

# NovaPort Smaller Companies Fund

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**Product Disclosure Statement**

30 June 2019

**NovaPort Smaller Companies Fund**

ARSN 094 601 475

APIR HOW0016AU

**Responsible Entity**

Fidante Partners Limited

ABN 94 002 835 592

AFSL 234668

## About this Product Disclosure Statement (PDS)

This document provides information to help investors and their advisers assess the merits of investing in the Class A class of units in the NovaPort Smaller Companies Fund (ARSN 094 601 475) (**Fund**). References in this PDS to the **NovaPort Smaller Companies Fund** or the **Fund** are to the Class A units in the NovaPort Smaller Companies Fund. No other class of units in the NovaPort Smaller Companies Fund is offered in this PDS. You should read this document in full before making an investment decision about the Fund.

In preparing this PDS we did not take into account your particular investment objectives, financial circumstances or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular objectives, financial circumstances or needs. You should also obtain independent advice before investing in the Fund, particularly about matters such as taxation, retirement planning and investment risk tolerance.

### Updated information

The information in this PDS is up-to-date at the time of preparation. However, some information and terms (see below) can change from time to time. If a change is considered materially adverse, we will issue a supplementary or new PDS.

For updated or other information about the Fund (such as performance), please consult your financial adviser, visit our website, or call our Investor Services team. We will also send unitholders a copy of any incorporated information and updated information free of charge upon request.

### Important notices

Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668) (**Fidante Partners, we, our, us, Responsible Entity**) is the Responsible Entity of the Fund and issuer of this PDS. Our ultimate parent is Challenger Limited (ABN 85 106 842 371). We have appointed NovaPort Capital Pty Ltd (ABN 88 140 833 656, AFSL 385329) (**NovaPort** or the **investment manager**) as the investment manager of the Fund.

Neither Fidante Partners, nor any related entity, nor NovaPort, guarantees the repayment of your capital or the performance of your investment or any particular taxation consequences of investing.

Fidante Partners authorises the use of this PDS as disclosure to investors and potential investors who wish to access the Fund directly (**Direct Investors**), or through an IDPS operator (**Indirect Investors**). This PDS may also be used for direct investment by IDPS operators. Please refer to 'Indirect investors' in 'Additional information'.

By investing in the Fund, you confirm that you have received a copy of the current PDS to which this investment relates, that you have read it and agree to the terms contained in it, and that you agree to be bound by the terms of the current PDS and the current constitution of the Fund (each as amended from time to time).

The offer or invitation to subscribe for units in the Fund under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions described in this PDS.

The information in this PDS is up-to-date at the time of preparation. However, some information can change from time to time. If a change is considered materially adverse we will issue a replacement PDS. For updated or other information about the Fund (such as performance), please contact your financial adviser, call our Investor Services team, or visit our website. We will send you a copy of the updated information free of charge upon request.

### Consent

NovaPort has provided consent to the statements about it in the form and context in which they are included. NovaPort was not otherwise involved in the preparation and distribution of this PDS and is not responsible for the issue of this PDS, nor is it responsible for any particular part of this PDS other than those parts that refer to it. NovaPort has not withdrawn its consent before the date of this PDS.

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## Contact details

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<b>Mail</b>	Fidante Partners Reply Paid 86049 Sydney NSW 2001. For any complaints please address to the 'Complaints Resolution Officer.'
<b>Website</b>	<a href="http://www.fidante.com.au">www.fidante.com.au</a>

# About NovaPort

NovaPort is a boutique, Australian equities investment manager specialising in small and microcap listed companies, which commenced operations in 2010.

NovaPort is a benchmark unaware, active investment manager. NovaPort is a high conviction investor, which invests in a concentrated number of companies at any given time and consequently its investment portfolios typically have a lower turnover of securities. NovaPort believes there are inefficiencies in investment markets, particularly within the universe of smaller listed companies. NovaPort's approach is focused on buying companies with a potentially improving outlook at a significant discount to valuation. At the same time, NovaPort pays particular attention to the underlying quality of company earnings, industry structure and management in its aim to minimise downside risk. New investment ideas for its portfolios are discovered through conducting extensive research, qualitative analysis and financial modelling with the ultimate aim of providing superior investment returns for investors over a three-year time horizon.

Prior to establishing NovaPort, its principals worked together at a related entity of Fidante Partners managing over \$200 million in funds.

For more information on NovaPort you can visit [www.novaportcapital.com](http://www.novaportcapital.com).

## About the Responsible Entity

Fidante Partners is the Responsible Entity of the Fund. As Responsible Entity, we issue units in the Fund and are legally responsible to the unitholders of the Fund for its operation.

Fidante Partners forms long-term alliances with talented investment professionals to create, grow and support specialist, boutique funds management businesses. We have appointed NovaPort as the investment manager of the Fund. We provide back office, marketing, distribution, administration, and compliance support services to NovaPort, allowing NovaPort the freedom to focus on investing and managing the assets of the Fund.

A related entity of Fidante Partners has a partial equity stake in NovaPort. Neither we, nor any of our related entities, nor NovaPort, guarantee the repayment of your capital or the performance of your investment or any particular taxation consequences of investing.

## Significant features and benefits of the Fund

- **Diversified portfolio:** allocations across multiple industry sectors spanning Australia and New Zealand, and investment opportunities that individual investors usually cannot access on their own.
- **Proven investment professionals:** NovaPort are an experienced, stable investment team with over 45 years of combined experience between the co-Portfolio Managers.
- **Proprietary research:** NovaPort conduct in-depth company analysis before considering these companies to form part of the Fund's investment universe.
- **Capital growth:** Potential for capital growth over the long term through exposure to a broad range of smaller companies.
- **Active management:** NovaPort act on market opportunities with allocations across multiple industry sectors to take advantage of growth segments.

# Features at a glance

		Refer to Section
<b>Minimum transaction and balance requirements<sup>1</sup></b>		'Making, withdrawing and monitoring your investment'
Initial investment	\$10,000 or \$1,000 when a Regular Savings Plan is established.	
Additional investment	\$1,000 or \$100 per month when a Regular Savings Plan is established (with an initial investment of \$1,000).	
Minimum withdrawal	\$1,000 (minimum balance must be maintained).	
Minimum balance	\$10,000 or \$1,000 with a Regular Savings Plan.	
Indirect investors	If you are an indirect investor, you need to comply with any minimum transaction and balance requirements of your IDPS operator.	
<b>Fees and other costs<sup>2,3,4</sup></b>		'Fees and other costs'
Contribution fee	Nil.	
Withdrawal fee	Nil.	
Management costs <sup>4</sup>	<p>The management costs of the Fund are 1.12% p.a. of the net asset value of the Fund and are comprised of the following components:</p> <p><b>Management fee:</b> 0.90% p.a. of the net asset value of the Fund.</p> <p><b>Performance fee:</b> We estimate that the performance fee of the Fund will be 0.22%p.a. of the net asset value of the Fund. The performance fee is calculated as 20% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark.</p> <p><b>Indirect costs:</b> We estimate the indirect costs of the Fund will be 0.00% p.a. of the net asset value of the Fund.</p> <p><b>Recoverable expenses:</b> We estimate the recoverable expenses of the Fund will be 0.00%p.a. of the net asset value of the Fund. We currently pay normal operating expenses and investment expenses of the Fund from our management fee and do not recover these from the Fund. We may, however, recover any abnormal expenses from the Fund, such as the costs of unitholder meetings.</p>	
Buy/sell spread	+0.30% / -0.30% per transaction. This amount may change if the estimate of the underlying transaction costs changes.	
<b>Risks of investing in the Fund</b>	A degree of risk applies to all types of investments, including investments in the Fund. The significant risks are described in 'Risks of investing in managed investment schemes'.	'Risks of investing in managed investment schemes'
<b>Making and withdrawing your investment</b>		'Making, withdrawing and monitoring your investment'
Investment and withdrawing	Generally, you can invest or withdraw at any time subject to certain limits in the Fund's constitution and this PDS.	
Transaction cut-off times	Valid transaction requests must be received by us prior to 3:00pm Sydney time to be processed that day and withdrawal requests will usually be paid within five business days.	

<b>Distribution payments</b>		'Additional information'
Frequency	The Fund generally pays distributions quarterly; however, there may be periods in which reduced or no distributions are paid and we do not guarantee any level of distributions.	
Payment methods	Reinvested into the Fund as additional units or paid to your nominated account. For indirect investors, distributions will be paid to your IDPS operator as soon as practicable after the end of the distribution period.	
<b>Valuations and pricing</b>		'Additional information'
Valuing the Fund's assets	The Fund's assets are usually valued each NSW business day.	
Unit pricing	Unit prices are usually calculated each NSW business day.	
<b>Investor reporting</b>		'Making, withdrawing and monitoring your investment'
Transaction confirmations	We generally send transaction confirmations for investments and withdrawals.	
Regular reporting	We send quarterly periodic statements as at 31 March, 30 June, 30 September and 31 December with details of transactions and any income distributions.	
Annual tax reporting	We send an annual tax statement.	

1 We may, at our discretion, accept lower minimum transaction and balance amounts.

2 Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (**GST**) and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated and may be rounded to two decimal places.

3 For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Can fees be different for different investors?' in 'Fees and other costs'.

4 All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. The reasonable estimate of the performance fee is based on the average of the actual performance fees paid for the Fund over the previous 3 financial years. Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. The management costs, including the performance fee, used in the example of annual fees and costs calculation are based on the actual management costs, including the actual performance fee, paid for the Fund for the previous financial year, but may take into account previous years or other amounts where appropriate. All figures have been rounded to two decimal places. Please refer to 'Additional explanation of fees and costs' for more information on management costs.

# How we invest your money

## Investment return objective

The Fund is designed to provide investors with a diversified portfolio of smaller Australian companies that aims to outperform its benchmark over rolling three-year periods.

## Minimum suggested investment timeframe

At least five years

## Benchmark

S&P/ASX Small Ordinaries Accumulation Index

## Risk level



Refer to 'Additional information about the Fund's investments' for further information about the Fund's risk.

## Description of the Fund

NovaPort is an active investment manager. NovaPort's approach to managing the Fund is based on paying what NovaPort believes to be a reasonable price for companies with an improving profit growth profile, while paying particular attention to the underlying quality of company earnings, industry structure and quality of management in order to minimise downside risk.

The Fund is intended to be suitable for investors who are happy to invest for at least five years, are seeking high levels of return and are comfortable with high volatility, including the possibility of periods of negative returns. Definitions of the important investment terms are provided in the 'Important investment terms' in this document.

### Investment approach

NovaPort's research effort is the foundation on which its investment process is built. To support its analysis of smaller companies, it conducts in-depth proprietary research through field visits and interviews with management staff of the target companies, its competitors and the wider market including their vendors, customers and suppliers. NovaPort investigates comparable offshore industries and compiles research from a variety of other sources including government and industry bodies. In addition, NovaPort studies demographics, industry trends, competitive forces operating within an industry, the ability of an industry to grow within an economy, and the ability of a company to grow within an industry. NovaPort also takes into account the broad domestic and international economic climate. It applies a disciplined, research based process to its management of the Fund's investments.

### Investment universe and portfolio construction

The Fund will primarily be invested in the shares of companies listed on the Australian Securities Exchange (ASX) which, at the time they are first acquired on behalf of the Fund, are not included in the ASX 100 and have a minimum market capitalisation of A\$200m. Up to 10% of the Fund can be invested in unlisted companies, usually those that intend to list within six months. The Fund may also invest in listed New Zealand companies and a proportion may also be held in cash. The Fund can invest in listed equity securities or hybrid securities such as convertible notes, redeemable preference shares and partly paid shares. NovaPort does not intend to gear the Fund through the use of derivatives or short selling.

The final portfolio reflects the best 'bottom-up' ideas generated by NovaPort, resulting in a portfolio of between 25 and 45 securities, which meet the Fund's investment criteria. The final portfolio reflects the outcome of NovaPort's fundamental stock selection process. Portfolio construction guidelines are applied to ensure that the final portfolio meets the Fund's investment objectives and is managed within a risk-controlled framework. These guidelines include limits to the Fund's exposure to any one company. Diversification is achieved by investing across multiple industry sectors.

### Currency strategy

The exposure to New Zealand investments is not currently hedged. Please refer to 'Currency risk' for additional information.

### Strategic asset allocation ranges<sup>1</sup>

Asset class	Min (%)	Max (%)
Securities	80	100
Cash	0	20

<sup>1</sup>These are asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment, cause the Fund to move outside these ranges, or a limit set out in this PDS, this will be addressed by us or NovaPort as soon as reasonably practicable.

### Labour standards or environmental, social or ethical (ESG) considerations

While NovaPort takes into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments, it does not adhere to any particular set of standards. NovaPort will consider general factors such as, but not limited to, labour relations, potential environment impacts and whether a target company has clearly defined code of conduct and ethics policies. NovaPort's consideration of these factors is detailed further under 'Labour standards or environmental, social or ethical considerations' below.

### Changes to investment policy

The constitution of the Fund permits a wide range of investments and gives us, as Responsible Entity, broad investment powers. We may change the investment manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund. We will give unitholders written notice of any material variation which we believe they would not have reasonably expected.

## Additional information about the Fund's investments

### About the Fund's risk level

The risk level, also known as the Standard Risk Measure, is based on the estimated number of negative annual returns that a managed investment scheme may experience in any 20-year period. In other words, it is a measure of the expected variability of the return of the Fund.

The Fund's anticipated risk level is 'High risk' – the Fund offers the potential for favourable levels of return over the long term but may exhibit high levels of volatility with the potential for some capital loss over the short to medium term. The estimated number of negative annual returns in any 20-year period based on this risk level is approximately between 4 and 6. Note that this is an estimate only. Negative annual returns may or may not occur in consecutive years and, should they be negative, the estimate does not indicate the size of the potential negative return (which may vary considerably from strategy to strategy).

The stated risk levels are based on industry guidance and are designed to allow investors to compare investments with different investment strategies and characteristics. However, investment managers and investment administrators may employ different methodologies to determine a risk level and therefore may not be representative of the same considerations. Furthermore, it is not a complete assessment of the risks of investing, nor does it indicate if an investment strategy is designed to meet an investor's investment objectives.

For further information, or to ask about the methodology for determining the risk level, please call our Investor Services team.

### Borrowings of the Fund

The Fund's constitution allows for borrowing; however, NovaPort will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise. Borrowings may be from a variety of sources, including related entities. Where funds are borrowed from related entities, the terms are set on a commercial and arm's length basis.

The availability and terms of borrowings are subject to the market for borrowings (including market conditions in debt and other markets) and therefore borrowings may not always be available. Lenders may refuse to provide borrowings, renew an existing borrowing facility or refuse to renew on commercially acceptable terms. This may be for reasons specific to the Fund or due to market-wide events.

We or NovaPort may change the lending financial institution (if any) from time to time and may also seek to vary the terms of any borrowing facility where it is believed it would be in the best interests of unitholders.

### Asset allocation ranges

The Fund gains exposure to various investment markets and asset classes by investing into direct assets and/or indirectly via managed funds. References to asset allocations are references to the exposure of the Fund, not necessarily the physical unit or security held.



Refer to 'How we invest your money' for strategic asset allocations for the Fund.

If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment cause the Fund to exceed these asset allocations, or a limit set out in the PDS, this will be addressed by us or NovaPort as soon as reasonably practicable.

### **How the Fund uses derivatives**

The Fund may at times invest in or obtain exposure to derivatives, such as futures, options and listed warrants.

The term 'derivative' is used to describe any financial product that has a value that is derived from another security, liability, or index.

Derivatives may be used to gain exposure when they offer a more cost-effective way of purchasing the underlying security. Derivatives can be used to implement investment decisions, and as a risk management tool (such as managing the effect of interest rates). They may also be used to adjust or implement investment decisions and to gain, or avoid, exposure to a particular market rather than purchasing physical assets.

Foreign exchange forwards may be used as part of NovaPort's currency strategy. Other than for managing foreign exchange risk, the notional derivatives exposure of the Fund is limited to 10% of the Net Asset Value of the Fund. All derivative positions are backed by sufficient cash and cash equivalents to meet all obligations, costs, liabilities associated with derivatives positions.

The Fund's constitution permits the use of derivatives; however NovaPort does not intend to gear the Fund through the use of derivatives. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment result in the Fund being geared through derivatives, this will be addressed by NovaPort or us as soon as reasonably practicable. Where the Fund uses derivatives, NovaPort aims to manage the Fund so as to keep sufficient liquid assets in the Fund to meet all obligations associated with the derivatives.

The use of derivatives may expose the Fund to certain risks. Please refer to 'Derivative risk' for more information.

### **Labour standards or environmental, social or ethical considerations**

The Responsible Entity (Fidante Partners) has delegated investment decisions for the purposes of selecting, retaining or realising investments for the Fund to Novaport who operates the fund in accordance with the investment management agreement. Fidante Partner's parent Challenger Limited is a member of the PRI

Association (**PRI**), a leading promoter of responsible investment practices supported by the United Nations. Fidante Partners incorporates consideration of environmental, social and governance considerations when selecting, appointing and monitoring investment managers. Fidante Partners does not adhere to any particular set of labour standards, environmental, social and ethical considerations.

As a signatory to the PRI, Novaport incorporates environmental, social and corporate governance factors (**ESG**) into its fundamental research process, as it believes taking these factors into consideration may deliver superior risk-adjusted returns over time.

Novaport takes into account labour standards and environmental, social and ethical considerations when selecting, retaining or realising investments. NovaPort does not adhere to any particular set of standards, but will consider general factors such as (but not limited to) labour relations, workplace health and safety, environmental risk management systems and whether a target company has clearly defined code of conduct and ethics policies.

Novaport monitors its investments on an ongoing basis. NovaPort maintains a strong sell discipline in relation to companies that no longer meet its investment criteria, which includes consideration of a company's ESG policies and practices.

For more information on Novaport's ESG Policy please contact [info@fidante.com.au](mailto:info@fidante.com.au).

# Risks of investing in managed investment schemes

All investments carry risk. Different strategies carry different levels of risk depending on the assets that make up the strategy. Generally, assets with the potential for the highest long-term returns may also carry the highest level of risk.

When investing in a managed investment scheme, it is important to note that the value of assets in the managed investment scheme and the level of returns will vary. No return is guaranteed. Future returns may differ from past returns and investors may lose some or all of their money invested. Additionally, laws (including tax laws) that affect

managed investment schemes may change in the future, which may have an adverse effect on the returns of managed investment schemes.

The level of acceptable risk will vary across investors and will depend upon a range of factors such as age, investment timeframe, where other parts of the investor's wealth is invested and the investors level of risk tolerance.

Primary risks of the Fund's investment strategy include small company risk, equity security risk, liquidity risk and market risk.

## Risks of investing in managed investment schemes

Risk	Explanation
<b>Concentration risk</b>	The risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset class. The performance of such a fund tends to be more volatile than the performance of a more diversified fund because the concentrated fund's performance is affected to a greater extent by the performance of particular assets.
<b>Counterparty risk</b>	The Fund is, to a certain extent, reliant on external providers in connection with its operation and investment activities. There is a risk with these arrangements that the other party to a contract (such as derivatives contract, physical security or foreign exchange contract trade) may fail to perform its contractual obligations either in whole or part. In such circumstances, any collateral lodged with counterparties related to these derivatives may also be at risk. This may result in the investment activities of the Fund being adversely affected.
<b>Currency risk</b>	Some securities held by the Fund may be denominated in a currency different to Australian Dollars. The value of these securities may fluctuate in Australian dollar terms because of fluctuations in currency exchange rates.  As an example, a rise in the Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in the Australian dollar relative to other currencies may positively impact investment returns
<b>Derivative risk</b>	The value of a derivative is linked to the value of an underlying asset and can be volatile. While the use of derivatives offers the opportunity for higher gains, it can also magnify losses to the Fund. Risks associated with using derivatives might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, the Fund not being able to meet payment obligations as they arise or the risk that the other party with whom the derivative contract is held will fail to perform its contractual obligations (refer to 'Counterparty Risk').  NovaPort does not intend to gear the Fund through the use of derivatives. NovaPort aims to keep derivative risk to a minimum by: <ul style="list-style-type: none"> <li>• constantly monitoring the Fund's use of derivatives;</li> <li>• aiming to ensure that the Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and</li> <li>• entering into derivative contracts with reputable counterparties.</li> </ul>

### Equity security risk

The value of an individual equity security (also known as a share) may be affected by market sentiment and other factors that may impact the performance of the actual company over short or extended periods of time. Investing in shares of a company will expose an investor to many of the risks to which the individual company is itself exposed. They include many factors, such as changes in management, technology, and a company's financial health, actions of competitors, regulators and market trends. Share markets tend to move in cycles, and the individual share price of a security may fluctuate.

Equities may also be affected by dilutive equity issuance or changes to dividend policy.

Such risk is considered by NovaPort through its investment process and managed by maintaining a diversified portfolio of securities.

Investment returns from international shares are also affected by exchange rate fluctuations. The currency exposure from the Fund's international equity investments may be hedged or partially hedged into the Australian dollar. Refer to 'Currency strategy' under 'How we invest your money' for more information.

### Fund risk

Fund risk refers to specific risks associated with the Fund, such as termination, changes to fees and expenses and government policies. We may close the Fund to further investments if, for example, we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by notice to unitholders.

Your investment in the Fund is governed by the terms of the constitution and the PDS of the Fund (each as amended from time to time), the Corporations Act, and other laws. The value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may also be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.

There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly because of:

- income or capital gains accrued in the Fund at the time of investing; and
- the consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets which would potentially realise income and/or capital gains.

We aim to manage these risks by monitoring the Fund and by acting in investors' best interests. In the event of winding up the Fund, we will realise all the Fund's assets, which will generally result in the crystallisation of tax positions (both income and capital) at that time.

### Liquidity risk

Liquidity risk is the risk that the Fund will not have adequate cash resources to meet its short-term financial commitments as they fall due (including meeting the Fund's objective and investors' expectations for payment of redemptions).

Liquidity risk may also occur due to the absence of an established market or a shortage of buyers for an investment which can result in a loss if the holder of the investment needs to sell it within a particular timeframe.

Different securities may be typically less liquid than other securities or pose a higher risk of becoming illiquid during times of market stress. The less liquid the security, the more difficult it may be to sell the security when it is desirable to do so or to realise what the manager perceives to be fair value in the event of a sale.

If an investor or a group of investors in a Fund with exposure to less liquid assets seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances, we may be required to suspend withdrawals (refer to 'Withdrawal risk') to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.

### Market risk

The Fund may experience investment losses due to factors that affect the overall performance of the financial markets. These events may include changes in spreads, macro-economic, regulatory, social, political conditions, weather events, and terrorism; along with changes in technology, the environment and market sentiment.

Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.

<b>Service provider risk</b>	The Fund may be reliant on external service providers in connection with their operation, such as the custodian. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.
<b>Smaller company risk</b>	In general, smaller companies are more likely than larger companies to have limited markets, product lines or financial resources and they may depend heavily on key personnel. Shares in smaller or emerging companies may fluctuate more sharply in price than those of larger companies. They may also trade less frequently and in smaller volumes and therefore may be affected by liquidity risk to a greater degree than shares in larger companies. Please refer to 'Liquidity risk' for more information.
<b>Withdrawal risk</b>	<p>If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe of five business days for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe.</p> <p>The maximum timeframe in which we, as Responsible Entity, have to meet a withdrawal request is set out in the constitution of the Fund. Where the Fund is not liquid (as defined in the Corporations Act), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. Please refer to 'Additional information about withdrawing' for further information about an investor's ability to withdraw when the Fund is liquid, including the timeframes, and an investor's ability to withdraw if the Fund is not liquid.</p>

# Fees and other costs

## Consumer advisory warning

### 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 account 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 estimate the effects of fees and costs on your investments.

This table shows fees and other costs that you may be charged and applies to the Fund offered through this PDS. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. Taxes are set out under 'How managed investment schemes are taxed' in 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<sup>1</sup></b>		
<b>Establishment fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
<b>Management costs<sup>2,3,4</sup></b> The fees and costs for managing your investment	1.12% p.a. of the net asset value of the Fund	This comprises: <b>Management Fee:</b> The management fee component is 0.90% p.a. of the net asset value of the Fund. The Management Fee is calculated and accrued daily and paid monthly in arrears from the Fund's assets on or around the last business day of the month. <b>Performance fee:</b> The estimated performance fee component is 0.22% p.a. of the net asset value of the Fund <sup>4</sup> . The performance fee is calculated as 20% of the Fund's daily return (after fees and expenses, and after adding back distributions paid) above the Performance Benchmark. The performance fee is deducted from the Fund's assets and calculated according to our particular methodology. Please refer to 'Performance fee' in the 'Additional explanation of fees and costs' below. <b>Indirect costs:</b> The indirect costs component is 0.00% p.a. of the net asset value of the Fund <sup>4</sup> . Indirect costs are deducted from the assets, accrued daily in the net asset value, and then paid periodically. Please refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section. <b>Recoverable expenses:</b> The recoverable expenses component is 0.00% p.a. of the net asset value of the Fund <sup>4</sup> . Recoverable expenses other than normal operating expenses and investment expenses are deducted from the Fund's assets, accrued daily and paid monthly on or around the last business day of the month. Normal operating expenses and investment expenses are paid out of the management fee. Please refer to 'Recoverable expenses' in the 'Additional explanation of fees and costs' section.
<b>Service fees<sup>5</sup></b> <b>Switching fee:</b> The fee for changing investment options	Nil	Not applicable

1 An allowance for transaction costs may apply to investments into, and withdrawals from, the Fund (refer to 'Buy/sell spreads' below).

2 Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated and may be rounded to two decimal places.

3 For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Can fees be different for different investors?' in 'Fees and other costs'.

4 All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. The reasonable estimate of the performance fee is based on the average of the actual performance fees paid for the Fund over the previous 3 financial years. Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. The management costs, including the performance fee, used in the example of annual fees and costs calculation are based on the actual management costs, including the actual performance fee, paid for the Fund for the previous financial year, but may take into account previous years or other amounts where appropriate. All figures have been rounded to two decimal places. Please refer to 'Additional explanation of fees and costs' for more information on management costs.

5 Please refer to 'Additional explanation of fees and costs' and 'Other payments' for more information on costs that may be payable.

## Example of annual fees and costs for the Fund

A managed funds fee calculator can also be used to calculate the effect of fees and costs on account balances. This table gives an example of how fees and costs in the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

Example	Amount	Balance of \$50,000 with a contribution of \$5,000 during the year
<b>Contribution fees</b>	\$0	<b>For every additional \$5,000 you put in, you will be charged \$0.</b>
<b>Plus Management costs</b> <sup>1,2,3,4,5</sup>	1.12% p.a. of the net asset value of the Fund	<b>And, for every \$50,000 you have in the Fund, you will be charged \$560 each year.</b>
<b>Equals Cost of Fund</b>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$560 <sup>4,5</sup>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.</b>

**! This example assumes that the \$5,000 contribution is made at the end of the year and the value of the investment is otherwise consistent, therefore the management costs associated above are calculated using the \$50,000 balance only. Please note that this is just an example. In practice, actual investment balances will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily.**

- 1 An allowance for transaction costs may apply to investments into, and withdrawals from, the Fund (refer to 'Buy/sell spreads' below).
- 2 Unless otherwise stated, all fees and costs are quoted inclusive of any Goods and Services Tax (GST) and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) as applicable. Where available, the prescribed RITC rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Due to the impact of GST, ITC and RITC calculations, actual fees may vary slightly from those stated and may be rounded to two decimal places.
- 3 For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Can fees be different for different investors?' in 'Fees and other costs'.
- 4 All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. The reasonable estimate of the performance fee is based on the average of the actual performance fees paid for the Fund over the previous 3 financial years. Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. The management costs, including the performance fee, used in the example of annual fees and costs calculation are based on the actual management costs, including the actual performance fee, paid for the Fund for the previous financial year, but may take into account previous years or other amounts where appropriate. All figures have been rounded to two decimal places. Please refer to 'Additional explanation of fees and costs' for more information on management costs.
- 5 Please refer to 'Additional explanation of fees and costs' and 'Other payments' for more information on costs that may be payable.



## Additional explanation of fees and costs

### Management costs

All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. The reasonable estimate of the performance fee is based on the average of the actual performance fees paid for the Fund over the previous 3 financial years. Past performance is not a reliable indicator of future performance and the Fund's actual performance fee will be based on the Fund's performance over the relevant period. These amounts are inclusive of GST less reduced input tax credits.

You should refer to the Fund's website at [www.fidante.com.au](http://www.fidante.com.au) from time to time for any updates which are not materially adverse to investors.

The total management costs for the Fund, include the management fee, indirect costs, recoverable expenses and performance fees (if payable). They do not include the transactional and operational costs (i.e. buy/sell spreads) of the Fund or the transactional and operational costs of underlying assets (as set out below). Management costs are payable from the Fund's assets and are not paid directly from your account.

For details of the maximum fees permitted under the constitution of the Fund, please refer to 'Maximum allowable fees'.

#### Management fee

This is the fee charged for managing the investments, overseeing the Fund's operations and providing access to the Fund. The management fee is calculated daily as a percentage of the net asset value of the Fund and payable monthly in arrears.

#### Indirect costs

Indirect costs are those amounts paid from the assets of the Fund that we know or, where required, reasonably estimate will reduce the return of the Fund or the amount or value of the income of, or property attributable to, the Fund or an underlying managed fund in which the Fund invests. Indirect costs do not include the management fee, performance fee, or recoverable expenses as set out in this section.

The management costs set out in the table above include indirect costs of 0.00% p.a. of the Fund's net asset value, which is the amount actually incurred by the Fund for the previous financial year including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS.

#### Recoverable expenses

##### *Normal operating expenses*

We currently pay the normal operating expenses of the Fund (e.g. custody fees, audit fees, accounting fees, legal and regulatory fees) from the management fee and will not, without notice, recover these from the Fund.

##### *Abnormal expenses*

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the Fund's constitution and defending or pursuing legal proceedings) from the Fund. Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

The management costs set out in the table above include abnormal expenses of 0.00% p.a. of the net asset value of the Fund, which is the amount actually incurred by the Fund for the previous financial year including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS.

At the date of this PDS, there is no intention to hold a unitholder meeting nor are we aware of any legal proceedings the Fund may be a part of that may require us to recover associated abnormal expenses from the Fund. This amount is not an indication or guarantee of the amount that may be charged in the future. Abnormal expenses, and therefore total management costs, may vary each year.

Abnormal expenses recovered from the Fund, if any, will be paid from the Fund's assets when they are incurred.

##### *Investment expenses*

We currently pay the standard investment management costs of the Fund from the management fee.

##### *Performance fee*

A performance fee is calculated on each business day. If the Fund's daily return (after fees and expenses and after adding back any distributions paid) exceeds its defined Performance Benchmark, a performance fee may be payable.



### *The Performance Benchmark*

The Performance Benchmark is the daily return of S&P/ASX Small Ordinaries Accumulation Index (**Performance Benchmark**).

The Fund must outperform the Performance Benchmark before the performance fee becomes payable.

### *How is the performance fee calculated and paid?*

The performance fee is calculated as 20% of the difference between the Fund's daily return (after fees and expenses and after adding back any distributions paid) and the Performance Benchmark.

The performance fee is capped at 20% of the Fund's gross return above the benchmark per annum and is calculated on each business day. This daily performance fee amount can be positive or negative depending on whether or not the Performance Benchmark has been exceeded for that day. The cumulative performance fee amount on any given business day is the aggregate of all the daily performance fee amounts (both positive and negative) since a performance fee was last paid from the Fund up to and including the day before the calculation date (**Cumulative Performance Amount**).

Generally, the greater the investment performance of the Fund, the greater the Cumulative Performance Amount and therefore the greater the overall management costs for the Fund. As per the table above, the performance fee is estimated as 0.22% p.a. of net asset value of the Fund, calculated based on the average of the actual performance fees paid for the Fund over the previous 3 financial years. Past performance is not a reliable indicator of future performance. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period.

If, on any given business day, the Cumulative Performance Amount is positive and below the 20% of the Fund's gross return above the benchmark per annum cap, then this positive amount will be incorporated into the Fund's unit price. Any day where a negative fee is calculated, this will be deducted from any positive accumulated fee to reduce the Cumulative Performance Amount.

Any positive performance fee amount above the 20% of the Fund's gross return above the benchmark per annum cap will not be reflected in the Fund's unit price and is not payable. Any positive performance fee amount above this cap will not be carried forward to the next performance fee period.

If, on any given business day, the Cumulative Performance Amount is negative, then no performance fee amount will be reflected in the Fund's unit price. The

negative amount will need to be carried forward and will need to be offset by future positive performance fee amounts before any performance fee becomes payable.

The performance fee if payable, will be paid from the Fund annually for the period 1 July to 30 June, where the total of the daily performance fee amounts is positive. The first performance period commenced on 1 October 2011.

If the Cumulative Performance Amount at the end of a performance period is negative, it will be carried forward to the next performance period.

For historical performance fees, please contact our Investor Services team. For additional information about how unit prices are calculated please refer to 'How unit prices are calculated' in this document.

### Performance fee – worked dollar example

The table below provides a dollar fee example based on an investor with a \$50,000 investment in the Fund. The example assumes no other applications or withdrawals have been made and the performance of the Fund and the Performance Benchmark remains constant during the relevant period. The performance fee is calculated and accrued (where applicable) into the unit price. For additional information about how unit prices are calculated, please refer to 'How unit prices are calculated'. The unit price of the Fund is assumed to be \$1.00 per unit. Please note that this is just an example and should not be taken as an indication or guarantee of future performance, nor an indication of the performance fee that may be charged in the future. We do not provide any assurance that the Fund will achieve the performance used in the examples and you should not rely on this in determining whether to invest in the Fund.

The Fund's performance exceeds the Performance Benchmark	
Daily performance fee calculation	How and when paid
<p>For the period 1 January to 2 January we assume:</p> <ul style="list-style-type: none"> <li>the investment amount is \$50,000 as at 1 January;</li> <li>the unit price increased from \$1.00 to \$1.02 (i.e. a 2% increase);</li> <li>the S&amp;P/ASX Small Ordinaries Accumulation Index return for the period was 1.5%; and</li> <li>no distributions were paid.</li> </ul> <p><b>Performance benchmark per unit</b>            = \$1.00 + (1.5% x \$1.00) = \$1.015</p> <p><b>Fund outperformance per unit</b>            = \$1.02 – \$1.015 = \$0.005</p> <p>In this example, the Fund's performance (2%) has exceeded the Performance Benchmark (1.5%). The amount payable is calculated as follows.</p> <p><b>Performance fee per unit</b>            = \$0.005 x 20% = \$0.001</p> <p><b>Total performance fee payable</b>            = \$0.001 x 50,000 units = \$50</p> <p><b>Net asset value of investment amount as at 2 January</b>            = 50,000 units x \$1.02 = \$51,000</p> <p>The total performance fee of \$50 is accrued and reflected in the next day's unit price.</p>	<p>Accrued in the Fund's unit price the next day and deducted directly from the Fund after the end of the performance period.</p> <p>A performance fee will be payable.</p>

The Fund's performance does NOT exceed the Performance Benchmark	
Daily performance fee calculation	How and when paid
<p>For the period 1 April to 2 April we assume:</p> <ul style="list-style-type: none"> <li>the investment amount is \$50,000 as at 1 April;</li> <li>the unit price increased from \$1.00 to \$1.01 (i.e. a 1% increase);</li> <li>the S&amp;P/ASX Small Ordinaries Accumulation Index return for the period was 1.5%; and</li> <li>no distributions were paid.</li> </ul> <p><b>Performance benchmark per unit</b>            = \$1.00 + (1.5% x \$1.00) = \$1.015</p> <p><b>Fund underperformance per unit</b>            = \$1.01 – \$1.015 = –\$0.005</p>	<p>A performance fee will not be accrued in the unit price.</p> <p>The negative amount will need to be carried forward and will need to be offset by future positive performance fee amounts before any performance fee becomes payable.</p>

### The Fund's performance does NOT exceed the Performance Benchmark

#### Daily performance fee calculation

In this example, the Fund's performance (1%) has underperformed the Performance Benchmark (1.5%). The amount to carry forward is calculated as follows:

#### Performance fee per unit

$$= -\$0.005 \times 20\% = -\$0.001$$

#### Total performance fee to be carried forward

$$= -\$0.001 \times 50,000 \text{ units} = -\$50$$

Net asset value of investment amount as at 2 April

$$= 50,000 \text{ units} \times \$1.01 = \$50,500$$

#### How and when paid

A performance fee will not be payable but will be carried forward to the next performance fee period.

## Transactional and operational costs

Transactional and operational costs are the costs associated with the buying and selling of the Fund's assets. These costs include brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges and include the transactional and operational costs incurred by the underlying assets.

The transactional and operational costs incurred by the Fund for the last financial year were 0.18% p.a. of the net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS. This cost is made up of two components, explicit transaction costs (for example, brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges and any buy/sell spread) of 0.10% p.a., and implicit transaction costs (that is, the amount by which the acquisition price of an asset exceeds the disposal price of that asset) of 0.08% p.a. of the net asset value of the Fund.

Transactional and operational costs are not included in the management costs. Instead they are recovered from the assets of the Fund as and when they are incurred and therefore (where not otherwise recovered through the buy/sell spread) are an additional cost to you.

The net transactional and operational costs of the Fund (representing the total transactional and operational costs minus the total amount recovered through the buy/sell spread of +0.30%/-0.30%) incurred for the last financial year were 0.04% p.a. of the net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS.

## Total fees and costs

Based on the estimated costs outlined in this section, the estimated total of the amounts for management costs and net transactional and operational costs is estimated as 1.16% p.a. of the net asset value of the Fund. The dollar figure of these estimated total management costs and net transactional and operational costs based on an investment balance of \$50,000 is \$580.

## Buy/sell spreads

The buy/sell spread is a type of transactional and operational cost that may include brokerage, stamp duty, underlying security buy/sell spreads and other government taxes or charges. The purpose of the buy/sell spread is to ensure that only those investors transacting in the Fund's units at a particular time bear the Fund's costs of buying and selling the Fund's assets as a consequence of their transaction.

The buy/sell spread for the Fund is stated as a percentage of the net asset value of the Fund and is the difference between the investment unit price and the withdrawal unit price. It reflects an estimate of the transactional and operational costs expected to be incurred in buying and selling the Fund's assets as a result of investments and withdrawals made by investors.

This estimate may take into account factors such as (but not limited to) historical transaction costs and anticipated levels of investments and withdrawals. It is expected that brokerage will make up the vast majority of transaction costs.

The current buy/sell spread of the Fund is +0.30%/-0.30%; however a different buy/sell spread may apply if the estimate changes.

We have discretion to waive or reduce the transactional and operational costs on investments or withdrawals where no or reduced costs are incurred. We will provide notification to unitholders of any changes to buy/sell spread transaction costs on the Fidante Partners website.

Please note that while the buy/sell spread is an additional cost to you, it is not a fee paid to us or NovaPort. It is paid to the Fund and is reflected in the Fund's unit price.

#### Buy/sell spread example

- The current buy spread on an investment in the Fund is +0.30%. Therefore, the cost of an investment of \$50,000 into the Fund would be \$150.
- The current sell spread on a withdrawal from the Fund is -0.30%. Therefore, the cost on a withdrawal of \$50,000 from the Fund would be \$150.

Please note that this is just an example. In practice, actual transaction costs will depend on the amount you invest or withdraw.

#### Can fees be different for different investors?

Yes; we may negotiate, rebate, or waive fees for wholesale clients (as defined in the Corporations Act). We do not negotiate fees with retail investors.

#### Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities. The Fund may enter into borrowing facilities and, if so, the costs of a borrowing facility would be deducted from the Fund and not paid for by us from the fees we receive. They would therefore increase the management costs of the Fund.

#### Government charges and GST

Government taxes such as stamp duty and Goods and Services Tax (**GST**) may apply to the Fund or your investment. Unless otherwise stated, all fees and costs are quoted inclusive of any GST and net of any input tax credits (**ITCs**) or reduced input tax credits (**RITCs**) that are expected to be available to the Fund.

Where RITCs are available, the prescribed rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Please refer to 'How managed investment schemes are taxed' for additional information on GST.

#### Other payments

We may pay fees from our resources to some IDPS operators because they offer the Fund on their investment menus. These fees may be rebated to the Indirect Investor investing in the Fund through the IDPS operator or retained by the IDPS operator and include:

- for each IDPS operator, product access payments of up to \$8,250 p.a.; and/or
- where permitted by law, fund manager payments of up to 0.55% p.a. of the amount invested by the IDPS operator in the Fund.

If we do pay fees, we will pay them from our own resources so that they are not an additional cost to the Fund or its unitholders. These amounts are current at the date of this document.

We may pay additional fees from our resources to some approved participants because they offer the Fund on their investment menus. You should refer to the relevant approved participants' Financial Services Guide before investing.

#### Adviser remuneration

##### Adviser service fees

You and your financial adviser may agree that you will pay an adviser service fee for the provision of ongoing services by your financial adviser in relation to your investment. This fee will be paid to the Australian financial services licensee responsible for your adviser (or your adviser directly if they are the licensee). You do not have to agree to these fees if you choose not to.

Where it has been agreed, the adviser service fee may be an amount of up to 1.1% p.a. of your account balance, negotiated with your financial adviser and to be calculated and paid on a monthly basis. You and your financial adviser may agree to this fee being deducted from your Fund account. Where you agree to pay an adviser service fee, you also authorise us to withdraw units you hold in the Fund to pay this fee on your behalf. There may be capital gain or capital loss consequences on the withdrawal.

We will not deduct the adviser service fee if your balance in your Fund account is less than \$1,000.

##### Adviser service fee example

If your account balance in the Fund is \$50,000, and you agree to pay a maximum adviser service fee of 1.1% p.a., this will equate to \$45.83 per month. You or your financial adviser may cancel the adviser service fee at any time.

## Maximum allowable fees

The Fund's constitution allows certain maximum fees (see table below), and allows for expenses of the Fund (whether normal or abnormal expenses), such as registry, audit, taxation, advice, investment management and offer document costs to be paid directly from the Fund.

Fee	Maximum amount
<b>Contribution fee</b> (currently not charged)	5.00% p.a. of the contribution amount
<b>Management fee</b> (currently charged at 0.90% p.a.)	0.90%. The aggregate of performance fee and management fee must not exceed 2.9% of the net asset value of the Fund p.a. of the net asset value of the Fund
<b>Withdrawal fee</b> (currently not charged)	5.00% p.a. of the withdrawal amount
<b>Performance fee</b> (currently charged at 20% p.a.)	20% of the Fund's gross return above the benchmark above its benchmark

The constitution does not place any limit on the amount of the expenses that can be paid from the Fund.

## Can fees change?

All fees can change. Reasons for this might include changing economic conditions and changes in regulation. We will give unitholders 30 days' written notice of any proposed increase in fees. We cannot charge more than the Fund's constitution allows. If we wish to raise fees above the amount allowed for in the Fund's constitution, we would first need to obtain the approval of unitholders. We also reserve the right to waive or reduce any of the fees and costs described in this PDS without prior notice.

## Indirect (or alternative form) remuneration

We may provide benefits to other financial services intermediaries where the law permits. If we do, we will provide these benefits from our own resources so that they are not an additional cost to the Fund or its unitholders.

We maintain a register (in compliance with the relevant regulatory requirements) summarising alternative forms of remuneration that are paid or provided to Australian financial services licensees and/or their representatives. Registers are publicly available and if you would like to review our register, please contact us.

# Making, withdrawing and monitoring your investment

The information in the table below applies to direct Investors only. If you are an indirect investor, you will need to comply with any requirements set by your IDPS operator. Please refer to 'Indirect investors' for further information.

	Minimum amounts <sup>1</sup>	How to lodge your request	More information
<b>Initial investment</b>	\$10,000 or \$1,000 with a Regular Savings Plan	<ul style="list-style-type: none"> <li>complete and sign the relevant Application Form available on the Fidante Partners website;</li> <li>complete the relevant identity verification requirements (depending on what investor type you are) and include all required customer identity verification documents;</li> <li>if making your investment via direct debit, you will need to complete the direct debit request section of the relevant Application Form. All direct debits are subject to the Direct Debit Request Service Agreement available on the Fidante Partners website;</li> <li>if making your investment via Electronic Funds Transfer, please transfer funds with your investor name as a reference at the same time as posting your application. Payment details are outlined on the relevant Application Form;</li> <li>if making your investment via cheque, make the cheque payable to 'Fidante Partners Limited Application Account &lt;name of investor(s)&gt;' and attach it to your application form.</li> </ul>	'Additional information about making an investment' and 'Customer Identification Program'
<b>One-off additional investment</b>	\$1,000	<ul style="list-style-type: none"> <li>complete and sign the Additional Application Form available on the Fidante Partners website;</li> <li>if making your investment via direct debit, you will need to complete the direct debit request section of the relevant Application Form. All direct debits are subject to the Direct Debit Request Service Agreement available on the Fidante Partners website;</li> <li>if making your investment via Electronic Funds Transfer, please transfer funds with your investor name as a reference at the same time as posting your application. Payment details are outlined on the relevant Application Form;</li> <li>if making your investment via cheque, make the cheque payable to 'Fidante Partners Limited Application Account &lt;name of investor(s)&gt;' and attach it to your application form.</li> </ul>	'Additional information about making an investment'
<b>Regular Savings Plan</b>	\$100 per month (with an initial investment of \$1,000).	<ul style="list-style-type: none"> <li>complete and sign the Regular Savings Plan sections from the relevant Application Form available on the Fidante Partners website;</li> </ul>	'Regular Savings Plan'
<b>Withdrawals</b>	\$1,000 per withdrawal, subject to maintaining the minimum balance in the Fund	<ul style="list-style-type: none"> <li>complete and sign the Withdrawal Request Form available on the Fidante Partners website; or</li> <li>write a letter, including:                             <ul style="list-style-type: none"> <li>- your account number;</li> <li>- the full name(s) in which your investment account is held;</li> <li>- the amount (dollars or units) you wish to withdraw;</li> <li>- method of payment;</li> <li>- a daytime contact telephone number; or</li> </ul> </li> <li>via telephone or fax (subject to certain restrictions; please refer to 'Telephone and fax instructions').</li> </ul>	'Additional information about withdrawing your investment' and 'Telephone and fax instructions'
<b>Transferring ownership</b>	\$10,000	Subject to conditions as required by law and that we, from time to time, prescribe. Please contact our Investor Services team for information about transferring.	'Transferring ownership'

1. We may accept lower minimum transaction amounts at our discretion.



## Additional information about making an investment

### Initial Investments

You can access the Fund:

- As a Direct Investor – by completing the relevant Application Form;
- As an Indirect Investor – through your IDPS operator.

#### Direct Investors

Details of how to make your initial investment are outlined in the 'Making, withdrawing, and monitoring your investment' table. Once you have made your initial investment in the Fund, you can make additional one-off investments and/or regular monthly investments via the Regular Savings Plan.

#### Indirect Investors

You should contact your IDPS operator for more information regarding your investment in the Fund.

### Additional one-off investments

If you wish to make additional investments in the Fund, please download a copy of the current PDS and the additional important information and any disclosure updates. A paper copy of the current PDS, the additional important information and any updates are available free of charge by visiting the Fidante Partners website or by calling 13 51 53.

#### Direct Investors

If you wish to make additional investments in the Fund, complete the relevant sections of the relevant Application Form, both available from [www.fidante.com.au](http://www.fidante.com.au).

For direct investors, additional investments can be made via direct debit, electronic funds transfer, or cheque. If you are sending your investment from outside Australia, please note you are only able to make additional payments via an electronic funds transfer. If making your additional investment via direct debit, you will need to complete the relevant direct debit facility section on the Additional Investment Form.

All direct debits are subject to the Direct Debit Request Agreement which is available on the Fidante Partners website and contains details of how to make payments via electronic funds transfer.

Alternatively, if you are making your additional investment via cheque, you can send us written instructions. Please attach your cheque to the instructions and ensure the instructions include:

- your account number;

- the full name(s) in which your investment account is held;
- the amount you wish to invest; and
- a daytime telephone number.

#### Indirect Investors

You must complete the documentation which your IDPS operator requires.

### Regular Savings Plan

The Regular Savings Plan (**RSP**) enables you to invest in the Fund each month via direct debit from a nominated account.

#### Direct Investors

To start an RSP, simply complete the relevant sections of the relevant Application Form or complete the Additional Investment Form, both available from [www.fidante.com.au](http://www.fidante.com.au).

Your nominated account will be debited on or around the next business day after the 14th day of each month for the specified amount. Your application to commence an RSP must be received at least three business days before the 14th day of the month in which you wish your instructions to take effect. Participation in the RSP will be renewed annually by continuing to make contributions.

Units will be issued on the basis of information contained in the PDS and this document current at the time the contributions are made. Should a replacement PDS or additional important information be issued, we will notify you and inform you of any changes or updates if you continue to participate in the RSP. You can amend, suspend, or cancel your RSP at any time. You should ensure that we receive your instructions to amend, suspend or cancel your RSP at least three business days before the 14th day of the month in which you wish your instructions to take effect. Any request received after this may result in the change not being effective until the following month.

If two consecutive debits are dishonoured due to insufficient funds, we will suspend your RSP.

#### Indirect Investors

You must complete the documentation which your IDPS operator requires.

### Incomplete or rejected application forms

Under the Fund's constitution, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal.

Monies from incomplete applications will generally be held on trust for a maximum period of 30 days in a non-interest bearing account commencing on the day we receive the monies. After this period, your funds will be returned to the source of payment.

Once we receive your completed application form, the monies held will be divided by the next determined unit price to calculate the number of units that will be allocated to you.

## Customer Identification Program

### Direct Investors

To address money laundering and terrorism risks, verification of each customer's identity is a prerequisite for all new customers starting an investment. The requirements to verify each customer's identity will depend on what type of investor you are, e.g. individual or company etc.

You will be required to provide certified copies of your identity verification documents directly to us (refer to 'Who can certify' for a list of who can certify these documents). If the Application Form is signed under Power of Attorney we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney.

Under relevant laws, we may be required to ask you for additional identity verification documents and/or information about you, anyone acting on your behalf, or any related persons that are beneficial owners in relation to your investment, either when we are processing your investment request or at some stage after we have issued units in the Fund. We may pass any information we collect and hold about you or your investment to the relevant government authority.

### Identity verification documents

You will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company.

We have outlined the specific documentation required in the relevant Application Form. If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator. If we do not receive all required valid customer identity verification documents with your application, we will not be able to commence your investment. We will contact you as soon as possible if

we require more information. We may also seek to re-verify your identity or collect additional information at any time after your investment has commenced.

### Who can certify

You must ensure that each page of the relevant identity verification document(s) is certified. The person certifying must state in writing:

- their capacity (from the list provided); and
- on each page of the document 'this document is a true and correct copy of the original' or words to that effect.

An identity verification document may be certified as a true and correct copy of an original document by one of the following persons:

- an officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, i.e. a financial adviser;
- a Justice of the Peace;
- a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer;
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants, i.e. an accountant;
- an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- a permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public; or
- a police officer.

Other persons may also be qualified to certify documents. For a full list of eligible persons, please contact us.

### Indirect Investors

Indirect Investors should refer to their IDPS operator for details of their customer identification program.

## Additional information about withdrawing

### How to make a withdrawal

#### Direct Investors

Direct Investors can request a withdrawal by telephone or fax (refer to 'Telephone and fax instructions' in this document) or in writing. A withdrawal request, either in



whole or in part, once received by us may not be withdrawn without our agreement. Withdrawals can only be made to a bank account held in your name. If you make your withdrawal request by telephone or fax, we can make your withdrawal payment to a previously nominated bank account we have on file.

If you provide us with an appropriately signed, original written request, then in addition to the payment methods set out above, we can also make payments by direct credit to another bank account in your name.

We will require the following information when you make your withdrawal request:

- your account number;
- the full name(s) in which your investment account is held;
- the amount (dollars or units) you wish to withdraw;
- method of payment; and
- a daytime telephone number.

Please ensure that the appropriate signatories sign all written withdrawal instructions, including those forwarded by fax.

If you originally invested via direct debit and you make a withdrawal within the first three months of making your investment, we will only pay the withdrawal proceeds to the account that was debited when making your initial investment.

### **Indirect Investors**

You must complete the withdrawal documentation required by their IDPS operator.

### **Processing your withdrawal**

While withdrawals are normally processed and paid within five business days of receiving your valid withdrawal request, we may take significantly longer than this in certain circumstances (please refer to 'Delay of withdrawal payments'). If your request for withdrawal would cause your balance to fall below the current minimum balance amount of \$10,000, this may be treated as a request for full withdrawal.

For Direct Investors, we can make withdrawal payments by direct credit to your nominated account. You agree that if the type of payment you request results in bank fees being charged, we may deduct those fees from your withdrawal proceeds before remitting the net amount to you.

Generally, if the payment for your withdrawal is returned to us and remains outstanding for 1 month, we may reinvest the proceeds in the Fund. Any reinvestment of a withdrawal amount will be processed using the

investment unit price current at the time of the reinvestment transaction. For more information on unit prices, refer to 'How unit prices are calculated' below.

We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred.

We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) of the proceeds of your withdrawal request less any costs for the transfer.

We have the right to compulsorily redeem units in issue, if we give prior notice to affected investors.

### **Delay of withdrawal payments**

Withdrawals are normally processed and paid within five business days of receiving a valid withdrawal request; however, we do not guarantee this timeframe and we may take significantly longer to pay withdrawals in certain circumstances.

Withdrawals may be delayed in the following circumstances:

- under the Fund's constitution, we have 30 days to satisfy a redemption request;
- under the Fund's constitution, we can suspend withdrawals for up to 60 days (refer to 'Suspending withdrawals' below);
- we can also spread withdrawal payments, generally over four months (refer to 'Spreading withdrawals' below); or
- if the Fund becomes illiquid, we are not required to pay withdrawals unless we offer to do so (refer to 'If the Fund becomes illiquid' below).

Where multiple delays are applicable, timeframes may apply cumulatively.

Additionally, if we did not receive all required identity verification documents (as outlined in the relevant application form) at the time of investment or your withdrawal request is incomplete, we may not process your withdrawal request until these documents are received or further requirements are met.

### **Suspending withdrawals**

We may suspend withdrawal requests for up to up to 60 days where:

- it is impracticable for us to calculate the Fund's net asset value (and hence unit prices);
- we reasonably estimate that we must sell 5% or more (by value) of all the Fund's assets to meet withdrawals;

- there have been, or we anticipate there will be, withdrawal requests that will require us to realise a significant amount of the Fund's assets and this may either place a disproportionate expense or capital gains tax burden on remaining investors or impact negatively on the price we would achieve in selling the Fund's assets;
- we reasonably consider it to be in the interests of investors to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

### Spreading withdrawals

Under the Fund's constitution, we may, if we consider it to be fair to all unitholders, spread the redemption of some or all of the relevant units across more than one redemption date. Generally, we may spread a withdrawal request where:

- we receive a withdrawal request for the value of 5% or more of the number of units on issue;
- we receive, on any day, withdrawal requests that in total represent 10% or more of the number of units on issue;
- there have been, or we anticipate that there will be, withdrawal requests for 10% or more of the total units on issue in the Fund and we consider that if those requests are met rapidly this may either place a disproportionate expense or capital gains tax burden on remaining investors or meeting the requests would impact negatively on the price we could achieve in selling Fund assets or otherwise disadvantage remaining investors.

When we spread withdrawals, we may determine that a withdrawal request is four separate requests, each for a quarter (or as close to a quarter as we determine) of the total number of units in the original withdrawal request.

Each of the four (deemed) withdrawal requests will be deemed to be received by us on the same business day of the month (or next business day, if not a business day or if that day does not occur in that month) in each of the four succeeding months following the original withdrawal request.

### If the Fund becomes illiquid

If the Fund is not liquid (as defined in the Corporations Act), unitholders will only be able to withdraw from the Fund if we make an offer of withdrawal to unitholders. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make withdrawal offers.

Under the Corporations Act, the Fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the Fund. Liquid assets generally include money in an account or on deposit with a bank, bank-accepted bills, marketable securities and property of the kind prescribed under the Corporations Act.

## Additional information about transactions

### Transferring ownership

#### Direct Investors

You can generally transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we, from time to time, prescribe. We are not obliged to register a transfer that does not meet these criteria, or where there is an amount payable to us by the transferee or the transferor (as applicable) in respect of the units being transferred. We recommend that you obtain your own professional advice regarding your position before transferring some or all of your investment, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

Please contact us for further information about transferring units.

#### Indirect Investors

Contact your IDPS operator if you wish to transfer your units.

### Transaction cut-off times

#### Direct Investors

Generally, if your valid investment or withdrawal request is received in our Sydney office before 3:00pm Sydney time on a New South Wales business day (referred to as the transaction cut-off time), it will usually be processed using the unit price determined as at the close of business on that day. If your valid investment or withdrawal request is received after the transaction cut-off time, or on a non-business day, it will usually be processed using the applicable unit price calculated as at the close of business on the next business day.

### Indirect Investors

You should contact your IDPS operator for information regarding transaction cut-off times.

## Telephone and fax instructions

### Direct Investors

You should understand that a person without your authority could telephone us or send us a fax and, by pretending to be you, withdraw funds from your account for their own benefit.

We take care when acting on instructions. In doing so, we perform security checks and have in place internal policies and procedures designed to reduce the risk that fraud is committed in relation to your account. In using the telephone and/or a fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses if we have complied with internal policies and procedures, and we have not been negligent, fraudulent or dishonest.

We will only act on completed communications that we receive. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence (unless we have otherwise agreed), that we received your fax. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

In the case of joint holdings, superannuation funds, trusts and companies, additional processes may apply and any investor or director who signs the application form may request a telephone withdrawal.

If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change your previously nominated bank account details. If you do not want withdrawals to be able to be made from your account via a telephone or fax request, we must receive an original, signed, written request to cancel these withdrawal facilities. Cancellation will be effective from the end of the second business day after receipt of this written request.

We may cancel or vary these requirements by giving you notice in writing.

### Indirect Investors

You should contact your IDPS operator for information regarding how to transact.

## Changes to permitted transactions

We can vary the minimum investment amounts for the Fund at any time and can also change the application or withdrawal cut-off time. Under the Fund's constitution, we can refuse applications or withdrawals for any reason. In particular, where we consider it to be in the interests of unitholders (such as an inability to value the Fund), we may suspend application or withdrawal requests. Any application or withdrawal requests received during the period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

## Monitoring your investment

### Direct investors

You can access your account information 24 hours a day, seven days a week through InvestorOnline, a secure online service which provides access to up-to-date information about your investments, including the latest unit prices, your account balance and transaction history

We will also send you regular information about your investments, including:

- confirmation of the acceptance of your initial and one-off additional investments; this confirmation will provide details of the units issued;
- confirmation that we have processed a withdrawal request; this confirmation will provide details of the unit and dollar value withdrawn;
- a quarterly statement; and
- a consolidated annual taxation statement.

At any time, you may request a transaction statement that shows either all transactions since your last regular statement or all transactions for a specific period. We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact us or your financial adviser.

As the Fund is a 'disclosing entity' under the Corporations Act, it is subject to regular reporting and disclosure obligations.

As Responsible Entity of the Fund, we are also subject to continuous disclosure obligations that require us to make material information available to investors. You can obtain a copy of the Fund's continuous disclosure information by visiting the Fidante Partners website.

You can obtain copies of the Fund's most recent annual financial report by visiting the Fidante Partners website.

Copies of documents lodged with the Australian Securities and Investments Commission (**ASIC**) in relation to the Fund may be obtained from, or inspected at, an ASIC office.

### Indirect Investors

Please contact your IDPS operator for information regarding your investment in the Fund.

## Keeping us informed

### Direct Investors

Our records about you are important.

Please inform us in writing of any change to the personal details that you have given us. This may be a new postal address, a change of name or new bank account details. We will send you written confirmation of any changes that you request us to make to your personal details.

### Indirect Investors

As an Indirect Investor, you should notify your IDPS operator of any changes to your personal details.

## What happens if you choose not to disclose certain information?

If you choose not to disclose certain information, the following may apply:

- Account details: we will not be able to pay withdrawal proceeds or income distributions to you.
- Tax residency information: we may not be able to process your request, or we may be required to notify the ATO.
- Incomplete application form: unless otherwise agreed, we will not be able to process your investment request.
- If you do not provide all relevant identity verification documents, we will not be able to process your investment request.

For Australian resident investors, if you choose not to disclose your TFN, TFN exemption or ABN, we have to deduct tax at the highest marginal tax rate plus Medicare levy (and any other levies we are required to deduct, from time to time) from any amounts attributed or distributed to you (refer to 'Tax File Number' in 'How managed investment schemes are taxed').

## Up-to-date information about the Fund

You can obtain up-to-date Fund performance, actual asset allocations and Fund size information by contacting your financial adviser, visiting the Fidante Partners website or calling 13 51 53.

A paper copy of any updated information will be given to you, without charge, on request by contacting us.

A paper copy of the Fund's annual financial reports, any continuous disclosure notices, and any half yearly financial report will also be given to you, without charge, on request.

## How to exercise cooling-off rights

The repayment of your investment under the cooling-off right is subject to an adjustment for market movements (both positive or negative) during the period in which the investment has been held. We may also deduct a reasonable charge for our administration costs.

### Direct Investors

If you are a Direct Investor and you wish to exercise the cooling off rights, we must receive your written instructions at our office before the expiry of the cooling-off period. This cooling-off right must be exercised within 14 days from the earlier of:

- when you receive confirmation of your investment; or
- the end of the fifth business day after the day on which your units were issued or sold to you.

### Indirect Investors

If you are an indirect investor, you should seek advice from your financial adviser or IDPS operator about the cooling-off rights (if any) that might apply to your investment in or through your IDPS.

### Wholesale clients

These cooling-off rights do not apply to wholesale clients (as defined in the Corporations Act. Please note that as an investor in the Fund you will not necessarily be a wholesale client for the purposes of the Corporations Act.

## Additional information about making a complaint

As part of our commitment to providing quality service to our Investors, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint promptly after receiving it and investigate, properly consider, and decide what action (if any) to take and to provide a final response to you within 45 days (30 days in relation to privacy complaints).

**Complaints Resolution Officer**

Fidante Partners  
Reply Paid 86049  
Sydney NSW 2001

If you are not satisfied with our response or how the complaint has been handled you may contact the following external dispute resolution scheme.

**The Australian Financial Complaints Authority**

GPO Box 3  
Melbourne VIC 3001  
Tel: 1800 931 678  
[www.afca.org.au](http://www.afca.org.au)

email: [info@afca.org.au](mailto:info@afca.org.au)

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Indirect Investors may either contact their IDPS operator or us with complaints relating to the Fund. Complaints regarding the operation of an IDPS should be directed to the IDPS operator. If a complaint is first raised with an IDPS operator and an Indirect Investor is not happy with how the complaint has been handled, they should raise that with the IDPS operator or the IDPS operator's external dispute resolution service.



# How managed investment schemes are taxed

The Australian tax commentary below is of a general nature and is based on our understanding of the Australian tax laws, as at the date of this document, as they relate to Australian resident individual taxpayers who hold their investment on capital account. Any information contained therein should be used as a guide only and does not constitute professional taxation advice as individual circumstances may differ. Fidante Partners is not a registered tax (financial) adviser and is not licensed or authorised to provide tax advice. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

## Taxation of the Fund

The Attribution Managed Investment Trust (**AMIT**) legislation applies to qualifying Managed Investment Trusts (**MITs**) that make an irrevocable election to become an AMIT. The Responsible Entity has elected for the Fund to be an AMIT.

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 via an AMIT Member Annual Statement (**AMMA Statement**). The Fund will generally not be liable to pay income tax on its taxable income on the basis that it will attribute all determined trust components (i.e. assessable income, exempt income and non-assessable non-exempt income) to members each year. If the Fund were to cease being an AMIT, it should also generally not be liable to pay income tax on the basis that unitholders are presently entitled to the Fund's distributable income.

Other key features of the AMIT regime include: income character retention; deemed fixed trust status; an ability for adjustments and errors at the trust level to be carried forward and dealt with in the year in which they are discovered; adjustments (upwards and downwards) made to investors' cost bases for CGT purposes, and their costs for revenue purposes, where there are differences between the amount distributed and the amount attributed on an AMMA statement; and clarification of the treatment of tax deferred distributions.

The MIT capital account election regime permits eligible MITs to make an irrevocable election to adopt capital account treatment for certain types of assets (broadly shares, units and real property) for income years to which the election applies. An irrevocable election has been made in respect of the Fund and accordingly deemed capital treatment will apply in respect of the qualifying assets for the income years to which the election applies.

The Foreign Investment Fund (**FIF**) provisions were repealed with effect from the 2010/2011 income year. The FIF provisions may be replaced by a specific anti-avoidance roll-up rule for Foreign Accumulation Funds (**FAF**), which seek to ensure that Australian residents cannot defer or avoid a tax liability on income earned in a FAF. As at the date of this document, the Government has not released the final FAF legislation.

Additionally, there is arm's length income legislation that applies to MITs. Under this legislation, excess income generated by a MIT from non-arm's length arrangements may be determined to be subject to tax at 30%. It is not expected that the arm's length income provisions will impact the Fund.

The Taxation of Financial Arrangement (**TOFA**) provisions apply on a mandatory basis to qualifying taxpayers in respect of certain financial arrangements. Broadly, the TOFA provisions recognise certain gains and losses on financial arrangements on an accruals basis, which may result in a taxing point prior to the realisation of the investment. As at the date of this document, we, as Responsible Entity of the Fund, have not made an election to apply one of the elective methods under TOFA.

Tax losses incurred by the Fund will remain in the Fund and can be applied to reduce the Fund's income in future years (subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation).

## Tax position of Australian resident investors

You will generally be required to include in your assessable income your attributed income of the Fund. There may be instances where your attributed share of the taxable income of the Fund exceeds the distribution you receive from the Fund.

Where investors disagree with the allocation of taxable income in an AMMA Statement, they may give a 'member choice' to the Commissioner of Taxation. In the event investors make a member choice, the constitution provides that the investors will indemnify us for all costs and liabilities incurred as a result of the member choice.

CGT cost base reductions or uplifts may occur where taxable income attributed is either less than or greater than, respectively, the total of both cash distributed and tax offsets attributed for an income year. Where cost base reductions or uplifts occur, this will affect the CGT position of the investment. For those investors who have a zero cost base in their units, or where the total cost base reduction amount exceeds the cost base of their units, a capital gain may arise to these investors for that year. Investors should maintain records of their cost base

adjustments. You may also be entitled to tax offsets (franking credits and/or foreign tax offsets) attributed by the Fund. Provided investors satisfy certain provisions of the Tax Act, investors may be able to utilise these offsets against their tax liability on the taxable components of the distributions. In order to claim the amount of tax offsets, investors must include the amount of the offsets in their assessable income.

We will advise each investor of their share of tax offsets in the AMMA statement.

The disposal of units (for instance by withdrawal or transfer) may give rise to a capital gains tax liability or a capital loss. Investors who have held their units on capital account for more than 12 months may be entitled to a capital gains tax discount.

### **Non-resident account holder reporting requirements**

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (**FATCA**) and the OECD's Common Reporting Standard (**CRS**). To comply with our obligations under various reporting legislation we will provide to the ATO such data as required in respect of your investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia. If we have attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

### **Goods and Services Tax (GST)**

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST will generally be incurred on various acquisitions made by the Fund, including the acquisition of investment management services. In certain specified circumstances, the Fund may be entitled to input tax credits (**ITCs**), or reduced input tax credits (**RITCs**) at the prescribed percentage of 55% or 75% depending on the acquisition. Any available ITCs or RITCs effectively reduce the non-recoverable GST cost incurred.

## **Tax File Number**

On your application form you may provide us with your Tax File Number (**TFN**), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (**ABN**). It is not compulsory for you to quote a

TFN, exemption or ABN, but if you do not, then we are required to deduct tax from your attributed or distributed amounts at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN, however may be required to provide other information.

# Additional information

## How unit prices are calculated

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day. The calculation of both the investment unit price and the withdrawal unit price is based on the net asset value (**NAV**) adjusted by the buy/sell spread. For information on buy/sell spreads, refer to 'Buy/sell spreads' in 'Additional explanation of fees and costs'.

For investment and withdrawal unit prices, the NAV is the value of all the Fund's assets attributed to the Fund less the value of the Fund's liabilities at the valuation time. When calculating the NAV, we must use the most recent valuations of the Fund's assets and the most recent determination of the liabilities.

The Fund's assets and liabilities are usually valued each NSW business day.

Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at recoverable value. Any income entitlements, cash at bank, and any amount of Goods and Services Tax (**GST**) recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the investment and withdrawal unit prices.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for management costs (which includes management fees up to and including the calculation date and a performance fee if payable up to the date before the calculation date) and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Where we receive a valid transaction request before the transaction cut-off time of 3:00pm (Sydney time) on a NSW business day, the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as 'forward pricing'.

In rare circumstances, we may suspend unit pricing where, acting in accordance with our Responsible Entity obligations to unitholders, we consider it impracticable to calculate a NAV.

We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will exercise any discretions in relation to unit pricing (such as, for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are also required to record

details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling us.

## Additional information about distributions

If we pay a distribution, as a Direct Investor you may choose to have your distribution reinvested in additional units in the Fund, or paid directly to your nominated account with an Australian financial institution. Unless you have indicated otherwise, we will reinvest your distributions.

As an Indirect Investor you should contact your IDPS operator for distribution payment or reinvestment options.

The price of units issued on reinvestment of distributions is the investment price for units next determined after the close of business on the last day of the distribution period. There is no buy/sell spread reflected in this investment price. The amount of each distribution may vary. Your share of any distribution depends on how many units you hold at the end of the relevant period as a proportion of the total number of units in the relevant class on issue at that time and the amount of distributable income referable to those units and that class.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution.

The amount of income distributed each year will generally be the distributable income received by the Fund, unless we decide to distribute a different amount. Any net capital gains derived by the Fund during the financial year are generally distributed in the June distribution period.

If you invest just prior to a distribution payment, you may receive some of your investment back immediately as income. Conversely, if you withdraw from the Fund just before a distribution, you might turn income into a capital gain or reduce your capital losses.

Under the constitution, we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of introducing compulsory distribution reinvestment. We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

Generally, if any distribution payments are returned to us and remain outstanding for 1 month, we may reinvest those distributions and amend your future distribution method to reinvest.



Any reinvestment of an unclaimed or returned distribution will be processed using the investment unit price current at the time of the reinvestment transaction.

Under the constitution, we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of making distribution reinvestment compulsory. We also have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

If you wish to change your distribution payment instructions, please follow the process outlined below.

#### **Direct Investors**

Please mail us an original, signed, written request.

#### **Indirect Investors**

Please contact your IDPS operator for the documentation required.

## **How the Fund is governed**

The Fund's constitution, together with the Corporations Act and other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the Responsible Entity and unitholders.

### **The constitution**

The constitution contains the rules relating to a number of issues including:

- unitholder rights;
- the process by which units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the Responsible Entity;
- the Responsible Entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund;
- the creation of other classes of units; and
- the termination of the Fund.

It is generally thought that unitholders' liabilities are limited to the value of their holding in the Fund. It is not expected that a unitholder would be under any obligation if a deficiency in the value of the Fund was to occur. However, this view has not been fully tested at law.

Unitholders can inspect a copy of the constitution at our head office or we will provide a copy free of charge, on request.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law), we must obtain unitholder approval at a meeting of

unitholders. We may retire or be required to retire as Responsible Entity if unitholders pass an resolution approving our removal.

## Termination

The constitution, together with the Corporations Act, governs how and when the Fund may be terminated. We may terminate the Fund at any time by written notice to unitholders. On termination, a unitholder is entitled to a share of the net proceeds of our realisation of the assets in proportion to the number of units they hold in the Fund.

## Unitholder meetings

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and (to the extent applicable) the Fund's constitution.

## Compliance plan and compliance committee

We have lodged the Fund's compliance plan with ASIC and established a compliance committee for the Fund with a majority of external members. The compliance plan sets out how we will ensure compliance with both the Corporations Act and the Fund's constitution.

The compliance committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the compliance plan and report any breaches of the Corporations Act or the Fund's constitution to us. If we do not take appropriate action to deal with the breach, the compliance committee must report the breach to ASIC.

The Fund and the compliance plan are required to be audited annually.

## Other parties

We have engaged a custodian to hold the assets of the Fund. The custodian has no independent discretion with respect to the holding of assets and is subject to performance standards.

The Fund has a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year, as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

## Other important information

### Indirect Investors

Investors accessing the Fund through an investor directed portfolio service (**IDPS**) or IDPS-like scheme (known commonly as a master trust or wrap account)

may use, or be given, this PDS when deciding to invest in the Fund. These investors are referred to as Indirect Investors.

Indirect Investors do not become unitholders in the Fund, nor do they acquire the rights of a unitholder. The operator of the IDPS (**IDPS operator**) acquires those rights and can exercise or decline to exercise them on behalf of Indirect Investors. Indirect Investors do not receive distributions or reports directly from us, nor do they directly participate in investor meetings or the winding up of the Fund if this were to occur. Indirect investors should direct all enquiries or complaints about the operation of their IDPS to the IDPS operator. In relation to complaints about the Fund, Indirect Investors may contact either their financial adviser, their IDPS operator, or us.

In addition to reading this PDS, Indirect Investors should carefully read the IDPS operator's offer document, which explains the service and the fees payable by the Indirect Investor to the IDPS operator. To invest, Indirect Investors need to complete the documentation which their IDPS operator requires.

## Privacy

We collect, use and disclose personal information to:

- process your application;
- provide and administer your investment and send you information;
- improve and personalise our products and services;
- conduct product and market research;
- inform you about other products and services that may be useful to you; and
- comply with our obligations under the law, including with respect of anti-money laundering, financial services and taxation laws.

We collect personal information from you and, if relevant, from your financial adviser. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your power of attorney, or related persons including the beneficial owners connected with your investment) you must have their consent to provide their personal information to us.

If you decide not to provide certain information, we may not be able to process your investment or future withdrawal requests, or will have to deduct tax from any amounts attributed or distributed to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time).

## Disclosing your information

We disclose your information to your financial adviser. In addition, we may disclose information we hold about you:

- if you consent to the disclosure;
- if the disclosure is required or authorised by law;
- to organisations acting on our behalf (for example, sending your statements);
- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to related companies and/or the investment manager that may also provide you with a financial product or financial service;
- to electronic identity verification service providers, in order for identity information (about you or related persons connected with your investment) to be verified against relevant government and other databases, for the purpose of complying with anti-money laundering laws; or
- otherwise in accordance with our privacy policy.

We do not disclose personal information to recipients in foreign jurisdictions.

From time to time we or our related companies may contact you to tell you about other products and services that might be useful to you, including financial, superannuation, investment, insurance and funds management products and services. Please contact us (our details are noted in this PDS) if you do not want to receive any of this kind of marketing material.

For how you can correct or update the personal information we hold about you refer to 'Keeping us informed'. Our privacy policy also contains this information as well as further details about our handling of personal information and about how you can request access to it or lodge a complaint if you believe your personal information has been misused, and how we deal with complaints.

For more information regarding the collection and use of personal information, please refer to our 'Privacy Policy' available from the Fidante Partners website or by contacting the Investor Services team.

We do not normally receive any personal information about you when you invest in the Fund through an IDPS operator. For details on the collection, storage and use of personal information you should contact your IDPS operator. The information we collect and store from IDPS operators is used to establish and administer its investments. If we do receive any personal information we will deal with it in accordance with our privacy policy.

# Glossary

Investment term	Explanation
<b>active management</b>	A style of investment management that seeks to attain returns through active asset allocation and security selection within each asset class rather than by tracking an index.
<b>convertible notes</b>	A debt security that can be converted into shares at the option of the holder or the issuer.
<b>fundamental analysis</b>	Fundamental analysis studies everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individual specific factors (like the financial condition and management of companies).
<b>hybrid securities</b>	A security that combines the elements of debt securities and equity securities. Hybrid securities pay a rate of return or a dividend until a certain date; at which point, the holder has a number of options including converting the securities into the underlying share.
<b>partly paid shares</b>	Where the full price for the share (par value) was not paid when the share was acquired. The issuing company can make a 'call' when it requires the remaining amount to be paid.
<b>redeemable preference shares</b>	Equity shares that may be bought back by the issuing company on a specified date or a specific period of notice.



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