No fee is charged
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	No fee is charged
<b>Exit fee</b> The fee to close your investment	Nil	No fee is charged

Type of fee or cost	Amount	How and when paid
<b>Management costs</b>		
The fees and costs for managing your investment <sup>3</sup>	<p>Total management costs (including GST, net of RITCs) consist of a fixed management fee, indirect costs and a performance fee:</p> <ul style="list-style-type: none"> <li>- Fixed management fee of 1.00% per annum<sup>4</sup> of the Net Asset Value of Class A.<sup>5</sup></li> <li>- Indirect costs of 0.30% per annum (including GST net of RITCs for such indirect costs and for management and performance fees) of the Net Asset Value of Class A.<sup>6</sup></li> <li>- A performance fee of 10% of the Trading Profits of Class A.</li> </ul>	<p>The fixed management fee of 1% per annum of the Net Asset Value of Class A is incurred in the Fund and is calculated, accrued and reflected in the unit price on each Pricing Day.</p> <p>Indirect costs of investing in the Fund are incurred in the Fund and the Master Fund and are reflected in the unit price. Indirect costs, including the Fund's pro-rata share of the expenses incurred at the level of the Master Fund (excluding any abnormal expenses) and also the GST net of RITCs for such indirect costs and for the management and performance fees, are capped at 0.30% per annum of the Net Asset Value of a Class.</p> <p>When the indirect costs of the Fund (excluding the management fee, the performance fee and abnormal expenses) including the Fund's pro-rata share of the expenses at the level of the Master Fund (excluding any abnormal expenses) and also the GST net of RITCs for such indirect costs and for the management and performance fees, exceed 0.30% per annum of the Net Asset Value of a Class, the Investment Manager will bear the portion of such indirect costs exceeding 0.30% per annum of the Net Asset Value of a Class. Refer to the 'Additional Explanation of Fees and Costs' section below for more information about indirect costs.</p> <p>The performance fee is calculated and accrued on each Pricing Day and payable by the Fund at the end of a Performance Period. The performance fee is paid directly from the Fund and reflected in the unit price.</p> <p>Underperformance in a previous Performance Period is required to be made-up for before a performance fee is payable. Further information on the calculation of the performance fee is provided in the section 'Additional Explanation of Fees and Costs'.</p>
<b>Service Fees</b>		
<b>Investment switching fee</b> The fee for changing investment options	Nil	No fee is charged

<sup>3</sup> Please refer to the explanation of 'Management Costs' and 'Expense Reimbursement' in the 'Additional Explanation of Fees and Costs' section below. Adviser fees may also apply.

<sup>4</sup> Any unrecovered GST from management fees and performance fees is included in the indirect costs, capped at 0.30% (including also the GST net of RITCs for such indirect costs) per annum of the Net Asset Value of a Class. The total management costs (excluding performance fees) of an investment in the Fund are thus capped at 1.30% per annum (including GST net of RITCs for such indirect costs and for management and performance fees) based on no abnormal expenses being incurred.

<sup>5</sup> Please refer to the explanation of 'Differential fees' in the 'Additional Explanation of Fees and Costs' section.

<sup>6</sup> The indirect costs figure is calculated with reference to the relevant costs incurred during the financial year ending 30 June 2019 and is based on no abnormal expenses being incurred by the Fund or the Master Fund.

## Additional explanation of fees and costs:

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### Management Costs

Total management costs consist of a fixed management fee, indirect costs of investing in the Fund and a performance fee.

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### Management Fee

The fixed management fee of 1.00% per annum of the Net Asset Value of Class A is calculated and accrued on each Pricing Day.

The fixed management fee is paid by the Fund. The management fee is accrued at the end of each Pricing Day and payable monthly in arrears.

Management fees may differ for additional Classes offered in the future (if any).

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### Indirect Costs

Indirect costs are the costs incurred in managing the Fund's assets which directly or indirectly reduce the return of the Fund. The Responsible Entity is entitled under the Constitution to be reimbursed out of the Fund's assets for outgoings and expenses incurred in the proper performance of its duties as the responsible entity of the Fund. These ongoing expenses (excluding the management fee, performance fee and abnormal expenses), which include the Fund's pro-rata share of the other expenses of the Master Fund and the GST net of RITCs for such indirect costs and for management and performance fees, are capped at 0.30% per annum of the Net Asset Value of a Class. When the indirect costs of the Fund (not including the management fee, the performance fee and abnormal expenses), including the Fund's pro-rata share of the expenses at the level of the Master Fund and also the GST net of RITCs for such indirect costs and for management and performance fees, exceed 0.30% per annum of the Net Asset Value of a Class, the Investment Manager will bear the portion of such indirect costs exceeding 0.30% per annum of the Net Asset Value of a Class. The ongoing indirect cost cap does not apply to any (if any) abnormal expenses (such as the cost of any unitholder meetings). Abnormal expenses are not generally incurred during the normal operation of the Fund or Master Fund and are not necessarily incurred in any year.

The ongoing normal expenses include, but are not limited to, auditor's fees, legal fees and taxes as well as fees and expenses properly incurred by the Responsible Entity and HSBC (excluding transaction costs, which are not included in this measure, see 'Transactional and Operational Costs' section below). The ongoing expenses (indirect costs) cap of 0.30% includes the Fund's pro-rata share of the expenses incurred at the level of the Master Fund (excluding transaction costs) and also the GST net of RITCs for such ongoing normal expenses and the management and performance fees. However, the ongoing expense cap does not apply to abnormal expenses at the level of the Fund or Master Fund. If abnormal expenses are incurred, such as the expenses incurred in holding an Investors' meeting, we reserve the right to deduct these expenses from the Fund or Master Fund's assets (as applicable).

The Master Fund is liable for all normal expenses incidental to their respective operations and business. These include any costs incurred in holding meetings of directors or shareholders, legal advisor fees, auditor fees, directors' fees and expenses and the costs of printing and distributing any offering materials and any reports and notices to shareholders.

The Fund invests in Class G AUD denominated shares in the Master Fund, which are not subject to management fees or performance fees at the level of the Master Fund, payable to the Investment Advisor. However, investments in Class G shares of the Master Fund are subject to a financial management fee of 0.275% of the net asset value of the Master Fund as well as an amount not exceeding 0.06% of the net asset value of the Master Fund in respect of currency hedging of the net asset value of Class G Shares, both being charged by Innocap. These expenses at the level of the Master Fund are also covered by the ongoing expenses cap of 0.30% per annum of the Net Asset Value of a Class.

Indirect costs do not include transaction costs (see 'Transactional and Operational Costs' section below).

Updated information on indirect costs will be available from [www.cfmaltbeta.com.au](http://www.cfmaltbeta.com.au).

## Performance Fee

The performance fee is equal to 10% of Trading Profits of Class A Units. Trading Profits are calculated based on the change in the NAV of a Class (excluding the accrued performance fees for the pricing period), less any Carry Forward Loss (as defined below) from the previous period and adjusted for applications, redemptions, distributions, Carry Forward Loss/profit adjustments and (if applicable) the reclassification of any investment as a Designated Investment.

The performance fee is payable by the Fund at the end of each Performance Period. The first Performance Period commences on the Dealing Day on which Units are first issued and typically ends on the next following 30 June, or, in respect of Units being redeemed, the Dealing Day on which the Units are redeemed. Subsequent Performance Periods commence on the day after the end of the previous Performance Period and end on the next 30 June, or, in respect of Units being redeemed, the Dealing Day on which the Units are redeemed.

The performance fee is calculated and accrued in the Unit price on each Pricing Day. Depending on whether Trading Profits of a Class are positive or negative for the period, the adjustment in the accrual for performance fees on a Pricing Day may be a positive or negative amount. The aggregate accrual for performance fees shall, however, always be a positive amount. If the Trading Profits of a Class are negative as of the end of a Performance Period, then such negative Trading Profits will be carried forward into the next Performance Period as a Carry Forward Loss. This means that any Carry Forward Loss of a Class must be made-up for before a performance fee is payable.

### Dollar fee example of performance fees for the Fund\*

The below examples assume a \$50,000 balance is maintained throughout the year with no applications, redemptions, distributions or reclassification of Units made during the year.

Notes on examples:

1. The performance fee is calculated and accrued on each Pricing Day and payable at the end of each Performance Period.
2. The examples assume that there is no Carry Forward Losses at the beginning of the Performance Period (i.e. a performance fee was paid in the previous Performance Period). For more information about the performance fee accrual please see the 'Management Costs' section above.

Performance fee	Calculation	Amount	How and when paid
For a performance fee period ending 30 June, the Trading Profits (including ongoing management cost) increased the NAV of a Class by 5%.	The performance fee is AUD 50,000 x 10% x 5%.	AUD 250.00	Since the Trading Profits of the Class are positive, a performance fee amount is payable in arrears at the end of the Performance Period.
For a performance fee period ending 30 June, the Trading Profits (including ongoing management cost) decreased the NAV of a Class of Units by 5%.	The performance fee is AUD 50,000 x 10% x -5%.	-AUD 250.00	Since the Trading Profits of the Class are negative, no performance fee amount will be payable and the loss will be carried forward into the next Performance Period as a Carry Forward Loss.

\* These examples are illustrative only and do not represent any actual, past or future performance of the Fund. They are not a forecast of the expected investment return for the Fund and do not include any tax payable on the investment return. The actual performance fee will vary, depending on the actual Trading Profits of a Class. The Responsible Entity and the Investment Manager do not provide any assurance that the Fund will achieve the performance used in the examples and Investors should not rely on this in deciding whether to invest in the Fund. Further, the calculation of the performance fee is performed on each Pricing Day and the payable performance fee is an aggregate of the performance fees accrued on each Pricing Day.

Based on the current calculation methodology for the performance fee, the Investment Manager has estimated that the typical ongoing performance fee payable per annum may be AUD 250 assuming an average account balance of AUD 50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and

future financial years may differ. The Investment Manager cannot guarantee the performance of the Fund or that performance fees will remain at their previous level.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available from [www.cfmaltbeta.com.au](http://www.cfmaltbeta.com.au).

### **Transactional and Operational Costs**

Transaction costs are costs relating to the buying and selling of assets by the Fund and/or Master Fund. These costs include brokerage, settlement, clearing and stamp duty. These costs are generally incurred as a result of applications or redemptions from the Fund or when the Fund or Master Fund sells or buys assets as part of its day to day trading activities.

### **Trading Costs**

The Master Fund generally engages in a high volume of trading activity resulting in correspondingly high brokerage costs, exchange fees, regulatory fees, clearing costs or other trading related costs being incurred. These high expenses could lower the overall investment performance of the Master Fund and, hence, also the Fund.

### **Buy/Sell Spread**

Transaction costs which arise as a result of applications and redemptions are recovered from the applicants and redeeming Investors as set out below in the form of a Buy Spread and a Sell Spread. The Fund does not apply a Buy/Sell Spread except when net application and redemptions requests for a Dealing Day exceed the Buy/Sell Spread Threshold. The applicable Buy/Sell Spread will reflect the estimated Transaction Costs for the relevant application or redemption and shall not exceed 3% of the value of each relevant application or redemption request. The dollar amount of these costs based on an application or redemption of AUD 50,000 where the Buy/Sell Spread Threshold is exceeded (in respect of the aggregate of all net applications and redemptions for a Dealing Day) is an amount which shall not exceed AUD 1,500.

The amount of Buy/Sell Spread is determined by the Responsible Entity. A Buy Spread is a cost charged to enter the Fund (buy Units) and a Sell Spread is a cost charged to exit the Fund (sell Units) to cover the estimated Transaction Costs of the Fund and/or the Master Fund.

Buy/Sell Spreads are not a fee paid to the Fund's issuer or the Investment Manager, but are an additional cost incurred indirectly by an Investor in the Fund which is payable to the Fund. They are an additional cost to the Investor when transacting but, as they are included in the unit price of the Fund, they are not charged to Investors separately.

Transaction Costs at the level of the Master Fund will be a direct expense of the Master Fund and will be accrued into the NAV of the Master Fund and reflected in its share price. These include bank fees, due diligence fees, sales and purchase commissions and charges, exchange fees, custodian and clearing agency fees, interest and commitment fees on loans and debit balances, income taxes, withholding taxes, transfer taxes and government charges and duties. The Master Fund may also implement a buy/sell spread through which some of these costs may be recouped when they arise as a result of applications or redemptions.

### **Other Transactional Costs**

Transaction costs which arise from trading activity at the level of the Fund or the Master Fund to execute the Fund's investment strategy and are not the result of applications into and redemptions from the Fund are not covered by the buy/sell spread. They are instead paid out of the Fund's or Master Fund's assets (as applicable). These costs are an additional cost to Investors and are reflected in the Fund's unit price or the Master Fund's share price (as applicable) and are not paid to the Investment Manager or the Investment Advisor.

It is estimated that the explicit transaction costs for the Fund (including those of the Master Fund) were approximately 0.18% of the Net Asset Value of the Fund for the financial year ended 30 June 2019. These costs may vary in the future. If an Investor had a balance of AUD 100,000 through the year, their investment would be impacted by AUD 180 for the year.

It is estimated that the borrowing costs for the Fund were approximately 0.66% of the Net Asset Value of the Fund for the year ended 30 June 2019. It is estimated that the implicit transaction costs for the Fund (including spread costs and slippage) were approximately 0.86% of the Net Asset Value of the Fund for the year ended 30 June 2019.

Based on the estimate above, if an Investor had a balance of AUD 50,000 through the year in the Fund, its investment would be impacted by approximately AUD 850 of transaction costs (including borrowing costs) for the year.

### **Alteration of Fees and Maximum Fees**

There are currently no entry or exit fees for investing in or redeeming from the Fund. The Constitution allows the Responsible Entity to charge a maximum entry fee of 5% (which is equivalent to AUD 2,500 for every AUD 50,000 invested) of the amount invested plus GST and an exit fee of 5% (which is equivalent to AUD 2,500 for every \$50,000 invested) of the proceeds of redemption plus GST, although the Responsible Entity does not intend to charge these fees.

The Constitution also allows the Responsible Entity to charge a:

- ▶ fee of up to 3% per annum of the net asset value of the Fund plus GST (which is equivalent to \$1,500 for every \$50,000 invested), although the Responsible Entity does not intend to charge the maximum fee; and
- ▶ a performance fee of 10% of positive Trading Profits, subject to certain adjustments, although the Responsible Entity does not intend to charge this fee.<sup>7</sup>

If fees were to change, at least 30 days' notice will be given to Direct Investors of any change in fees. Indirect Investors should consult with their Operator to determine their arrangement for receiving notifications of changes in fees and charges.

### **Taxation**

Please refer to the [Taxation](#) section of this PDS on page 62 of this PDS. The fees and expenses set out in this "Additional Explanation of Fees and Costs" section are paid out of the assets of the Fund or the Master Fund as relevant, unless stated otherwise. These fees and expenses shall cover the management fees and performance fees for the Fund and ongoing expenses including the Fund's pro-rata share of the expenses incurred at the level of the Master Fund (excluding any abnormal expenses) capped at 0.30% per annum (including also GST net of RITCs for such other expenses and the management and performance fees) of the Net Asset Value of a Class.

Services supplied to the Fund are generally taxable supplies for GST purposes and will therefore usually include a GST component (being 1/11 of the total amount of the fees and expenses). The Fund will generally be entitled to claim input tax credits and/or reduced input tax credits at the prescribed rates.

### **Administration fee**

The Responsible Entity may enter into arrangements to pay administration fees to Operators in connection with the listing of this Fund on their investment menus. This fee is paid by the Investment Manager and not by the Fund. It is not charged out of the assets of the Fund and is not a separate additional charge to Investors. Any payment of benefits made will be made in compliance with the law, any regulations and guidance provided by ASIC.

### **Differential fees**

CFM LLP may agree with Investors who are wholesale clients (as defined in the Corporations Act) to rebate some of the fees on a case by case basis.

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<sup>7</sup> The performance fee that is set out in this PDS is an expense of the Fund that is paid by the Responsible Entity to the Investment Manager. It is not a charge pursuant to the performance fee clause in the Constitution.

**Adviser fees**

Additional fees may be paid to a financial adviser if you have consulted a financial adviser.



### Example of Annual Fees and Costs for Class A Units in the CFM IS Diversified Trust

This table gives an example of how the fees and costs in Class A Units in the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

		Balance of AUD 50,000 with a contribution of \$5,000 during year
Contribution Fees	Nil	For every additional AUD 5,000 you put in, you will be charged AUD 0.
<b>PLUS</b> Management Costs (including GST net of RITCs) comprising: Fixed Management Fee Indirect costs Performance fee	1.50% p.a. of the Net Asset Value  1.00% p.a. <sup>1</sup> 0.30% p.a. <sup>2</sup> 0.20% p.a.	<b>And</b> , for every AUD 50,000 you have in Class A Units in the Fund you will be charged AUD 750.00 each year.
<b>EQUALS</b> Cost of Class A Units in the Fund		If you had an investment of AUD 50,000 at the beginning of the year and you put in an additional AUD 5,000 during that year, you would be charged fees of: AUD 750.00* <sup>3, 4, 5</sup> What it costs you will depend on the fees you negotiate with your fund or financial adviser (if any).

1. Any unrecovered GST from management fees is included in the expense cap of 0.30% per annum. The total management costs (excluding performance fees) of an investment in the Fund is thus capped at 1.30% per annum (including GST net of RITCs for such indirect costs and for management and performance fees) based on no abnormal expenses being incurred.
2. The amount of indirect costs in the example is stated as 0.30% (including GST net of RITCs for such indirect costs and for management and performance fees) per annum, based on the financial year ended 30 June 2019. However, the application of the ongoing expenses cap of 0.30% (including GST net of RITCs for such indirect costs and for management and performance fees) per annum means that any expenses (excluding the management fee, the performance fee and abnormal expenses) above the cap are borne by the Investment Manager. The actual indirect costs for the current financial year and for future financial years may differ.
3. Additional fees may apply. Please note this example does not capture all the fees and costs that may apply to you, such as the buy/sell spread. The amount of the performance fee used in the example is based on the performance fee charged in the financial year ended 30 June 2019. See above (under the heading Performance Fee") for our estimated typical ongoing performance fees for the current financial year. The performance fees for the current financial year and for future financial years may differ.
4. The example assumes management costs are calculated on a balance of AUD 50,000 with the AUD 5,000 contribution occurring at the end of the first year. It does not take account of management costs that would be charged on the additional AUD 5,000 contributed during the year.
5. Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

## HOW TO INVEST AND ACCESS INVESTMENTS

### Investing through an IDPS

Investors not classified as wholesale clients under the Corporations Act are required to invest through an IDPS. For the avoidance of doubt, retail clients will be required to invest through an IDPS. For Indirect Investors it is the Operator that makes your investments in the Fund and is registered as the unitholder in the Fund. The Operator is therefore entitled to certain Direct Investors rights, such as the right to receive reports and statements and to attend meetings. Indirect Investors should contact their Operator regarding each of these matters.

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### Investing Directly

If investing directly in the Fund, initial investments must be for a minimum of AUD 20,000 and can be made by completing the accompanying Application Form. Applications received by HSBC by 12pm (Sydney time) on a Dealing Day (and ensuring cleared funds are received by 12pm (Sydney time) on the intended Dealing Day) will be allocated Units at an Application Price as at close of business on that Dealing Day. Applications received after this date will generally be allocated Units at the next applicable Dealing Day. The Responsible Entity reserves the right to change the cut off time and to reject applications in whole or in part.

For more information about how the Fund defers applications and redemptions when the net amount of applications and redemptions in the Fund on a Dealing Day is greater than the Dealing Threshold, please refer to the section "Unit Prices".

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### Additional Investments

The Operator will advise Indirect Investors about how to make additional investments, including the minimum amount involved. Indirect Investors can arrange to make additional investments in the Fund in accordance with their arrangement with their Operator.

The minimum additional investment for Direct Investors is AUD 100, and may be made by email or facsimile. Direct Investors should send additional investments to HSBC at:

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
HSBC Securities Services Australia  
Level 3, 10 Smith Street  
Parramatta NSW 2150  
Attention: Fund Services – Transfer Agency Department

Or by fax at:

HSBC Securities Services Australia  
Fax: +61 2 8987 5943 (Dealing)

Or by email at: [afsfaxauisdealing@hsbc.com.au](mailto:afsfaxauisdealing@hsbc.com.au)

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### Joint Account

For joint accounts, unless indicated to the contrary on the Application Form, each signatory must sign redemption requests. Please ensure all signatories sign the declaration in the Application Form. Joint accounts will be held as joint tenants unless we are advised to the contrary in writing.

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### Redemptions for Indirect Investors

Redemptions by Indirect Investors are made in accordance with their arrangement with their Operator and are not governed by the terms of this PDS. Operators will advise Indirect Investors about how to make redemptions, including any minimum amount involved. Indirect Investors should contact their Operator to obtain these details.

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### Redemptions for Direct Investors

The minimum redemption is AUD 100 (or such lesser amount as the Responsible Entity may determine from time to time), and redemptions from the Fund may be made by email or facsimile. Partial redemptions can only be made by Direct Investors if their account balance (after the redemption) does not fall below AUD 20,000 (or such lesser amount as the Responsible Entity may determine from time to time).

Direct Investors wishing to redeem funds must provide a written request, signed by an authorised signatory, with details of the bank account to be credited, to HSBC at:

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
 HSBC Securities Services Australia  
 Level 3, 10 Smith Street  
 Parramatta NSW 2150  
 Attention: Fund Services – Transfer Agency Department

or by fax at:

HSBC Securities Services Australia  
 Fax: +61 2 8987 5943 (Dealing)

Or by email at: [afsfaxausdealing@hsbc.com.au](mailto:afsfaxausdealing@hsbc.com.au)

Where Direct Investors provide their redemption requests to HSBC by 12pm on a Dealing Day, the Fund will endeavour to process the redemption requests for that Dealing Day and pay Direct Investors their redemption monies within 5 Business Days after the unit price with respect to their redemption requests are determined. However, the Fund's Constitution allows up to 21 days after the date as at which the relevant unit price with respect to the Direct Investors' redemption requests are calculated to make payment. This period may be extended in certain circumstances outside our control.

When the net amount of applications and redemptions in the Fund on a Dealing Day is greater than the Dealing Threshold, the Fund will automatically defer all applications and redemptions for processing on the Deferred Dealing Day. The deferred application and redemption instructions will be processed at the Net Asset Value applicable on the Deferred Dealing Day and may not be cancelled by the Investor once accepted by the Fund. Any additional applications or redemptions received during a period when the Fund applies a Deferred Dealing Day, will be processed on the applicable Deferred Dealing Day.

Where and while the Responsible Entity has designated an investment as a Designated Investment and reclassified the Units of an existing Class to which the Designated Investment is attributable as one or more Classes ("**Designated Units**"), the redemption right of Direct Investors with respect to the Designated Units will be limited in the following manner.

Direct Investors may not request the Responsible Entity to redeem their Designated Units until all of their Units (other than the Designated Units) have been fully redeemed. Once this condition is met, where Direct Investors request the Responsible Entity to redeem all or a portion of their Designated Units before the sale or other disposition of the Designated Investments that are attributable to its Designated Units, instead of receiving a cash payment for such redemption, the Responsible Entity may determine to either:

- ▶ maintain the Direct Investors' interest in their Designated Units until the disposition of the Designated Investments attributable to their Designated Units and upon the disposition of the Designated Investments, the Responsible Entity must redeem the Designated Units to which the Designated Investments were attributable with effect as soon as practicably possible following the date on which the disposal proceeds of the Designated Investments have been realised and pay to the Direct Investors out of the proceeds of sale or other disposition of the Designated Investments, the Redemption Price (less any applicable exit fee) for each Designated Unit that is redeemed within a reasonable time (being not more than 21 days) after the date on which the disposal proceeds of the Designated Investments have been realised; and/or
- ▶ transfer Designated Investments to the Direct Investors within 21 days of the day as at which the redemption price is determined, in lieu of cash. The Designated Investments being transferred must be valued in accordance with the Constitution, such value must equal the total of the Redemption Price (less any applicable exit fee) of the Designated Units being redeemed, and the costs associated with the transfer (which must be paid for out of, or deducted from, the assets being transferred).

The Fund and Master Fund may each temporarily suspend applications, redemptions or the payment of redemption proceeds in certain circumstances such as adverse or emergency market conditions which impact on the effective and efficient operation of a market in which the Fund or Master Fund invest. The Fund may also suspend applications, redemptions or the payment of redemption proceeds for a reasonable period when the Master Fund suspends applications and redemptions or when the Master Fund suspends the calculation of their net asset value.

The Fund is permitted in certain circumstances to stagger the payment of large redemption requests by reducing each redemption request on a pro-rata basis where it cannot for any reason satisfy a redemption request as a result of not being able to effect sufficient disposal of interests in an asset or the Master Fund. The unredeemed portion of the relevant redemption requests are carried forward to the next relevant Dealing Day.

If the Fund is illiquid (as defined in the Corporations Act), redemptions from the Fund will only be possible if the Responsible Entity makes a withdrawal offer in accordance with the Corporations Act. The Responsible Entity is not obliged to make such an offer. However, if a withdrawal offer is made, Investors are only able to redeem their investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy redemption requests, the requests will be satisfied proportionately amongst those Investors wishing to redeem from the Fund. Under the Corporations Act, the Fund is illiquid if it has less than 80% of liquid assets (generally cash and marketable securities).

Redemption payments will only be made payable to the Direct Investors and directed to the account nominated on the Investors' Application Forms (as updated by the Direct Investors from time to time).

Direct Investors can fax their written redemption instructions to the Administrator, subject to the following facsimile instructions.

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#### Compulsory Redemptions

The Responsible Entity can compulsorily redeem the Units of Direct Investors:

- ▶ if Direct Investors have breached their obligations to the Responsible Entity;
- ▶ to satisfy any amount of money due to it (as responsible entity or in any other capacity) by Direct Investors;
- ▶ to satisfy any amount of money it (as responsible entity or in any other capacity) owes someone else (such as a regulatory authority) relating to Direct Investors;
- ▶ if the Constitution otherwise allows;
- ▶ where the Responsible Entity suspects that the law prohibits the person from legally being an Investor;
- ▶ to prevent the Fund being subject to income tax on the same basis as if it were a company under the Income Tax Assessment Act 1936;
- ▶ where the Responsible Entity determines it will avoid other consequences which are detrimental to the Fund or its Investors; or

where the Responsible Entity determines it is appropriate or necessary for administrative or other reasons.

#### Transfer

Subject to the absolute discretion of the Responsible Entity, a transfer of Units that results in a change of beneficial ownership shall constitute a crystallization event for the purpose of calculating the performance fees. Subject to the refusals set forth in section 'Refusal of transfers' below, an Investor may transfer any or all of his Units to an eligible transferee or assignee (hereinafter referred to as a "**Transferee**") and must provide a written notice to the Administrator and the Responsible Entity. Transfer requests received by the Administrator and the Responsible Entity by 12pm (Sydney time) on the intended Dealing Day will be processed on that Dealing Day. Applications received after 12pm (Sydney time) will be processed on the next applicable Dealing Day.

A transfer request must, at a minimum, contain the following information: the number of Units and the Class of Units to be transferred, representations and warranties that the transferring Investor is the lawful and beneficial owner of the Units and that such Units are not subject to any pledge or otherwise encumbered in any fashion. Transfers will not be processed until a complete original Transfer Form document has been received by the Administrator and the Transferee has passed applicable eligibility and AML tests. For the avoidance of doubt, any new Investor will be required to complete a new Application Form. The Fund, the Responsible Entity and the Administrator are entitled to require additional documents, such as, but not limited

to, trust instruments, death certificates, appointments as executor or administrator and certificates of corporate authority, prior to processing the transfers.

A Transfer shall not include any change/switch operations carried out by one Investor from one Class of Unit in the Fund to another, nor any change/switch from one Currency to another (hereinafter referred to as a “**Switch**”). Any Switch will be processed as a redemption for the purpose of the Fund.

### **Refusal of transfers**

The Responsible Entity may refuse to register a transfer and need not provide any reasons. Prior to registering any transfer of Units, the Responsible Entity may require the transferring Investor to execute and acknowledge an instrument of transfer in form and substance satisfactory to the Responsible Entity and to pay the reasonable expenses of the Fund incurred in connection with such transfer, and may require the Transferee to make certain representations and warranties to the Fund and to accept, adopt and approve in writing all of the terms and provisions of the Constitution. The Responsible Entity may decline the proposed transfer of any Units if the transfer might violate applicable laws or when such transfer is deemed by the Responsible Entity in its absolute discretion to be contrary to the best interests of the Fund by virtue of resulting in legal, pecuniary, regulatory, taxation or material administrative disadvantage to the Fund.

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### Electronic Instruction Conditions

Investors may instruct additional investments and/or redemptions in the Fund by facsimile or email instruction (“**Electronic Instruction**”).

By using the Electronic Instruction service, Investors release the Administrator, the Responsible Entity and the Investment Manager from, and indemnify the same against, all losses and liabilities arising from any payment or action the parties (or associates) take based on any instruction (even if not genuine) that the Fund receives by Electronic Instruction bearing Direct Investors’ account number, and a signature apparently of the Direct Investors.

Investors also agree that neither they nor anyone claiming through them has any claim against the Administrator, the Responsible Entity and the Investment Manager or the Fund in relation to these payments or actions.

The Administrator and the Responsible Entity will not accept Electronic Instruction requests for deposits to bank, building society or credit union accounts which have not been previously nominated by the Direct Investors.

The Administrator and the Responsible Entity will only act on completed communications. A transmission certificate from your fax machine or email system is not sufficient evidence that your fax or email was received. None of the Administrator, the Responsible Entity and the Investment Manager will be liable for any loss or delay resulting from the non-receipt of any transmission.

Please note that there is a risk that fraudulent redemption requests may be made by Electronic Instruction by someone who has access to Direct Investors’ account number and a copy of their signature. The Responsible Entity reserves the right to add further requirements at any time.

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### Distributions

Distributions are payable to Direct Investors on an annual basis, usually within 60 days after 30 June each year. This amount may include income such as revenue profits from the sale of the Fund's investments, interest, dividends and realised capital gains. Any distribution is reinvested unless the Direct Investors have requested otherwise. This reinvestment occurs at the next unit price calculated after the end of the distribution period. Indirect Investors should contact their Operator in relation to the timing and frequency of distributions by the Operator. Investors will still be liable to pay any tax payable in respect of a distribution even if a distribution is reinvested.

In certain circumstances the Responsible Entity may choose to allocate undistributed income and any net realised capital gains to redeeming Direct Investors based on a pro rata allocation with reference to the number of Units being redeemed. This would only be utilised to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst Direct Investors.

If you wish to change your distribution instructions, the Administrator will need to receive these instructions at least 20 Business Days before the Fund's distribution date.

## TAXATION

There are tax implications when investing in, redeeming Units in and receiving income from the Fund. The taxation information below is of a general nature only in relation to the Australian tax implications for Direct Investors who are Australian residents for taxation purposes and hold their Units in the Fund as long term investments on capital account. The Responsible Entity cannot give tax advice and we recommend that you consult your tax adviser.

This tax information is current as at the date of this PDS. The levels and basis of tax may change in the future.

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### Taxation of the Fund

Under normal circumstances, the Fund will not pay income tax because all income of the Fund is intended to be distributed to Investors in full each income year. In this case, Direct Investors should include their share of the Fund's taxable income in their own assessable income each income year.

If the Fund makes a loss for Australian income tax purposes, the tax loss may not be distributed to Direct Investors but may be carried forward by the Fund to offset against taxable income of the Fund in future income years, subject to the satisfaction of the relevant loss recoupment rules.

The Fund may receive distributions from the Master Fund including in respect of redemptions by the Fund of its interests in the Master Fund. Distributions received from the Master Fund which are paid out of profits (or deemed to be paid out of profits for taxation purposes) should generally be included in the taxable income of the Fund as dividend income. The Fund will also derive interest income.

The Australian Government's Controlled Foreign Company (CFC) legislation may impose accruals tax liability on any fund that invests in overseas companies which are controlled by Australian investors. This means that, if the Master Fund constitutes a CFC, the taxable income of the Fund may include a portion of the realised gains and undistributed income of the Master Fund each income year. As at the date of this PDS, the Master Fund is not expected to be a CFC.

At the end of the Fund's tax year we send to you the details of assessable income, tax credits and any other relevant tax information to include in your tax return in respect of your investment in the Fund.

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### Attributed Managed Investment Trust Status

The Fund has made an election to become an Attribution Managed Investment Trust ("**AMIT**") for Australian income tax purposes.

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### Taxation of Australian Resident Direct Investors

The taxable component of distributions whether or not reinvested, and redemption proceeds forms part of the assessable income for Direct Investors in the year of entitlement. Because Direct Investors can move into and out of the Fund at different points in time, there is a risk that taxation liabilities in respect of gains that have benefited past Direct Investors may have to be met by subsequent Direct Investors.

Further, the timing of when the Fund's income is brought to account for tax purposes may be different to when amounts are distributed to you, so that tax may be required to be paid on income that has not yet been or may not be distributed to you.

The AMIT provisions in the [Tax Act](#) apply to qualifying MITs that make an irrevocable election to become an AMIT. The consequences for Australian resident Investors should be similar whether the Fund is an AMIT or not. An AMIT must attribute its taxable income to investors on a fair and reasonable basis, and investors are advised of their share of the taxable income and any cost base adjustment, via an AMIT Member Annual Statement. The Responsible Entity may elect into the AMIT regime in the future.

You will receive an annual tax statement summarising the amount of net income, foreign tax offset and franking credits that you have received in respect of the Fund each year to assist with your taxation requirements.

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#### Capital Gains Tax

Your assessable income for each year includes net capital gains (i.e. after offsetting capital losses). Capital gains tax may arise when redeeming or transferring Units in the Fund.

Certain Investors (such as Australian resident individuals, trusts and complying superannuation funds) may be entitled to a capital gains discount where you have held your Units in the Fund for at least 12 months. Individuals and trusts may be entitled to a capital gains discount of 50% and complying superannuation funds may be entitled to a capital gains discount of 33⅓%. Companies are not entitled to the capital gains discount.

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#### Tax File Number (TFN) and Australian Business Number (ABN) (Australian Direct Investors Only)

It is not compulsory for Investors to provide their TFN or ABN details to the Fund. However, unless Direct Investors are exempted, if Direct Investors do not provide their TFN or ABN, tax will be deducted from income distributions at the highest personal marginal rate plus the Medicare levy and any other applicable levies. The ABN, TFN or an appropriate exemption can be provided on the Application Form when making an initial investment.

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#### Goods and Services Tax (GST)

The issue and redemption of Units in the Fund, and the receipt of distributions will not be subject to GST. However, GST is payable on our fees and certain reimbursement of expenses. The Fund will generally be able to claim input tax credits and/or reduced input tax credits at the prescribed rates.

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#### Stamp Duty

The issue, redemption or transfer of Units in the Fund should not be subject to stamp duty.

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#### Common Reporting Standard (CRS)

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**CRS**”) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is a ‘Financial Institution’ under the CRS and complies with its CRS obligations by obtaining and reporting information on relevant accounts (which may include the Units in the Funds) to the Australian Tax Office (“**ATO**”). In order for the Fund to comply with its obligations, the Responsible Entity requests Investors to provide certain information and certifications to the Responsible Entity for the Fund’s compliance with the CRS. The Responsible Entity will determine whether the Fund is required to report the Investors’ details to the ATO based on the Responsible Entity’s assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the “**CRS Competent Authority Agreement**”, the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

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#### US Tax Withholding & Reporting under the Foreign Account Tax Compliance Act

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report details of all US persons and suspected US persons in the Fund to the US tax authorities, to prevent a 30% FATCA withholding tax on certain income and proceeds of the Fund. In April 2014, the Australian Government signed an intergovernmental agreement (“**IGA**”) with the US which requires all Australian financial institutions to comply with FATCA, as modified by the IGA. The Fund is required to collect and review information to determine whether it has an obligation to report information about certain Investors in the Fund to the Australian Taxation Office. The Responsible Entity may therefore request that Investors and prospective investors provide certain information in order to comply with the requirements.

The Fund will provide information about its FATCA status where required so that FATCA withholding is not applied to the relevant US income or gross proceeds.



# THE MASTER FUND

The Company was incorporated under the laws of Ireland as an open-ended investment company with variable capital, with limited liability and structured as an umbrella fund with segregated liability between sub-funds on 9 May 2013, with registration number 527368. It was authorised by the CBI on 19 July 2013 as a UCITS pursuant to the UCITS Regulations. The registered office of the Company is at 33 Sir John Rogerson's Quay, Dublin 2, Ireland. The Master Fund commenced operations on 1 December 2014. The Company has appointed State Street Fund Services (Ireland) Limited as administrator and State Street Custodial Services (Ireland) Limited as custodian for the Master Fund. Deutsche Bank AG and its affiliates, Barclays Bank plc and its affiliates, J.P. Morgan Securities plc and its affiliates and Nomura International plc and its affiliates have been appointed as brokers of the Master Fund. The Company has appointed Innocap as investment manager and Innocap has appointed CFM SA as the trading advisor to the Master Fund. On 19 February 2019, the Master Fund changed its name from R CFM Diversified to InRIS CFM Diversified.

The Company is structured as an umbrella fund consisting of different sub-funds each comprising one or more classes. The shares issued in each sub-fund will rank *pari passu* with each other in all respects provided that they may differ as to certain matters including currency of denomination, hedging strategies if any are applied to the currency of a particular class, dividend policy, voting rights, the level of fees and expenses to be charged, subscription or redemption procedures or the minimum subscription and minimum holding applicable.

The Fund implements its investment strategy by investing its assets in Australian dollar and Euro denominated shares issued by the Master Fund. The Fund will seek to hedge its currency exposure when investing in a EUR Master Fund Share Class. The Portfolio (where all trading activities occur) is held by the Master Fund. The Master Fund may also issue shares to other investors of different classes to that invested in by the Fund.

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## The Directors of the Master Fund

The address of the Directors of the Company, for the purposes of the Master Fund, is the registered office of the Company.

- ▶ **Francois Jacques.** Mr. Jacques is the Manager, Legal Affairs of Innocap Investment Management Inc. François Jacques joined Innocap in 2005. From 2001 to 2005, he was Legal Advisor with the International and Capital Markets team of the National Bank of Canada's Legal Affairs. Mr. Jacques also worked at the AMF. Mr. Jacques has a thorough understanding of derivative products brokerage and portfolio management as well as traditional and alternative investment fund structuring. Mr. Jacques graduated with a Bachelor of Law degree from the Université de Sherbrooke and received his Master's degree in Business Law from Université de Montréal. Mr. Jacques has been a member of the Quebec Bar since 1999.
- ▶ **Marc Romano.** Marc Romano, alumnus of the École Normale Supérieure, is a graduate of the Institut des Actuairens and holds a PhD in applied mathematics. He was CEO of Schröders NewFinance Capital, a subsidiary of Schrodgers plc, specialising in the alternative multi-management. Marc is currently the CEO of Rothschild HDF Investment Solutions. Previously, he held various positions at Crédit Agricole, among which he was CEO of the multi-management at Crédit Agricole Asset Management (long-only, hedge fund and private equity fund of funds), deputy CEO of Crédit Agricole Structured Asset Management and Managing Director of Calyon.
- ▶ **Barbara Vannotti-Holzrichter.** Barbara Vannotti-Holzrichter is Head of Global Investment Office of Rothschild Bank AG & Rothschild Wealth Management and Trust and oversees research specialists and activities in all locations across Macro & FX, Funds & Alternatives, Valuation Models, Fixed Income, Equities, and Commodities. She joined Rothschild in 2004 as a fund analyst and was promoted to head the fund research efforts in 2008. Barbara started her banking career at Credit Suisse Asset Management in 1997. From 2000 until 2004 she worked for Fidelity Investments in Dallas, Texas, as a senior investment specialist and business analyst. Barbara holds a Master's degree in Finance from the University of Zurich, Switzerland. She is a CFA and CAIA charterholder.
- ▶ **John Skelly.** John acts as a Director and Chairman on the boards of a number of industry-leading funds and Management Companies. He acts for both Irish and Cayman Funds. John is a specialist in compliance, risk, product development and operations for both traditional funds and hedge funds and

has helped develop the operational infrastructure of a number of investment funds. He has in-depth understanding of hedge fund and traditional fund operational requirements and has project managed a number of fund launches. He has expert knowledge of the risk and compliance UCITS IV requirements. John regularly gives industry training on investment fund products, particularly UCITS. John is well known in the Industry and is an active member of the IFIA Marketing Committee and was formerly a member of the Trustee Committee. Prior to joining Carne Global Financial Services Limited in 2006 John held a number of senior management positions with leading banks and asset management companies including BNP Paribas Securities Services and Norwich Union Investments (now Aviva Investors). He qualified as a Chartered Accountant with Deloitte and holds a Bachelor of Commerce degree from University College Dublin.

- ▶ **Yvonne Connolly.** Yvonne began her career in the funds industry in 1990 and acts as a Director for Irish management companies and funds, as well as Cayman domiciled hedge funds. She is also a conducting officer to UCITS IV management companies and self-managed variable capital companies. She is a specialist in governance, product development, compliance, financial reporting and operations. She also has experience in assisting fund managers and service providers with various aspects of operational developments, control and risk management. She is a recognised expert in back office operations and change management and regularly speaks at fund industry conferences. Prior to joining Carne Global Financial Services Limited, Yvonne was Head of Operational Development at State Street (International) Ireland (formerly Deutsche Bank), where she looked after new business take on, product development, system implementation and change management. As a member of the senior management team at State Street, Yvonne reported directly to the CEO and was a key contributor to the overall strategy and direction of the business. Yvonne trained as a chartered accountant with KPMG, specialising in corporate taxation. She is a Fellow of the Institute of Chartered Accountants.

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#### Structure of the Master Fund – Classes of Shares

Shares of the Master Fund may be issued on any Dealing Day. Shares issued in a class will be in registered form and denominated in the currency of that class of shares. Where a class of Master Fund shares is denominated in a currency other than EUR, that class is hedged. Shares will have no par value and are issued at the net asset value per share (plus any applicable duties and charges). Title to Shares will be evidenced by the entering of the Investor's name on the Company's register of shareholders and no certificates will be issued.

The Directors may decline to accept any application for shares without giving any reason and may restrict the ownership of shares by any person, firm or corporation in certain circumstances including where such ownership would be in breach of any regulatory or legal requirement or might affect the tax status of the Company or might result in the Company suffering certain disadvantages which it might not otherwise suffer.

The Net Asset Value per share amongst different classes may differ to reflect the fact that there are (i) differing charges of fees and expenses; or (ii) that they are designated in different currencies; or (iii) that the gains/losses on and costs of different financial instruments employed for currency hedging between EUR and a designated currency are attributed to them.

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#### Cross-Liability for Other Sub-Funds of the Company than the Master Fund

The Company is established as an umbrella fund with segregated liability between sub-funds. The Master Fund is a sub-fund of the Company. Under Irish law, the assets of one sub-fund are not available to satisfy the liabilities of or attributable to another sub-fund. However, the Company may operate or have assets in countries other than Ireland which may not recognise segregation between sub-fund and there is no guarantee that creditors of one sub-fund will not seek to enforce one sub-fund's obligations against another sub-fund. The Directors are not aware of any such existing or contingent liability or of any instances where the treatment of segregated assets under Irish law, as described above, has been successfully challenged, against the Company and any sub-funds, in Ireland or in any jurisdiction where shares of any sub-fund have been distributed.

## OTHER MATTERS

### Fund Constitution and Compliance Plan

The Fund is governed by the Constitution, which, together with the Corporations Act and other applicable laws governs the operation of the Fund.

Below is a summary of some of the key provisions of the Constitution:

Term	Definition
<b>Amendment</b>	The Constitution may be amended by the Responsible Entity. However if the amendments will adversely affect unitholders' rights, approval must be obtained in accordance with the Corporations Act.
<b>Designated Investments</b>	In order to seek to maintain the liquidity of the Fund, the Constitution allows for the Responsible Entity to designate any investment held by the Fund that is long-term, illiquid and/or without an ascertainable market value as a Designated Investment and attribute such investments to Designated Units that do not provide the same liquidity as the non-Designated Units. The Responsible Entity may also determine that an investment is no longer a Designated Investment and in doing so, it shall sell the investment as soon as reasonably practicable and unless a unitholder holding one or more Designated Units to which the former Designated Investment was attributed requests the Responsible Entity to distribute that unitholder's pro-rata entitlement of the net proceeds of the sold former Designated Investment by way of cash to the unitholder, the Responsible Entity may reclassify the remaining Designated Units as one or more Classes to which the former Designated Investment used to be attributable so that the net proceeds from the sale of the former Designated Investment is not attributable to the Designated Units but attributable to the Units of one or more Classes to which the former Designated Investment used to be attributable from. The Responsible Entity shall notify all unitholders that hold Designated Units to which the former Designated Investment was attributed that the investment is no longer a Designated Investment and inform them of their right to request for any net proceeds of a sold former Designated Investment to be distributed to them in the form of cash.
<b>Expenses</b>	The Responsible Entity is entitled to be reimbursed out of the Fund for all expenses properly incurred in fulfilling its duties and obligations as responsible entity.
<b>Income distributions</b>	The Responsible Entity must determine distribution periods each year and make income distributions within 90 days of the end of each distribution period.
<b>Indemnity and limitation of the liability of the Responsible Entity</b>	The Responsible Entity is entitled to be indemnified out of the assets of the Fund for any liability it incurs in the proper performance of its duties as responsible entity. It is generally not liable to unitholders for losses caused by anything other than a failure to properly perform its duties as responsible entity of the Fund.
<b>Investors' interests</b>	A Unit confers an equal interest in the assets of the Fund as a whole, as opposed to any particular assets of the Fund. The principal rights of Investors as unitholders in the Fund include the right to: redeem their Units, requisition, attend and vote at unitholder meetings; share in the distribution of assets if the Fund is wound up and share in income and capital distributions.
<b>Investors' liability</b>	Subject to any separate agreement or acknowledgement, the liability of a unitholder is limited to the amount, if any, that remains unpaid on the unitholder's units. The effectiveness of provisions of this type are however yet to be finally determined by the courts.

Term	Definition
<b>Powers of the Responsible Entity</b>	The Responsible Entity of the Fund has the powers of a natural person in relation to the assets of the Fund. It has discretion to determine the types of investments into which the Fund is invested.
<b>Redemptions</b>	The Constitution sets out the procedure for redemptions.
<b>Retirement and Removal of the Responsible Entity</b>	The Responsible Entity may be removed in the circumstances set out in the Corporations Act. The Responsible Entity may also retire, and will retire in accordance with the terms of the Investment Management Agreement if requested by the Investment Manager, subject to compliance with the requirements of the Corporations Act.
<b>Suspensions</b>	In certain circumstances such as emergency situations as a result of which it is not reasonably practicable to determine fairly the application price or redemption price or when the Master Fund has been suspended, the Responsible Entity can choose to suspend the processing of all applications and redemptions in the Fund or the payment of redemption proceeds for a reasonable period. If this occurs, in determining the value of a Unit for an application or redemptions, the Responsible Entity will use the values determined after the suspension is lifted.
<b>Term</b>	The Fund will terminate on the day which is 1 day before the 80th anniversary of the date of the Constitution (being 8 October 2015) unless terminated earlier by the Responsible Entity or required under the Corporations Act. If the Fund is terminated, the Responsible Entity will sell all the assets of the Fund and distribute the net proceeds (after discharging liabilities) to the relevant Investors in proportion to the amount of their investment.

Investors may inspect the Constitution by contacting CFM LLP.

In accordance with ASIC Class Order 13/657, the Responsible Entity has documented its policy in respect of the guidelines and relevant factors taken into account when exercising any discretions in calculating unit prices (including determining the value of assets and liabilities).

A copy of the Responsible Entity's policy in respect of such discretions will be available from the Responsible Entity free of charge on request.

A compliance plan has been lodged with ASIC for the Fund. The compliance plan sets out the procedures in place to ensure that the Fund is operated in accordance with the Corporations Act and the Constitution of the Fund.

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#### Enquiries and Complaints

The Responsible Entity has established procedures for dealing with complaints. If an Investor has a complaint, they can contact the Responsible Entity during business hours.

The Responsible Entity will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case no later than 45 days on receipt of the complaint.

If a retail client (an Investor not classified as a wholesale client, as defined under the Corporations Act) is not satisfied with the outcome, the complaint can be referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution scheme of which the Responsible Entity is a member.

You can contact AFCA on 1800 931 678, or by writing to:

Australian Financial Complaints Authority  
 GPO Box 3  
 Melbourne VIC 3001  
 Email: [info@afca.org.au](mailto:info@afca.org.au)  
 Website: [www.afca.org.au](http://www.afca.org.au)

The complaints procedure above is available to Direct Investors and Indirect Investors. Indirect Investors with a complaint may also contact their Operator with any complaints in the first instance and the Operator may contact the Responsible Entity where necessary.

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Cooling off

**Direct Investors**

As Direct Investors must be wholesale clients, there is no cooling off period for Direct Investors during which they can have their investment repaid.

**Indirect Investors**

If you are an Indirect Investor, investing in the Fund is via an Operator. The Responsible Entity does not provide any cooling off period to Indirect Investors. However, Indirect Investors should contact their Operator for information on any cooling off period which may be provided by the Operator.

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Keeping you informed

### **Periodic reporting**

The Responsible Entity will provide Investors with the following periodic reports:

- ▶ monthly reports, which will report on the Net Asset Value, exit unit price, key service providers, net returns and any material changes in the relevant month for the Fund.
- ▶ annual reports, which will report on the asset allocation, liquidity profile, maturity profile, use of leverage, derivative counterparties, monthly and annual investment returns and key service providers of the Fund and the Master Fund.

Monthly reports will be available from the Investment Manager's website, at [www.cfmbeta.com.au](http://www.cfmbeta.com.au). Annual reports will be provided to Investors with their annual periodic statement and also be available on the Investment Managers' website. A paper copy of these reports will be available free of charge upon request by contacting the Responsible Entity.

### **Indirect Investors**

The Operator will provide Indirect Investors with reports on the progress of the Fund.

### **Direct Investors**

Direct Investors will receive:

- ▶ transaction confirmations for each application, redemption and transfer;
- ▶ an annual periodic statement;
- ▶ an annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return;
- ▶ an electronic copy of the Fund's annual financial statements on the website of the Investment Manager at CFM LLP's website at [www.cfmbeta.com.au](http://www.cfmbeta.com.au) or by post or email free of charge if elected on the Application Form.

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### **Additional disclosure**

The Fund may become a 'disclosing entity' under the Corporations Act during the currency of this PDS. If this Fund does become a disclosing entity then the Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

If you wish to obtain any of the following documents, please contact your Operator (for Indirect Investors), or alternatively contact the Investment Manager (for Direct Investors):

- ▶ the annual financial statements most recently lodged with ASIC;
- ▶ any half yearly statements for the Fund lodged with ASIC after the lodgment of the annual financial statements and before the date of this PDS (only available if the Fund becomes a disclosing entity);
- ▶ any continuous disclosure notices given by the Fund after lodgment of the annual financial statements and before the date of the PDS (only available if the Fund becomes a disclosing entity).

If the Fund becomes a disclosing entity, any other continuous disclosure notices required under the Corporations Act will be made available on the Fund's website at [www.cfmbeta.com.au](http://www.cfmbeta.com.au) on the basis of ASIC's good practice guidance for continuous disclosure.

### **Up To Date Information**

The information contained in this PDS is up to date at the time of its issue. However, from time to time this information may change.

If there is a materially adverse change in the information contained in this PDS, a supplementary PDS will be issued if:

- ▶ there is a misleading or deceptive statement in this PDS;
- ▶ there is an omission of information from this PDS;
- ▶ material information requires updating; or
- ▶ any information which might reasonably be expected to influence a decision to acquire an interest in the Fund requires amendment.

### **Changes in Information that is not Materially Adverse Information**

General information in this PDS is subject to change. Certain information that is not materially adverse may be updated without issuing a supplementary PDS and is accessible by contacting the Responsible Entity or will be available on the Investment Manager's website at [www.cfmbeta.com.au](http://www.cfmbeta.com.au). A paper or electronic copy of the updated information will be available free of charge upon request.

### **Changes to the Terms and Conditions**

Subject to the Constitution and the Responsible Entity's discretion, the Responsible Entity may change:

- ▶ the investment approaches; and/or
- ▶ the terms and conditions set out in this PDS

If any material change is made, notice will be given to Direct Investors where required by the Corporations Act. Any Direct Investor who redeems before the expiry of the notice is not bound by the change.

### **Changes to the Governing Documents of the Company**

Subject to applicable law and certain other limitations, the Company's governing documents may be modified or amended at any time by certain actions of the respective holders of the Master Fund's voting shares. The Fund holds voting shares in the Company.

### **Investor Status**

Where the Investor is an Operator, the Operator or a custodian appointed by it invests directly in the Fund and so has the rights of a unitholder in the Fund. Further, the Operator or its custodian exercises those rights in accordance with its arrangements with Indirect Investors.

Indirect Investors should be aware that, in addition to the fees and expenses of the Fund as described above, they will bear the fees and expenses described in the relevant disclosure document or guide of their Operator through which they are investing.

The Responsible Entity authorises the use of this PDS as disclosure for Indirect Investors. However, if Indirect Investors are investing in the Fund through an Operator, this PDS should be read in conjunction with the offer document provided by the Operator.

Indirect Investors' investment in this Fund is in accordance with the terms of their arrangement with their Operator. Indirect Investors can only redeem their investment during the times allowed by, and in accordance with their agreement with, their Operator.

Some provisions of the Constitution are not relevant for Indirect Investors. For example, the rights of Indirect Investors to attend meetings or transfer Units will depend on arrangements with their Operator.

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## Your Privacy

### Direct Investors

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- ▶ the kinds of personal information we collect and hold
- ▶ how we collect and hold personal information
- ▶ the purposes for which we collect, hold, use and disclose personal information
- ▶ how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances)
- ▶ how you may complain about a breach of the Australian Privacy Principles (“**APP**”), or a registered APP code (if any) that binds us, and how we will deal with such a complaint
- ▶ the recipients that we usually disclose your personal information to
- ▶ whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Our privacy policy is publicly available at our website at [www.perpetual.com.au](http://www.perpetual.com.au) or you can obtain a copy free of charge by contacting us. A copy of the Investment Manager’s and Administrator’s privacy policy is available at request.

### Indirect investors

If you are investing indirectly through an IDPS, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your Operator for more information about their privacy policy.

### Anti-Money Laundering

The [AML Act](#) and the [AML Requirements](#) regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the [AUSTRAC](#). In order to comply with the AML Requirements, the Responsible Entity is required to, amongst other things:

- ▶ verify your identity and source of your application monies before providing services to you, and to re-identify you if they consider it necessary to do so; and
- ▶ where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

The Responsible Entity and Administrator as its agent (collectively the “**Entities**”) reserve the right to request such information as is necessary to verify the identity of an Investor and the source of the payment. In the event of delay or failure by the Investor to produce this information, the Entities, may refuse to accept an application and the application monies relating to such application or may suspend the payment of redemption proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the Investor for any loss suffered by the Investor as a result of the rejection or delay of any application or payment of redemption proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:



- ▶ transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- ▶ where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- ▶ The Responsible Entity or the Administrator may from time to time require additional information from you to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss you may suffer as a result of our compliance with the AML Requirements.

### **Administration and Custody Services for the Fund**

Whilst the Responsible Entity is ultimately responsible for the general administration of the Fund, it has outsourced the administration and custody role for the Fund to HSBC.

As at the date of this PDS, HSBC has been appointed as the custodian for the Fund. HSBC's role as custodian is limited to holding and maintaining assets of the Fund on behalf, and as agent, of Perpetual as the Responsible Entity for the Fund. Any liability or responsibility which HSBC has or may have under the custody arrangements are to Perpetual as the Responsible Entity only. Where there are any assets of the Fund which the Responsible Entity elects not to deposit with HSBC, HSBC shall have no liability whatsoever in respect of such assets. HSBC does not have a supervisory role in relation to operation and/or management of the Fund and is not responsible for protecting the interests of unitholders.

The Administrator is responsible for the general administration that includes keeping the register of unitholders, arranging for the issue and redemption of Units and calculation of asset valuations and fees.

HSBC has no supervisory role in relation to the operation of the Fund or the Master Fund, and has no liability or responsibility to unitholders for any acts or omissions. HSBC, in its roles as Custodian and Administrator, was not involved in preparing this PDS, and neither HSBC nor any of its associated entities takes any responsibility for the contents of this PDS. Furthermore, neither HSBC nor any of its associated entities makes any guarantee related to the success or performance of the Fund, the repayment of capital from the Fund, any particular rate of capital or income return from the Fund, or any increase in the value of the Fund.

The outsourcing of the administration arrangements may be terminated by the parties with 90 days' notice, and the outsourcing of the custody arrangements may be terminated by the parties with 30 days' notice.

# Initial Application Form

The Trust Company (RE Services) Limited ABN: 45 003 278 831

CFM IS Diversified Trust ARSN: 608 414 026

This Initial Application Form relates to a Product Disclosure Statement dated 16 March 2020 ("**PDS**") issued by The Trust Company (RE Services) Limited ABN: 45 003 278 831, AFSL: 235150, for the offer of units in CFM IS Diversified Trust ("**Fund**"). Terms defined in the PDS have the same meaning in this Initial Application Form. The PDS contains important information about investing in the Fund, and you are advised to read the PDS before completing this Initial Application Form.

If you are an existing Unitholder(s) and this is an additional investment, please use the Additional Investment Form.

If you are a new Investor, or if you are an existing Unitholder(s) and this investment is NOT in the same name(s) and Fund as your existing account, please complete the sections of this Initial Application Form and the Identification Forms noted below in Section 1. If you have not been provided with the Identification Form with this application you can obtain this at CFM LLP's website: [www.cfmaltbeta.com.au](http://www.cfmaltbeta.com.au).

## 1. Investor Type

Investor Type <i>(please tick the box)</i>		Complete Sections	Please complete the required Identification Form (available on <a href="http://www.cfmaltbeta.com.au">www.cfmaltbeta.com.au</a> ) and provide certified copies of the identification requested on the Identification Form
<input type="checkbox"/> Individual and Joint Investors	A natural person or persons.	2,4,5,6,7 & 8	Form A "Individuals"
<input type="checkbox"/> Sole trader	A natural person operating a business under their own name with a registered business name.	3,4,5,6,7 & 8	Form A "Individuals"
<input type="checkbox"/> Companies	A company registered as an Australian public company or an Australian proprietary company, or a foreign company.	3,4,5,6,7 & 8	For a Company complete the relevant form based on company type either Forms B "Australian Companies" or C "Foreign Companies". All Beneficial Owners named on Form B or C must complete Form A.
<input type="checkbox"/> Trusts	Types of trusts include self-managed superannuation funds, registered managed investment schemes, unregistered wholesale managed investment schemes, government superannuation funds or other trusts (such as family trusts and charitable trusts).	3,4,5,6,7 & 8	For the Trust complete either Form D "Australian Regulated Trusts" or E "Unregulated Australian Trusts & Foreign Trusts"; and For an Individual Trustee complete Form A; or For a Company Trustee complete Form B or C. All Beneficial Owners named on Form D or E must be complete Form A.
<input type="checkbox"/> Partnership	A partnership created under a partnership agreement.	3,4,5,6,7 & 8	For the Partnership please complete Form F "Partnerships". All Beneficial Owners named on Form F must complete Form A.

Investor Type <i>(please tick the box)</i>	Complete Sections	Please complete the required Identification Form (available on <a href="http://www.cfmbeta.com.au">www.cfmbeta.com.au</a> ) and provide certified copies of the identification requested on the Identification Form
<input type="checkbox"/> Associations	3,4,5,6,7 & 8	For the Association please complete Form G "Associations". All Beneficial Owners named on Form G must complete Form A.
<input type="checkbox"/> Registered co-operative	3,4,5,6,7 & 8	For the Registered co-operative please complete Form H "Registered Cooperatives". All Beneficial Owners named on Form H must complete Form A.
<input type="checkbox"/> Government body	3,4,5,6,7 & 8	For a Government body please complete Form I "Government Bodies". All Beneficial Owners named on Form I must complete Form A.

## 2. Individuals and Joint Account Holders Investor Details

	Applicant 1	Applicant 2 (if applicable)
Investor Type:	<input type="checkbox"/> Individual	<input type="checkbox"/> Individual
Title:	_____	_____
Given Name:	_____	_____
Surname:	_____	_____
Occupation:	_____	_____
Australian Tax File Number:	_____	_____
Residential Address:		
Street address 1:	_____	_____
Street Address 2:	_____	_____
Suburb:	_____	_____
State:	_____	_____
Postcode:	_____	_____
Country:	_____	_____

	Applicant 1	Applicant 2 (if applicable)
<b>Postal Address if different to Residential Address:</b>		
Street address 1:	_____	_____
Street Address 2:	_____	_____
Suburb:	_____	_____
State:	_____	_____
Postcode:	_____	_____
Country:	_____	_____
<b>Phone Number (business hours):</b>	_____	_____
<b>Phone Number (non-business hours):</b>	_____	_____
<b>Mobile Number:</b>	_____	_____
<b>Email Address:</b>	_____	_____
<b>Preferred contact method (please tick the box):</b>	<input type="checkbox"/> I consent to receive all Investor correspondence from you by email to the email address provided. <input type="checkbox"/> I wish to receive all Investor correspondence by post to the address provided in on this Application Form. <input type="checkbox"/> I nominate my financial advisor as noted in section 6 to receive all Investor correspondence.	<input type="checkbox"/> I consent to receive all Investor correspondence from you by email to the email address provided. <input type="checkbox"/> I wish to receive all Investor correspondence by post to the address provided in on this Application Form. <input type="checkbox"/> I nominate my financial advisor as noted in section 6 to receive all Investor correspondence.

**3. All Other Account Holders Investor Details**

<b>Investor Type/Capacity (please tick the box):</b>	<input type="checkbox"/> Company <input type="checkbox"/> Sole Trader <input type="checkbox"/> Trust	<input type="checkbox"/> Partnership <input type="checkbox"/> Association <input type="checkbox"/> Co-operative	<input type="checkbox"/> Government Body <input type="checkbox"/> Other
<b>Full Name of Company/ Business if Sole Trader/ Trust (including Trustee details) / Partnership/Association/ Cooperative/ Government Body:</b>	_____		
<b>Tax File Number:</b>	_____		
<b>ABN (if applicable):</b>	_____		
<b>Principle Business Activity:</b>	_____		

<b>Address:</b>	
Street address 1:	_____
Street Address 2:	_____
Suburb:	_____
State:	_____
Postcode:	_____
Country:	_____
<b>Phone Number</b> <i>(business hours):</i>	_____
<b>Mobile Number:</b>	_____
<b>Fax Number:</b>	_____
<b>Email Address:</b>	_____
<b>Preferred contact method</b> <i>(please tick the box):</i>	<input type="checkbox"/> I consent to receive all Investor correspondence from you by email to the email address provided <input type="checkbox"/> I wish to receive all Investor correspondence by post to the address provided in on this Application Form.

**4. Authorised Representative Details**

Complete this section if you wish to appoint a person to act in a legal capacity as your authorised representative and to operate your investment in the Fund on your behalf. In general, an authorised representative can do everything you can do with your investment, except appoint another authorised representative.

We may act on the sole instructions of the authorised representative until you advise us in writing that the appointment of your authorised representative has terminated. We may also terminate or vary an appointment of an authorised representative by giving you 14 days prior notice.

If an authorised representative is a partnership or a company, any one of the partners or any Director of the company is individually deemed to have the powers of the authorised representative.

**Please attach a certified copy of your Power of Attorney.**

**For information on how to certify your document, please refer to the Certification Information Sheet.**

<b>Given Name:</b>	_____
<b>Surname:</b>	_____
<b>Signature of Authorised Representative:</b>	_____
<b>Date:</b>	_____

5. Investment details

Application Date:

Please specify class of units (if applicable):

Investment Amount (in AUD) (Subject to minimums set forth in the PDS):

Source of funds being invested (choose most relevant):

- Retirement income
- Employment income
- Business activities
- Sale of assets
- Inheritance/gifts
- Financial investments
- Other (Please specify: \_\_\_\_\_)

Payment Method: Direct Credit / Electronic Funds Transfer

**Bank:** HSBC Bank Australia Limited  
**Account Name:** AFS Client Subscription Trust Account  
**Account Number:** 358348-021  
**BSB:** 342-011  
**Swift Address:** HKBAAU2S  
**Reference:** [ Please insert the name of the Fund (Quoting full name of the applicant) ]

Distribution payment instructions (please choose one payment instruction):

- Please reinvest my distributions in the relevant Fund
- Please pay my distributions directly to my nominated bank account

Your Distribution Bank Account Details:

Bank:  
 Account Name:  
 BSB:  
 Account Number:

If you wish to have a separate bank account for redemption payments please fill the below:

Your Redemption Bank Account Details:

Bank:  
 Account Name:  
 BSB:  
 Account Number:

## 6. Financial Advisor Details

By filling out this section you nominate and consent the named Financial Advisor access to your information.

Advisor Name (full name):

Name of Advisory Firm:

Name of the holding company of the Advisory Firm:

AFSL or AFSL Representative Number:

Address:

Suburb:

State:

Postcode:

Country:

Phone Number (business hours):

Mobile Number:

Fax Number:

Email address:

If you have elected your financial advisor to receive all Investor correspondence, please confirm the financial advisors preferred contact method:

- I consent to receive all Investor correspondence from you by email to the email address provided in section 6.
- I wish to receive all Investor correspondence by post to the address provided in section 6.

## 7. Declaration

I/we declare and agree each of the following:

- ▶ I/we have read and understood the PDS in full to which this application applies and have received and accepted the offer in it.
- ▶ My/our application is true and correct and that the Administrator, The Trust Company (RE Services) Limited, the Investment Manager and third parties will be held harmless and indemnified against any loss ensuring due to the details and information provided being untrue or ceasing to be correct.
- ▶ I/we authorize The Trust Company (RE Services) Limited to apply the TFN or ABN provided in this Application Form and authorize it to be applied to all future applications and redemptions for units in the Fund, including reinvestments, unless I/we otherwise advise The Trust Company (RE Services) Limited.
- ▶ I am/we are bound by any terms and conditions contained in the PDS, the completed Application Form and the provisions of the Constitution of the Fund, as amended from time to time.

- ▶ I/we have legal power to invest.
- ▶ If this is a joint application, each of us agrees that our investment is as joint tenants. Each of us is able to operate the account and bind the other to any transaction including investments or withdrawals by any available method.
- ▶ If investing as trustee on behalf of a super fund or trust, I/we confirm that I am/we are acting in accordance with my/our designated powers and authority under the relevant trust deed. In the case of a super fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act 1993.
- ▶ I/we acknowledge that none of The Trust Company (RE Services) Limited ABN: 45 003 278 831 or any of its related entities, officers or employees or any related company or any of the appointed service providers including the Investment Manager, the Administrator and the Custodian guarantee the repayment of capital or the performance of the Fund or of any particular rate of return by the Fund.
- ▶ I/we agree to the anti-money laundering and counter-terrorism financing statements contained in the PDS. I/we agree to provide further information or personal details to The Trust Company (RE Services) Limited and the Administrator if required to meet their obligations under any anti- money laundering and counter-terrorism law and regulations, and acknowledge that processing or my/our application may be delayed and will be processed at the unit price applicable for the business day on which all required information has been received and verified and that The Trust Company (RE Services) Limited, the Investment Manager and the Administrator will be held harmless and indemnified against any loss ensuing due to the failure or delay to process this application.
- ▶ I/we have read and understood the privacy disclosure as detailed in the PDS and the Administrator's Statement. I/we consent to my/our personal information being collected, held, used and disclosed in accordance with the privacy disclosure and the Administrator's Statement. I/we consent to The Trust Company (RE Services) Limited disclosing this information to my/our financial adviser (named in this form) for units in the Fund. Where the financial adviser no longer acts on my/our behalf, I/we will notify The Trust Company (RE Services) Limited of the change.
- ▶ If I/we have appointed an authorized representative, I/we release, discharge and indemnify The Trust Company (RE Services) Limited from any loss, expense, action or other liability which may be suffered by, brought against me/us or The Trust Company (RE Services) Limited for any action or omissions by the authorized representative whether authorized by me/us or not.
- ▶ If I/we have appointed a financial adviser, payment to the financial adviser of the amount stated in section 6.
- ▶ I/we certify that the information provided in the separate ID forms, including information relating to tax-related requirements, is reasonable based on verifiable documentation.
  - ▶ I/we are a 'wholesale client' pursuant to section 761G of the Corporations Act 2001 (Cth).

I/we acknowledge and agree that:

- ▶ The Trust Company (RE Services) Limited and/or the Administrator may be required to pass on my/our personal information or information about my/our investment to the relevant regulatory authorities, including for compliance with anti-money laundering and counter-terrorism law and regulations as well as any tax-related requirements for tax residents of other countries.
- ▶ Where I/we have provided an email address in this Application Form, it is reasonable, convenient and inexpensive for The Trust Company (RE Services) Limited to contact me via this email address. The Trust Company (RE Services) Limited has the right to reject this application in accordance with the Fund's Constitution.



## 8. Signatures

Joint applicants must both sign, For Individual Trustee Trust/Superannuation Funds each individual Trustee must sign. For Corporate Trustee Trust/Superannuation Funds 2 Directors, a Director and Secretary or Sole Director must sign.

### Applicant 1

---

 Signature

---

 Full Name

---

 Date

#### Tick capacity (mandatory for companies):

- |  |  |
|--|--|
| <input type="checkbox"/> Sole Director and Company Secretary | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Director                            | <input type="checkbox"/> Partner               |
| <input type="checkbox"/> Secretary                           |  |

### Applicant 2

---

 Signature

---

 Full Name

---

 Date

#### Tick capacity (mandatory for companies):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Director  | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Secretary | <input type="checkbox"/> Partner               |

**Post your original signed Initial Application Form, Identification Forms and certified copies of your identification required to:**

**Fax number:** +61 2 8987 5943

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch

HSBC Securities Services Australia

Level 3, 10 Smith Street

Parramatta NSW 2150

Attention: Fund Services – Transfer Agency Department

**Email:** [afsfaxaisdealing@hsbc.com.au](mailto:afsfaxaisdealing@hsbc.com.au)

**Please ensure that you have transferred your Application Monies.**

## Additional application form

The Trust Company (Re Services) Limited ABN: 450 03 278 831

CFM IS Diversified Trust ARSN: 608 414 026

This Additional Application Form is for existing Investors only. If you are a new Investor, please use the Initial Application Form.

This Additional Application Form relates to a Product Disclosure Statement dated 16 march 2020 ("**PDS**") issued by The Trust Company (RE Service) Limited ABN: 45 003 278 831, AFSL: 235150, for the offer of units in the CFM IS Diversified Trust ("**Fund**"). Terms defined in the PDS have the same meaning in this Additional Application Form. The PDS contains important information about investing in the Fund, and you are advised to read the PDS before completing this Additional Application Form.

Account/Investor Number:

Account/Investor Name:

### Additional investments

Application Date:

Application Amount (AUD):  
(Subject to minimums set forth in the PDS)

Please specify class of units (if applicable):

Source of funds being invested (choose most relevant)

- Retirement income
- Employment income
- Business activities
- Sale of assets
- Inheritance/gifts
- Financial investments
- Other (Please specify: \_\_\_\_\_)

Payment Method: Direct Credit/Electronic Funds Transfer

**Bank:** HSBC Bank Australia Limited

**Account Name:** AFS Client Subscription Trust Account

**Account Number:** 358348-021

**BSB:** 342-011

**Swift Address:** HKBAU2S

**Reference:** *Please insert the name of the Fund (Quoting full name of the applicant) as a reference of the transfer payment.*

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**Declaration**

I/we declare and agree each of the following:

- ▶ I/we have read and understood the PDS in full and acknowledge this additional application request is subject to the terms and conditions set out in the PDS.
- ▶ My/our application is true and correct and that the Administrator, The Trust Company (RE Services) Limited, the Investment Manager and third parties will be held harmless and indemnified against any loss ensuring due to the details and information provided being untrue or ceasing to be correct.
- ▶ I am/we are bound by any terms and conditions contained in the PDS, the completed Additional Investment Form hereto and the provisions of the Constitution of the Fund as amended from time to time.
- ▶ I/we have legal power to invest.
- ▶ If this is a joint application, each of us agrees that our investment is as joint tenants. Each of us is able to operate the account and bind the other to any transaction including investments or withdrawals by any available method.
- ▶ If investing as trustee on behalf of a super fund or trust, I/we confirm that I am/we are acting in accordance with my/our designated powers and authority under the relevant trust deed. In the case of a super fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act 1993.
- ▶ I/we acknowledge that none of The Trust Company (RE Services) Limited ABN: 45 003 278 831 or any of its related entities, officers or employees or any related company or any of the appointed service providers including the Investment Manager, the Administrator and the Custodian guarantee the repayment of capital or the performance of the Fund or of any particular rate of return by the Fund.
- ▶ I/we have read and understood the privacy disclosure as detailed in the current PDS and the Administrator's Statement. I/we consent to my/our personal information being collected, held, used and disclosed in accordance with the privacy disclosure and the Administrator's Statement. I/we consent to The Trust Company (RE Services) Limited disclosing this information to my/our financial adviser (named in this Additional Application Form) for units in the Fund. Where the financial adviser no longer acts on my/our behalf, I/we will notify The Trust Company (RE Services) Limited of the change.
- ▶ If I/we have appointed an authorized representative, I/we release, discharge and indemnify The Trust Company (RE Services) Limited from any loss, expense, action or other liability which may be suffered by, brought against me/us or The Trust Company (RE Services) Limited for any action or omissions by the authorized representative whether authorized by me/us or not.
- ▶ I/we acknowledge that The Trust Company (RE Services) Limited has the right to reject this application in accordance with the Fund's Constitution.
- ▶ I/we are a 'wholesale client' pursuant to section 761G of the Corporations Act 2001 (Cth).

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**Signatures**

<b>Investor Type</b>	<b>Who should sign</b>
<b>Individual</b>	Where the investment is in one name, the Investor must sign.
<b>Joint Investors</b>	Where the investment is in more than one name, all Investors must sign.
<b>Company</b>	Two directors or a director and a company secretary must sign, unless you are a sole director and sole company secretary.
<b>Trust</b>	Each trustee must sign or, if a corporate trustee, then as for a company.
<b>Partnership</b>	Each partner.

Investor Type	Who should sign
<b>Association or Registered co-operative</b>	Each office bearer.
<b>Government body</b>	Relevant principal officer/authorized signatory.
<b>Power of attorney</b>	If signed by the unit holder's attorney, the power of attorney must have been previously provided. If not a certified copy of the power of attorney as well as a certified copy of the Power of Attorney's driver's license, passport or other photo identification which confirms the name, address and contains their signature must be attached to this Additional Application Form.

**Investor 1**

\_\_\_\_\_  
Signature                                      Full Name                                      Date

**Tick capacity (mandatory for companies):**

- |  |  |
|--|--|
| <input type="checkbox"/> Sole Director and Company Secretary | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Director                            | <input type="checkbox"/> Partner               |
| <input type="checkbox"/> Secretary                           |  |

**Investor 2**

\_\_\_\_\_  
Signature                                      Full Name                                      Date

**Tick capacity (mandatory for companies):**

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Director  | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Secretary | <input type="checkbox"/> Partner               |

Please send your signed Additional Application Form to:

**Fax number:** +61 2 8987 5943

**Email:** [afsfaxaUISdealing@hsbc.com.au](mailto:afsfaxaUISdealing@hsbc.com.au)

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
 HSBC Securities Services Australia  
 Level 3, 10 Smith Street  
 Parramatta NSW 2150  
 Attention: Fund Services – Transfer Agency Department

# Transfer Form

The Trust Company (RE Services) Limited ABN: 45 003 278 831

CFM IS Diversified Trust ARSN: 608 414 026

This Transfer Form relates to a Product Disclosure Statement dated 16 March 2020 ("**PDS**") issued by The Trust Company (RE Services) Limited, ABN: 45 003 278 831, AFSL: 235150, for the offer of units of CFM IS Diversified Trust ("**Fund**"). Terms defined in the PDS have the same meaning in this Transfer Form. The PDS contains important information about investing in the Fund, and you are advised to read the PDS before completing this Transfer Form. A transfer of units shall refer to any sell, pledge, transfer, assignment or equivalent legal mechanism resulting in a change of the legal and/or beneficial owner of any portion of unit(s) in the Fund.

If the transferee is a new Investor in the Fund, the transferee must complete the Initial Application Form which is to be submitted together with this Transfer Form.

Account/Seller/Transferor Number

Account/Seller/Transferor Name

## Transfer

Transfer Date (if applicable):

Transfer Units:

Please specify class of units to be transferred (*if applicable*):

Transferee Name:

Transferee Account Number (if applicable):

## Declaration

I/we declare and agree each of the following:

- ▶ I/we have read and understood the PDS in full and acknowledge this transfer request is subject to the terms and conditions set out in the PDS.
- ▶ To the maximum extent permitted by law, I/we release, discharge and indemnify The Trust Company (RE Services) Limited, the Investment Manager, the Administrator and the Custodian from and against all actions, proceedings, accounts, costs, expenses, charges, liabilities, claims and demands arising directly or indirectly as a result of instructions given in this Transfer Form.
- ▶ I/we hereby represent and warrant that I/we am/are the legal owner(s) of the Units to be transferred and that such Units have not been transferred, agreed to be transferred, are not subject to any pledge, or otherwise encumbered in any fashion.

- ▶ I/we hereby acknowledge and understand that the transfer herein will not be processed until (i) a complete Transfer Form has been received by the Administrator, (ii) the transferee has entered into an Initial Application Form, or such other documentation reasonably requested by the Administrator and has passed the applicable eligibility and AML tests and (iii) The Trust Company (Re Services) Limited has granted its prior approval to the transfer.
- ▶ I/we hereby agree and understand that any payment in consideration for this transfer shall be performed directly between the undersigned and the transferee, without any involvement of The Trust Company (RE Services) Limited, the Investment Manager or the Administrator.
- ▶ I/we hereby agree and accept that The Trust Company (RE Services) Limited and the Administrator are entitled to require that I/we provide you with additional documents such as, but not limited to, trust instruments, death certificates, appointments as executor or administrator and certificates of corporate authority prior to making any payment in respect of the transfer operation.
- ▶ My/our details in this Transfer Form is true and correct and that the Administrator, The Trust Company (RE Services) Limited, the Investment Manager, the Custodian and third parties will be held harmless and indemnified against any loss ensuring due to the details and information provided being or ceasing to be untrue and correct.

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**Signatures**

Investor Type	Who should sign
<b>Individual</b>	Where the investment is in one name, the Investor must sign.
<b>Joint Investors</b>	Where the investment is in more than one name, all Investors must sign.
<b>Company</b>	Two directors or a director and a company secretary must sign, unless you are a sole director and sole company secretary.
<b>Trust</b>	Each trustee must sign or, if a corporate trustee, then as for a company.
<b>Partnership</b>	Each partner.
<b>Association or Registered co-operative</b>	Each office bearer.
<b>Government body</b>	Relevant principal officer/authorized signatory.
<b>Power of attorney</b>	If signed by the unit holder's attorney, the power of attorney must have been previously been provided. If not a certified copy of the power of attorney as well as a certified copy of the Power of Attorney's driver's license, passport or other photo identification, which confirms the name, address and contains their signature must be attached to this Transfer Form.

**Transferee**


---

 Signature

---

 Full Name

---

 Date
**Tick capacity (mandatory for companies):**

- |  |                                  |
|--|----------------------------------|
| <input type="checkbox"/> Sole Director and Company Secretary | <input type="checkbox"/> Partner |
| <input type="checkbox"/> Director                            |                                  |
| <input type="checkbox"/> Secretary                           |                                  |
| <input type="checkbox"/> Non-corporate trustee               |                                  |

**Transferor**\_\_\_\_\_  
Signature\_\_\_\_\_  
Full Name\_\_\_\_\_  
Date**Tick capacity (mandatory for companies):**

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Director  | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Secretary | <input type="checkbox"/> Partner               |

**Please send your signed Transfer Form to** *(please note that all transfer forms must be received via original before the transfer process can be completed):*

**Fax number:** +61 2 8987 5943

**Email:** [afsfaxaisdealing@hsbc.com.au](mailto:afsfaxaisdealing@hsbc.com.au)

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
HSBC Securities Services Australia  
Level 3, 10 Smith Street  
Parramatta NSW 2150

**Attention:** Fund Services – Transfer Agency Department

# Withdrawal Form

The Trust Company (RE Services) Limited ABN: 45 003 278 831

CFM IS Diversified Trust ARSN: 608 414 026

This Withdrawal Form relates to a Product Disclosure Statement dated 16 March 2020 ("**PDS**") issued by The Trust Company (RE Services) Limited, ABN: 45 003 278 831, AFSL: 235150, for the offer of units in CFM IS Diversified Trust ("**Fund**"). Terms defined in the PDS have the same meaning in this Withdrawal Form. The PDS contains important information about investing in the Fund, and you are advised to read the PDS before completing this Withdrawal Form.

Account/Investor Number:

Account/Investor Name:

## Redemptions/Withdrawal

Withdrawal Date (if applicable):

Please specify class of units (if applicable):

Withdrawal Amount (in AUD):

Payment Method:

- Pay to the existing bank account currently on file.
- Pay to the bank account provided below (if you select this option, you may be required to provide additional information to verify the new bank account details prior to payment).

Your Bank Account Details:

**Bank:** \_\_\_\_\_

**Account Name:** \_\_\_\_\_

**BSB:** \_\_\_\_\_

**Account Number:** \_\_\_\_\_



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**Declaration**

I/we declare and agree each of the following:

- ▶ I/we have read and understood the PDS in full and acknowledge this withdrawal request is subject to the terms and conditions set out in the PDS.
  - ▶ To the maximum extent permitted by law, I/we release, discharge and indemnify The Trust Company (RE Services) Limited ABN: 45003 278 831, the Investment Manager, the Administrator and the Custodian from and against all actions, proceedings, accounts, costs, expenses, charges, liabilities, claims and demands arising directly or indirectly as a result of instructions given in this Withdrawal Form.
  - ▶ My/our details in this Withdrawal Form is true and correct and that the Administrator, The Trust Company (RE Services) Limited, the Investment Manager, the Custodian and third parties will be held harmless and indemnified against any loss ensuring due to the details and information provided being or ceasing to be untrue and correct.
  - ▶ I/we acknowledge that I may not withdraw a redemption request unless The Trust Company (RE Services) agrees, in accordance with the Fund's Constitution.
- 

**Signatures**

Investor Type	Who should sign
<b>Individual</b>	Where the investment is in one name, the Investor must sign.
<b>Joint Investors</b>	Where the investment is in more than one name, all Investors must sign.
<b>Company</b>	Two directors or a director and a company secretary must sign, unless you are a sole director and sole company secretary.
<b>Trust</b>	Each trustee must sign or, if a corporate trustee, then as for a company.
<b>Partnership</b>	Each partner.
<b>Association or Registered co-operative</b>	Each office bearer.
<b>Government body</b>	Relevant principal officer/authorized signatory.
<b>Power of attorney</b>	If signed by the unit holder's attorney, the power of attorney must have been previously been provided. If not a certified copy of the power of attorney as well as a certified copy of the Power of Attorney's driver's license, passport or other photo identification that confirms the name, address and contains their signature must be attached to this Withdrawal Form.

**Investor 1**\_\_\_\_\_  
Signature\_\_\_\_\_  
Full Name\_\_\_\_\_  
Date**Tick capacity (mandatory for companies):**

- |  |  |
|--|--|
| <input type="checkbox"/> Sole Director and Company Secretary | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Director                            | <input type="checkbox"/> Partner               |
| <input type="checkbox"/> Secretary                           |  |

**Investor 2**\_\_\_\_\_  
Signature\_\_\_\_\_  
Full Name\_\_\_\_\_  
Date**Tick capacity (mandatory for companies):**

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Director  | <input type="checkbox"/> Non-corporate trustee |
| <input type="checkbox"/> Secretary | <input type="checkbox"/> Partner               |

**Please send your signed Withdrawal Form to:****Fax number:** +61 2 8987 5943**Email:** [afsfaxauisdealing@hsbc.com.au](mailto:afsfaxauisdealing@hsbc.com.au)

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch  
 HSBC Securities Services Australia  
 Level 3, 10 Smith Street  
 Parramatta NSW 2150  
 Attention: Fund Services – Transfer Agency Department

# ANNEXURE “A” ADMINISTRATOR’S STATEMENT

This Administrator’s Statement is issued by The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch ABN 65 117 925 970 AFSL 301737 (**HSBC**) to you in connection with your subscription or application for an interest in the **CFM IS Diversified Trust** (the “**Fund**”) and the administration services which HSBC provides to the Fund as Administrator or as a delegate of the Administrator for the Fund. HSBC may amend this statement from time to time by giving notice to you.

If you give HSBC Information about another party or direct another party to give their Information to HSBC, this statement applies to that party. Please inform that party of all the matters set out in this Statement.

## 1. COLLECTION OF INFORMATION

- (a) HSBC has collected and will collect Information from you or another source in the course of implementing and/or providing services to the Fund.
- (b) The collection of some or all of the Information may be required or authorised under tax Laws, Laws regulating Financial Crime or any other Laws.
- (c) Information is collected for the purposes detailed below.
- (d) If Information is not collected by HSBC, HSBC may not be able to provide or continue to provide all or part of the services to the Fund.
- (e) Information may be transferred and disclosed to the recipients detailed below.
- (f) HSBC’s Privacy Policy contains information about how an individual may access their Information that is held by HSBC and seek the correction of such Information.
- (g) HSBC’s Privacy Policy also contains information about how an individual may complain about a breach of the Australian Privacy Principles under the Privacy Act and how HSBC will deal with such a complaint.
- (h) HSBC’s Privacy Policy is available at [www.hsbc.com.au](http://www.hsbc.com.au) or on request.
- (i) HSBC will disclose Information to overseas recipients, including members of the HSBC Group operating overseas. A list of the overseas countries in which members of the HSBC Group operate can be found at [www.hsbc.com.au](http://www.hsbc.com.au).

## 2. PURPOSES FOR COLLECTION OF INFORMATION

HSBC collects information in connection with the following purposes:

- (a) provision of services to the Fund (including but not limited to processing your subscription and completion of information on the register of investors);
- (b) meeting Compliance Obligations;
- (c) conducting Financial Crime Risk Management Activity;
- (d) collecting any amounts due to HSBC or another party;
- (e) enforcing or defending HSBC’s rights, or those of a member of the HSBC Group; and

## 3. DISCLOSURE OF INFORMATION

HSBC may (as necessary and appropriate for the purposes detailed above) transfer and disclose Information to the following recipients (who may also process, use, transfer and disclose such Information for the same purposes):

- (a) any member of the HSBC Group;
- (b) any sub-contractors, agents, service providers, or associates of the HSBC Group (including their employees, directors and officers);
- (c) any party as may be necessary for the provision of services to the Fund;
- (d) any Authorities;
- (e) anyone acting on your behalf, transaction parties, payment recipients, beneficiaries, account nominees, intermediaries, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which you have an interest in securities;
- (f) any third party fund manager providing you with asset management services; and
- (g) any party in connection with any HSBC business alliance, transfer, disposal, merger or acquisition, wherever located, including in jurisdictions which do not have data protection laws that provide the same level of protection as Australia. Please note however that whether Information is processed in Australia or overseas, it will be protected by a strict code of confidentiality and security which all members of the HSBC Group, their staff, and third parties with whom HSBC has entered into a written contract, are subject to. For this reason, HSBC will not take further steps to ensure that the overseas recipients do not breach the Australian Privacy Principles under the Privacy Act in relation to any Information disclosed to overseas recipients.
- (h) for HSBC’s internal operational and administrative requirements or those of the HSBC Group.

#### 4. FINANCIAL CRIME RISK MANAGEMENT ACTIVITY

HSBC, and members of the HSBC Group, are required, and may take any action they consider appropriate in their sole and absolute discretion, to meet Compliance Obligations in connection with Financial Crime Risk Management Activity.

Exceptionally, such Financial Crime Risk Management Activity may lead to delaying, blocking or refusing the making or clearing of any payment, the processing of any instructions or application, or the provision of all or part of any services. To the extent permissible by law, neither HSBC nor any other member of HSBC Group shall be liable to any party (including yourself) in respect of any loss whatsoever whether incurred by you or another party caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

#### 5. HSBC'S CONTACT DETAILS

Individuals who would like more information about HSBC's approach to privacy, or would like to find out what Information HSBC holds about them, may contact:

The Privacy Officer  
 HSBC Bank Australia Limited /  
 The Hongkong and Shanghai Banking  
 Corporation  
 Limited  
 GPO Box 5302  
 SYDNEY NSW 2001  
 Phone: 1300 308 008

#### 6. TAX COMPLIANCE

You acknowledge that you are solely responsible for understanding and complying with your tax obligations (including but not limited to, tax payment or filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the services provided by HSBC and/or members of the HSBC Group to the Fund. Certain countries may have tax legislation with extra-territorial effect regardless of your place of domicile, residence, citizenship or incorporation. HSBC and/or any member of the HSBC Group does not provide tax advice. You are advised to seek independent legal and/or tax advice. HSBC and/or any member of the HSBC Group has no responsibility in respect of your tax obligations in any jurisdiction which they may arise including, without limitation, any that may relate specifically to the services provided by HSBC and/or members of the HSBC Group to the Fund.

#### 7. DEFINITIONS

**"Authorities"** includes any judicial, administrative, public or regulatory body, any government, any Tax Authority, securities or futures exchange, court,

central bank or law enforcement body, or any of their agents, with jurisdiction over any part of the HSBC Group.

**"Compliance Obligations"** means obligations of the HSBC Group to comply with: (a) Laws, or international guidance and internal policies or procedures, (b) any demand from Authorities or reporting, regulatory trade reporting, disclosure or other obligations under Laws, and (c) Laws requiring HSBC to verify the identity of any entity.

**"Information"** means information about you or another party, including without limitation Personal Data of either yourself or another party.

**"Financial Crime"** means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or violations, or acts or attempts to circumvent or violate any Laws relating to these matters.

**"Financial Crime Risk Management Activity"** means the detection, investigation and prevention of Financial Crime, including but not limited to: (a) screening, intercepting, investigating any instruction, communication, drawdown request, application for services, or any payment sent to or by any party, or on behalf any party, (b) investigating the source of or intended recipient of funds, (c) combining Information with other related information in the possession of the HSBC Group, and/or (d) making further enquiries as to the status of an entity, whether the entity is subject to a sanctions regime, or confirming the identity and status of an entity.

**"HSBC Group"** means HSBC Holdings plc, and/or any of, its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually), and **"member of the HSBC Group"** has the same meaning.

**"Laws"** means any applicable local or foreign statute, law, regulation, ordinance, rule, judgment, decree, voluntary code, directive, sanctions regime, court order, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities.

**"Personal Data"** means any information or opinion in whatever form relating to an individual, from which the individual can be identified, including, without limitation, sensitive personal data.

**"Privacy Act"** means Privacy Act 1988 (Commonwealth) as amended and supplemented from time to time.

**"Tax Authority"** means domestic or foreign tax, revenue, fiscal or monetary authorities.