

Flinders Emerging Companies Fund - Class B



Product Disclosure Statement

mFund FEC01
ARSN 607 268 048
APIR ETL0449AU
Issue Date 29 November 2021

About this PDS

This Product Disclosure Statement (“PDS”) has been prepared and issued by Warakirri Asset Management Ltd (“Warakirri”, “we” or “Responsible Entity”) and is a summary of the significant information relating to an investment in the Flinders Emerging Companies Fund - Class B (the “Fund”). It contains a number of references to important information (including a glossary of terms) contained in the Flinders Emerging Companies Fund Reference Guide (“Reference Guide”), which forms part of this PDS. You should carefully read and consider both the information in this PDS, the Target Market Determination and the information in the Reference Guide, before making a decision about investing in the Fund.

The information provided in this PDS is general information only and does not take account of your personal objectives, financial situation or needs. You should obtain financial and taxation advice tailored to your personal circumstances and consider whether investing in the Fund is appropriate for you in light of those circumstances.

The offer to which this PDS relates is only available to persons receiving this PDS in Australia and New Zealand (electronically or otherwise). New Zealand investors must read the Flinders Emerging Companies Fund – Class B New Zealand Investors Information Sheet before investing in the Fund. All references to dollars or “\$” in this PDS are to Australian dollars. New Zealand investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the Securities Act of 1933 as amended (“US Securities Act”). Warakirri may vary this position and offers may be accepted on merit at Warakirri’s discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise approved by Warakirri and may not be offered or sold in the US to, or for, the account of any US Person (as defined in the Reference Guide) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

Contents

1. About Warakirri Asset Management Limited
2. How the Flinders Emerging Companies Fund - Class B works
3. Benefits of investing in the Flinders Emerging Companies Fund - Class B
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply
9. Other information

The Reference Guide

Throughout the PDS, there are references to additional information contained in the Reference Guide. You can obtain a copy of the PDS and the Reference Guide, free of charge, by emailing Warakirri Asset Management Ltd at contact@warakirri.com.au or by visiting www.flindersinvest.com.au or by calling the Responsible Entity.

The information contained in the Reference Guide may change between the day you receive this PDS and the day you acquire the product. You must therefore ensure that you have read the Reference Guide current as at the date of your application.

Updated information

Information in this PDS is subject to change. We will notify you of any changes that have a material adverse impact on you or other significant events that affect the information contained in this PDS. Any information that is not materially adverse information is subject to change from time to time and may be obtained by emailing Warakirri Asset Management Ltd at contact@warakirri.com.au or by visiting www.flindersinvest.com.au. A paper copy of the updated information will be provided free of charge on request.

Investment Manager

Flinders Investment Partners Pty Limited
ABN 91 639 796 160
Email: clientservice@flindersinvest.com.au
Web: www.flindersinvest.com.au
Corporate Authorised Representative (CAR)
of Warakirri Asset Management Limited AFSL
246782

Custodian and Registry

Citigroup Pty Ltd
GPO Box 764
Melbourne, VIC 3001
Australia

Responsible Entity

Warakirri Asset Management Limited
ABN 33 057 529 370, AFSL 246782
Level 17, 140 William Street
Melbourne VIC 3000
Ph: 1300 927 254
Web: www.warakirri.com.au

1. About Warakirri Asset Management Ltd

The Responsible Entity

Warakirri Asset Management Limited

Warakirri is a boutique asset management firm with specialist investment capabilities, across agriculture and ethical investing in Australian and global equities. Warakirri has managed ethical investments since being founded in 1993. Warakirri also has a long history of partnering with highly skilled investment managers with proven capabilities to deliver quality investment solutions. Warakirri offers its clients investment opportunities and exposure across diverse strategies in selected asset classes through its distribution partnerships.

Warakirri's responsibilities and obligations as the Fund's responsible entity are governed by the Fund's constitution ("Constitution"), the Corporations Act and general trust law. Warakirri has appointed Flinders Investment Partners Pty Limited ("Flinders" or "Investment Manager") as the investment manager of the Fund. Warakirri has appointed a custodian to hold the assets of the Fund. The custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

The Investment Manager

Flinders Investment Partners Pty Limited

Flinders is a boutique investment manager with an investment team formed in June 2015 and comprising three Investment professionals with deep Australian equity market experience particularly in the emerging companies sector. Flinders is a corporate authorised representative (CAR) of Warakirri Asset Management Limited AFSL 246782.

The team uses detailed financial analysis combined with company, industry and market intelligence to select stocks and build diversified portfolios. It differentiates itself from other managers with the skill of its investment professionals, disciplined application of its rigorous investment process, an ability to respond quickly to investment opportunities and an investment philosophy and business structure that ensures that Flinders is aligned with its client's objectives.

2. How the Flinders Emerging Companies Fund - Class B works

The Fund is a registered managed investment scheme governed by the Constitution. The Fund comprises assets which are acquired in accordance with the Fund's investment strategy. Direct investors receive units in the Fund when they invest. In general, each unit represents an equal interest in the assets of the Fund subject to liabilities; however, it does not give investors an interest in any particular asset of the Fund.

If you invest in the Fund through an IDPS (as defined in the Reference Guide) you will not become an investor in the Fund. The operator or custodian of the IDPS will be the investor entered in the Fund's register and will be the only person who is able to exercise the rights and receive the benefits of a direct investor. Your investment in the Fund through the IDPS will be governed by the terms of your IDPS. Please direct any queries and requests relating to your investment to your IDPS Operator. Unless otherwise stated, the information in the PDS applies to direct investors.

Applying for units

You can acquire units by completing the Application Form that accompanies this PDS or by making an application through the mFund settlement service ("mFund") by placing a buy order for units with your licensed broker. Investors can also complete the application process online (please go to www.flindersinvest.com.au for further instructions). The minimum initial investment amount for the Fund is \$25,000.

Completed Application Forms should be sent along with your identification documents (if applicable) to:

Citi Unit Registry – Warakirri Asset Management
GPO Box 764
Melbourne, VIC 3001
Australia

Please note that cash and cheques cannot be accepted.

Alternatively complete the online application available at www.flindersinvest.com.au. If you choose to apply for units in the Fund online you will be required to register, confirm your acceptance of the terms and conditions, and download a copy of this PDS prior to proceeding. The online application includes the option of completing your AML and KYC requirements online and submitting the application directly using an electronic signature.

If applying via mFund you will need to provide the application money directly to your licensed broker.

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Fund's investors.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day is, in general terms, equal to the Net Asset Value ("NAV") of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this PDS, the Buy Spread is 0.35%.

The Application Price will vary as the market value of assets in the Fund rises or falls.

Making additional investments

You can make additional investments into the Fund at any time by sending us your additional investment amount together with a completed Application Form. The minimum additional investment into the Fund is \$1,000 (unless otherwise determined by the Responsible Entity).

Distributions

An investor's share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by the investor at the end of the distribution period.

The Fund usually distributes income semi-annually at the end of June and December, however, Warakirri may change the distribution frequency without notice. Distributions are calculated effective the last day of each distribution period and are normally paid to investors as soon as practicable after the distribution calculation date.

Investors in the Fund can indicate a preference to have their distribution:

- reinvested back into the Fund; or
- directly credited to their AUD Australian domiciled bank account.

Investors who do not indicate a preference will have their distributions automatically reinvested. Applications for reinvestment will be taken to be received immediately prior to the next Business Day after the relevant distribution period. There is no Buy Spread on distributions that are reinvested.

In some circumstances, the Constitution may allow for an investor's withdrawal proceeds to be taken to include a component of distributable income.

Indirect Investors should review their IDPS Guide for information on how and when they receive any income distribution.

New Zealand investors can only have their distribution paid in cash if an AUD Australian domiciled bank account is provided, otherwise it must be reinvested (refer to the Flinders Emerging Companies Fund - Class B New Zealand Investors Information Sheet).

Access to your money

Investors in the Fund can generally withdraw their investment by completing a written request to withdraw from the Fund and mailing it to:

Citi Unit Registry – Warakirri Asset Management
GPO Box 764
Melbourne, VIC 3001
Australia

Or Fax to:

Toll Free: 1300 154 460 (Australia)

Toll: (+61) 1300 154 460 (International);

making a withdrawal via Warakirri's online investor portal at www.warakirri.com.au, or submitting a withdrawal request through mFund by placing a sell order for units with your licensed broker.

There is no minimum withdrawal amount. Once we receive and accept your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s) or if the withdrawal is received via mFund.

Warakirri will generally allow an investor to access their investment within five days of acceptance of a withdrawal request by transferring the withdrawal proceeds to such investor's nominated bank account or, where the request is received via mFund, to the investor's licensed broker. However, Warakirri is allowed to reject withdrawal requests, and also to make payment up to 21 days after acceptance of a request (which may be extended in certain circumstances) as outlined in the Constitution and Reference Guide.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion.

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price on a Business Day is, in general terms, equal to the NAV of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.35%.

The Withdrawal Price will vary as the market value of assets in the Fund rises or falls.

Warakirri reserves the right to fully redeem your investment if your investment balance in the Fund falls below \$20,000 as a result of processing your withdrawal request. In certain circumstances, for example, when there is a freeze on withdrawals, where accepting a withdrawal is not in the best interests of investors in the Fund including due to one or more circumstances outside its control or where the Fund is not liquid (as defined in the Corporations Act), Warakirri can deny or suspend a withdrawal request and you may not be able to withdraw your funds in the usual processing times or at all. When the Fund is not liquid, an investor can only withdraw when Warakirri makes a withdrawal offer to investors in accordance with the Corporations Act. Warakirri is not obliged to make such offers.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator and the terms of the IDPS.

Unit pricing discretions policy

Warakirri has a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of the assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy will be made available free of charge on request.

Additional information

If at any time the Fund has 100 or more retail investors it will be a disclosing entity and subject to certain reporting and continuous disclosure obligations under the Corporations Act. We will meet our continuous disclosure obligations in respect of the Fund by publishing material information on our website at www.warakirri.com.au in accordance with the requirements of ASIC policy. Copies of the documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

You have a right to obtain a copy of the following documents from us at no charge to you:

- the Fund's latest annual financial report lodged with the ASIC;
- any half-year report lodged with ASIC after the lodgement of the Annual Report and before the date of this PDS; and
- any continuous disclosure notices given by the Fund after lodgment of the annual financial report and before the date of this PDS.

Further reading

You should read the important information in the Reference Guide about:

- Application cut-off times;
- Application terms;
- Authorised signatories;
- Reports;
- Withdrawal cut-off times;
- Withdrawal terms; and
- Withdrawal restrictions.

under the "Investing in the Flinders Emerging Companies Fund - Class B", "Managing your investment" and "Withdrawing your investment" sections before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

3. Benefits of investing in the Flinders Emerging Companies Fund - Class B

The Fund is an actively managed portfolio that principally invests in Australian listed companies outside the S&P/ASX 100 Index. Benefits of investing in the Fund include:

- Access to the expertise of a specialist investment boutique ;
- Active management to create significant opportunities for above market returns over a medium to long time frame by exploiting pricing inefficiencies more common in shares outside the S&P/ASX 100 Index;
- Diversified portfolio of stocks that spreads investment across a variety of sectors & companies; and
- Regular reporting to keep you up to date on your investments.

4. Risks of managed investment schemes

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

The Responsible Entity and the Investment Manager do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments will vary. Returns are not guaranteed and you may lose money by investing in the Fund. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may change in the future. The structure and administration of the Fund is also subject to change.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial or taxation advice, you should contact a licensed financial adviser and/or taxation adviser.

Concentration risk

Concentration risk is the risk that poor performance in a group of securities common to a particular section of the market will significantly affect the performance of the Fund. This risk is relevant for the Fund as it will seek to focus on investments in companies that are outside the top 100 companies listed on the ASX by market capitalisation, often referred to as the 'Small Cap' sector. Positions may be concentrated and may result in the returns of the Fund being highly dependent on the returns of few exposures.

Currency risk

The Fund may invest in securities listed on the NZSE (New Zealand Stock Exchange). Currency movements against the Australian dollar may adversely affect the domestic value of the Fund's investments and the income from those investments. Flinders does not hedge any New Zealand dollar exposures.

Derivatives risk

In the case of derivatives, fluctuations in price will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. The use of derivative positions to hedge the risk of physical securities will involve 'basis risk', which refers to the possibility that derivative positions may not move perfectly in line with the physical security. As a consequence, the derivative positions cannot be expected to perfectly hedge the risk of the physical security. Other risks associated with derivatives include that they can lose value because of a sudden price move or because of the passage of time, potential illiquidity of the derivative, that the Fund cannot meet payment obligations as they arise, and that the counterparty to any derivative contract does not meet its obligations under the contract.

Investment selection risk

Flinders uses an investment selection process to identify investment opportunities which it believes are most likely to outperform the Benchmark. There is a risk that these investments will not perform in line with Flinders expectations.

Investment specific risk

There may be instances where an investment in which the Fund invests will fall in price because of investment specific factors (for example, where a company's major product is subject to a product recall). The value of investments can vary because of changes to management, product distribution, investor confidence, internal operations or the company's business environment.

Sector selection risk

Flinders may make poor investment decisions resulting in sub-standard returns (for example, where Flinders gains exposure to a sector which significantly underperforms relative to other sectors).

Small companies' risk

The Fund will generally invest in companies that have lower than average market capitalisation. Small companies:

- may have less liquid and more volatile securities, compared to those of larger companies; and
- may be recently established entities, and as such publicly available information on their business activities may not be as easy to obtain compared to companies with larger market capitalisation.

For these reasons this sector may experience volatility and reduced liquidity.

Fund risk

As with all managed funds, there are risks particular to the Fund, including the possibility it could terminate or that the fees and expenses could change. There is also a risk that investing in the Fund may give different results than investing directly in the securities.

Inflation risk

Inflation risk is the risk that returns will not be sufficiently higher than inflation to enable an investor to meet their financial goals.

Interest rate risk

Changes in official interest rates can directly and indirectly impact on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on a company's value as increased borrowing costs may cause earnings to decline. As a result, the company's share price may fall.

Issuer risk

The value of investments can vary because of changes to an issuer's management, product distribution or business environment.

Legal risk

There is a risk that laws, including tax laws, might change or become difficult to enforce.

Liquidity risk

The Fund will invest primarily in securities of companies. If any securities cannot be actively traded it may have an adverse impact on the price paid or obtained. For example, the Fund may not be able to dispose of a security at the time and price it wishes to do so. Note that neither the Responsible Entity nor the Investment Manager guarantees the liquidity of the investments of the Fund.

Management risk

Each Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Market risk

Changes in legal and economic policy, political events, technology failure, economic cycles, investor sentiment and social climate can all directly or indirectly create an environment that may influence (negatively or positively) the value of your investment in the Fund. In addition, a downward move in the general level of the equity market can have a negative influence on the performance of the Fund.

5. How we invest your money

Warning: Before choosing to invest in the Fund you should consider the likely investment returns, the risks of investing and your investment time frame.

Investment objective

Designed to provide medium to long term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index by 3% per annum after fees over rolling three year period.

Please note the investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.

Benchmark

S&P/ASX Small Ordinaries Accumulation Index.

Minimum suggested time frame

The minimum suggested time frame for investment in the Fund is five years.

Risk level of the Fund

High.

There is a risk investors may lose some or all of their initial investment. Higher risk investments tend to fluctuate in the short term but can produce higher returns than lower risk investments over the long term.

Investor suitability

Designed for investors seeking medium to long term capital growth potential by investing in a diversified portfolio of stocks comprising listed companies that are outside the S&P/ASX 100 Index.

Investment style and approach

The Manager's investment philosophy is based on the following beliefs:

- Markets are inefficient and hence an investment process utilising active stock picking can deliver superior returns (compared to the Index).
- Growing companies generate value for shareholders. A company which is able to grow earnings sustainably is able to reinvest for growth initiatives and therefore shareholders benefit from both capital growth and potentially income growth.
- Proprietary research is a key requirement to unearth attractive investment opportunities, since companies outside of the S&P/ASX 100 universe are characterised by a diverse range of industries, business structures and management capabilities.
- Risk management is critical in ensuring that we achieve more gains than losses and hence outperform. Specifically, we evaluate where the allocation of the risk budget would lead to gains and when it would lead to losses.
- Restricting funds under management is important. This applies in two ways – the discipline to maintain funds under management to a level that does not affect the ability to implement investment strategies; and secondly, the ability to respond quickly to take advantage of opportunities as they arise.

Therefore, our investment process has a growth bias, is focused and disciplined in its application and proprietary research is its cornerstone. In practice, our investment process seeks to answer the following questions:

1. What is the company's growth potential?

In assessing the growth options we identify the key drivers. Growth can be either: organic; by acquisition; or cyclical. We also consider the sustainability of growth.

2. Can management deliver?

We determine whether a management team can successfully execute a business strategy to exploit growth.

3. What is the company's financial strength?

Through our integrated financial modelling we deduce whether the company can support our expectations for growth.

4. What are the risks?

Through our company, industry and market knowledge we deduce whether any material risks are at play and whether they can be managed.

5. What price should we pay?

We derive a company valuation using our detailed financial modelling. This value is compared to the prevailing share price as well as all other company valuations in the universe of stocks under coverage.

Once the stock analysis is completed, the investment characteristics are compared across all companies within our coverage universe to determine its suitability for the portfolio. The outcome is a portfolio of high quality companies, with strong growth opportunities, which are attractively priced.

Asset allocation

The Fund will invest in a diversified portfolio of stocks comprising listed (or soon to be listed companies) companies that are outside the S&P/ASX 100 Index (90%-100% of the Fund) with the remainder of the Fund in cash (0%-10%).

Flinders will use the following guidelines when selecting investments for the Fund:

- Minimum of 30 companies;
- Maximum of 60 companies;
- Maximum shareholding of 10% in any one listed company;
- No more than 10% of the portfolio in any one company;
- A company's holding in the portfolio will not exceed 5% (overweight) above or 5% (underweight) below the benchmark weight;
- Where securities subsequently become part of the S&P/ASX 100 Index, they will continue to be actively managed and sold within 12 months following the inclusion of the securities in the S&P/ASX 100 Index;
- The Fund may use derivatives for risk management purposes, as substitutes for physical securities;
- The Fund may invest up to 10% of the Fund in securities listed on the New Zealand Stock Exchange. No other overseas listed investments are permitted; and
- The Fund will not be geared.

Due to movements in the market or similar events, the guidelines set out above may not be adhered to from time to time. In these circumstances, Flinders will seek to bring the Fund's investments within the guidelines within a reasonable period of time.

Changing the investment strategy

The investment strategy and asset allocation parameters may be changed. If a change is to be made, investors in the Fund will be notified in accordance with the Corporations Act.

Labour, environmental, social and ethical considerations

ESG issues are important in the investment process. Flinders will assess companies on ESG issues where they are relevant to that company's investment risk profile.

Fund performance

Up to date information on the performance of the Fund will be available by emailing Warakirri at contact@warakirri.com.au or visiting the website www.flindersinvest.com.au.

6. Fees and costs

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your 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) has a managed funds fee calculator to help you check out different fee options.

The information in the following template can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from an investor's account or deducted from investment returns. For information on tax please see Section 7 of this PDS.

TYPE OF FEE OR COST	Amount
Fees when your money moves in or out of the Fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management costs¹	
The fees and costs for managing your investment ¹	<p>Management fees: 1.10% p.a. of the NAV of the Fund²</p> <p>Performance fees: 20.628% of the amount by which the Fund's performance exceeds the sum of the S&P/ASX Small Ordinaries Accumulation Index and the management fee (known as the 'Performance Hurdle'). Any underperformance from a prior period must be recouped before a fee can be taken (we call this the high-watermark)³</p>

¹ All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how management costs are calculated.

² Management fees can be negotiated. See "Differential fees" below.

³ This represents the performance fees which are payable as an expense of the Fund to the Investment Manager. See "Performance fees" below for more information.

Additional Explanation of fees and costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than by investing directly in the underlying assets of the Fund. Management costs include management fees and performance fees.

In addition, management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be met by Buy/Sell Spreads).

Management fees

The management fees of 1.10% p.a. of the NAV of the Fund are payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears and reflected in the unit price. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

The management fees shown above do not include extraordinary expenses (if they are incurred in future), such as litigation costs and the costs of convening investor meetings.

Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Fund exceeds the sum of the performance of the S&P/ASX Small Ordinaries Accumulation Index ("Benchmark") and the management fee of the Fund ("Performance Hurdle"). The performance fees are 20.628% of this excess, calculated daily and paid semi-annually in arrears from the Fund and calculated based on the beginning NAV of the Fund over the relevant period. No performance fees are payable until any accrued underperformance (in percentage terms) from prior periods has been made up (this feature is sometimes referred to as a high-watermark).

The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the Benchmark. It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available at www.flindersinvest.com.au.

Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transactional and operational costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold, and the costs of derivatives used for hedging purposes (if applicable). This generally happens when the assets of a fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of a fund.

The Buy/Sell Spread reflects the estimated transaction costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The Buy/Sell Spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption and not paid to Warakirri or the Investment Manager. The estimated Buy/Sell Spread is 0.35% upon entry and 0.35% upon exit. The dollar value of these costs based on an application or a withdrawal of \$25,000 is \$87.50 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time and www.flindersinvest.com.au will be updated as soon as practicable to reflect any change. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Transactional costs which are incurred other than in connection with applications and withdrawals arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's unit price. As these costs are factored into the NAV of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to securities traded by the Fund. Liquid securities generally have a lower bid-offer spread while less liquid assets have a higher bid-offer spread reflecting the compensation taken by market makers in providing liquidity for that asset.

During the financial year ended 30 June 2021, the total transaction costs for the Fund were 0.32% of the NAV of the Fund. However, such costs for future years may differ.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. Warakirri has the right to recover all reasonable expenses incurred in relation to the proper performance of its duties in managing the Fund and as such these expenses may increase or decrease accordingly. We will generally provide investors with at least 30 days' notice of any proposed change to the management costs. In most circumstances, the Constitution defines the maximum level that can be charged for fees described in this PDS. Expense recoveries may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law.

Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its management fees and is not an additional cost to the investor. If the payment of annual fees to IDPS Operators is limited or prohibited by the law, Warakirri will ensure the payment of such fees is reduced or ceased.

Differential fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients or New Zealand Wholesale Investors.

mFund

Warning: if you are transacting through mFund your stockbroker or accredited intermediary may charge you additional fees (see their Financial Services Guide).

Example of annual fees and costs for the Fund

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

EXAMPLE – Flinders Emerging Companies Fund - Class B		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
Plus Management costs Comprising:	1.76% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$870 each year comprising:
Management fees:	1.10% p.a.	\$550
Performance fees:	0.64% p.a.	\$320
Equals Cost of Fund		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: \$870* What it costs you will depend on the fees you negotiate.

This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

The performance fees stated in this table shows the actual performance fees for the financial year ended 30 June 2021 as a percentage of the Fund's average NAV. The performance of the Fund, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Fund or the amount of the performance fees in the future. See also above (next to the heading "Performance fees") our estimated typical ongoing performance fees fee payable per annum. The actual indirect costs and performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Fund, visit www.flindersinvest.com.au. Past performance is not a reliable indicator of future performance.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on account balances.

Further reading...

You should read the important information in the Reference Guide about:

- Performance fee example

under the “Additional information on fees and costs” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

Warning: Investing in a registered managed investment scheme (such as the Fund) is likely to have tax consequences. You are strongly advised to seek your own professional tax advice about the applicable Australian tax (including income tax, GST and duty) consequences and, if appropriate, foreign tax consequences which may apply to you based on your particular circumstances before investing in the Fund.

The Fund is an Australian resident for tax purposes and does not generally pay tax on behalf of its investors. Australian resident investors are assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled or, where the Fund has made a choice to be an Attribution Managed Investment Trust (“AMIT”) and the choice is effective for the income year, are attributed to them.

Further reading

You should read the important information about Taxation under the “Other important information” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

8. How to apply

To invest please read this PDS, Target Market Determination and the Reference Guide, complete the Application Form accompanying this PDS. Send funds (see details in the Application Form) and your completed Application Form to:

Citi Unit Registry – Warakirri Asset Management
GPO Box 764
Melbourne, VIC 3001
Australia

Alternatively complete the online application available at www.flindersinvest.com.au. If you choose to apply for units in the Fund online you will be required to register, confirm your acceptance of the terms and conditions, and download a copy of this PDS prior to proceeding. The online application includes the option of completing your AML and KYC requirements online and submitting the application directly using an electronic signature.

If applying via mFund you will need to provide the application money directly to your licensed broker.

Please note that cash and cheques cannot be accepted and all applications must be made in Australian dollars.

Who can invest?

Eligible persons (as detailed in the ‘About this PDS’ section) can invest, however individual investors must be 18 years of age or over.

Investors investing through an IDPS should use the application form provided by their IDPS Operator.

9. Other information

Consent

The Investment Manager has given and, as at the date of this PDS, has not withdrawn:

- its written consent to be named in this PDS as the investment manager of the Fund; and
- its written consent to the inclusion of the statements made about it which are specifically attributed to it, in the form and context in which they appear.

The Investment Manager has not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. None of the Investment Manager nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which they have provided their written consent to Warakirri for inclusion in this PDS.

mFund Settlement Service

You must use a mFund accredited and licensed broker to facilitate your transactions on mFund. Your chosen broker may charge you additional fees which are not outlined in Section 6 of this PDS.

Further reading

You should read the important information in the Reference Guide about:

- Your privacy;
- The Constitution;
- Anti-Money Laundering and Counter Terrorism Financing (“AML/CTF”);
- Cooling off period;
- Complaints resolution;
- Indirect Investors;
- Information on underlying investments;
- Foreign Account Tax Compliance Act (“FATCA”); and
- Common Reporting Standard (“CRS”),

under the “Other important information” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.