

## Product Disclosure Statement

6 February 2020

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### Issuer and Responsible Entity

The Trust Company (RE Services) Limited  
(RE, we, us or our), part of the Perpetual Group  
ABN 45 003 278 831 | AFSL No 235150  
Level 18, 123 Pitt Street, Sydney NSW 2000  
Phone: +61 2 9229 9000 | Web: [www.perpetual.com.au](http://www.perpetual.com.au)

### Investment Manager

Fairlight Asset Management Pty Ltd  
(Fairlight, Investment Manager)  
ACN 628 533 308 | AFSL No 247293  
Corporate Authorised Representative No 1277649  
Level 32, 200 George Street, Sydney NSW 2000  
Phone: +61 2 8231 6486 | Email: [hello@fairlightam.com.au](mailto:hello@fairlightam.com.au)  
Web: [www.fairlightam.com.au](http://www.fairlightam.com.au)

### Custodian and Administrator

Mainstream Fund Services Pty Ltd (Mainstream)  
ACN 118 902 891  
GPO Box 4968, Sydney NSW 2001  
Phone: +61 2 8259 8888 | Fax: +61 2 9251 3525  
Email: [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)  
Web: [www.mainstreambpo.com.au](http://www.mainstreambpo.com.au)



### Important information

This Product Disclosure Statement (PDS) is issued by the RE of the Fund and is a summary of significant information about the Fund. The PDS contains a number of references marked with the symbol “✳” to indicate important additional information contained in the Reference Guide which forms part of this PDS. You should consider the information contained in this PDS before making a decision about the Fund. The information in this PDS is general information only and does not consider your personal financial situation or needs. Before investing, you should obtain financial advice tailored to your personal circumstances.

Information in this PDS is subject to change. Information that is not materially adverse to investors will be updated on [www.fairlightam.com.au](http://www.fairlightam.com.au) or you can call 02 8231 6486 to obtain a paper copy of the PDS (including any materials incorporated by reference) or any updated information free of charge. If the change is materially adverse to investors, we will notify affected investors and replace this PDS.

This PDS is also available to investors who invest through an IDPS (such as a master trust or wrap account). Different conditions may apply to such investors so please refer to Section 2 “How the Fund works” and “Investing via an IDPS”. This PDS is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. All references to time and to business days are to Sydney time and Sydney business days. All references to \$ amounts are to Australian dollars. All fees and costs are quoted inclusive of GST and are net of any reduced input tax credits (RITC).

Neither the RE nor Fairlight promise that you will earn any return on your investment or that your investment will gain or retain its value. No company other than the RE and Fairlight make any statement or representation in this PDS.

New Zealand investors should refer to Part C Additional information for New Zealand investors in our Reference Guide. All references to \$ or amounts are to Australian dollars.

# 1. About the Trust Company (RE Services) Limited

## Responsible Entity

The RE is a wholly owned subsidiary of Perpetual Limited ABN 86 000 431 827. Perpetual has been in operation for approximately 130 years and is an Australian public company that has been listed on the ASX for over 50 years. The RE is responsible for the operation of the Fund and ensuring that the Fund operates in accordance with the Corporations Act 2001 (Act), the Fund constitution (Constitution) and general law.

The RE has the power to delegate certain of its duties and has appointed Fairlight as the Investment Manager of the Fund to implement the Fund strategy and make all investment decisions. The RE has also appointed Mainstream as the independent custodian and administrator of the Fund's assets. Mainstream's role as custodian is limited to holding the assets of the Fund as the RE's agent. Mainstream has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

The RE in its discretion, may appoint and change the custodian and administrator from time to time or appoint additional service providers.

## Investment Manager

Fairlight is an authorised representative of Perennial Value Management Limited ABN 22 090 879 904, AFSL 000247293 and is appointed as the Investment Manager of the Fund. Fairlight was established in 2018 and is an independent, global small and mid cap equity specialist. Fairlight uses its resources, experience and expertise to manage the Fund.

# 2. How the Fairlight Global Small and Mid Cap Fund works

## What do you invest in?

The Fund comprises assets which are acquired in accordance with the Fund's investment strategy. When you invest in the Fund your money (together with all other investors' monies) is invested in assets. The total value of the assets is divided into 'units'. This means your interests in the assets of the Fund, subject to liabilities, are represented by units. However, it does not give you the right to any particular asset of the Fund. Certain rights (such as the right to any income) attach to your units. You may also have obligations in respect of your units.

The Fund's Constitution allows the RE to issue more than one class of units and each separate class may have different rights attached to the units. The Fund currently offers investment in four classes of units. This PDS is for investment in units other than Foundation class of units, which includes the Currency Unhedged class and Currency Hedged class. The Currency Hedged class aims to mitigate the effect of a strengthening or weakening currency on your investment returns.

## Units

Each unit has a value which we calculate daily in accordance with the Constitution by dividing the net asset value of the Fund by the number of units on issue, adjusted for transaction costs, all as relating to the particular class of units. When you invest, we issue you a number of units depending on the amount you invest, subject to fees and costs. Similarly, when you withdraw from the Fund, we calculate your withdrawal proceeds by reference to the number and value of units you hold at the time of withdrawal. Generally, the price of units will vary as the market value of assets in the Fund rises or falls.

## Investing and withdrawing

To invest in the Fund, use the application form accompanying this PDS. Applications are subject to client identification procedures that we and the Administrator consider necessary to satisfy obligations under the relevant anti-money laundering and counter terrorism legislation, being completed. We are not bound to accept an application.

The following minimum transactions, balance requirements and processing rules generally apply (although we may vary or waive them at our discretion and without notice):

Minimum initial investment	\$20,000
Minimum additional investment	\$10,000
Minimum withdrawal	\$10,000
Minimum balance	\$10,000
Unit pricing frequency	Each business day.
Applications/withdrawals processing	If Mainstream receives your correctly completed application and monies or a correctly completed withdrawal request before 2pm on any business day, then they are generally processed on the same day using the unit price effective for that day. If your request is received after this time, or on a non-business day, it is treated as having been received before 2pm the next business day.

## Distributions

Distributions are generally paid annually at 30 June and are reinvested in full (unless you indicate otherwise on the application form, in which case the amount will be paid out entirely to you directly to your financial institution account nominated on your application form). Any distributions reinvested are reinvested at the ex-distribution mid-price.

We generally calculate income distributions based on the Fund's net income at the end of the distribution period divided by the number of units on issue in the class of units you hold. The amount of your income distribution is paid to you in proportion to the number of units held

by you in that class on the last day of the distribution period. Distributions are likely to be variable. We intend to distribute all taxable income to investors each year, including any taxable capital gains. Distributions may also carry imputation or other tax credits. Distributions to non-residents may incur withholding tax.

All distributions are paid in Australian dollars. If you do not have a valid Australian financial institution account on file, the income distributions will be reinvested. Distributions will not be paid by cheque. If investing through an IDPS, other conditions may apply and you should consult the IDPS terms and conditions.

### Investing via an IDPS

When you invest via an IDPS, it is the IDPS operator who becomes the investor in the Fund (not you). It follows that the IDPS operator has the rights of an investor and can exercise them (or not) in accordance with their arrangements with you. This means for example, that you generally cannot vote on units held in the Fund and you do not have cooling off rights in respect of any units held in the Fund. Speak with the IDPS operator to determine whether any cooling off rights are available to you through the service. Relevant references to “you” (for example, keeping you informed of material changes) are references to the IDPS operator or its custodian as the holder of the units.

We are not responsible for the operation of any IDPS through which you invest. Indirect investors complete the application forms for the IDPS and receive reports from that operator, not from us. The minimum investment, balance and withdrawal amounts may be different. You should also take into account the fees and charges of the IDPS operator as these will be in addition to the fees paid in connection with an investment in the Fund. You can however still rely on the information in this PDS. In addition to reading this PDS, you should read the document that explains the IDPS (called a “Guide” or PDS).

### Investing through mFund

While the Fund is admitted as an mFund product, you will be able to make application and withdrawal requests through mFund by placing a buy or sell order with approved ASX brokers or your financial adviser who uses a stockbroking firm on your behalf. Cut-off times for placing an application or withdrawal request via mFunds is 11.15am (Sydney time), on a Business Day. Go to Section 2, “Transactions via mFund”, of the Reference Guide, which forms part of this PDS, for further information. Units will be issued to the nearest 3 decimal points.

### Delays

If we receive a correctly completed withdrawal request before 2pm (Sydney Time) on a Business day and your withdrawal request is accepted, you will receive the Withdrawal Price calculated for that Business day, and then pay funds to your account generally within 7 business days but may take longer in some circumstances (for example, up to 15 business days if withdrawals are processed close to 30 June). In certain circumstances, such as a freeze on withdrawals or where the Fund is not liquid (as defined in the Act), you may have to wait a longer period of time before you can withdraw your investment. If the Fund is not sufficiently liquid then you will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Fund Constitution and the Act.

### Compulsory withdrawals

In some circumstances we may also compulsorily withdraw your units, for example, where we suspect that a law prohibits you from being an investor in the Fund.



You should read the following important information before making a decision to invest in the Fund: Part A: How the Fairlight Global Small & Mid Cap Fund works. Go to Part A of the Reference Guide available at [www.fairlightam.com.au](http://www.fairlightam.com.au). Note the information may change between the time when you read this PDS and when you acquire or dispose of the product.

## 3. Benefits of investing in the Fairlight Global Small and Mid Cap Fund

### Significant features

The Fund is an international equities fund, targeting undervalued small and mid capitalisation securities on the world’s stock markets. Global small and mid cap companies are the largest investment universe with the least amount of broker research coverage. Historically, global small and mid cap companies have generally outperformed global large cap companies over the long term.

The Fund’s goal is to produce superior long-term returns, generally from a portfolio of 30–40 businesses with market capitalisations between US\$500m and US\$20bn. The Fund’s investment objective is to outperform the MSCI World Small & Mid Cap Index (Net) in Australian dollars over a rolling 7-year period. This investment objective is not a forecast and returns are not guaranteed. See Section 5 “How we invest your money” for more information.

### Significant benefits

Fairlight aims to achieve capital growth in the value of your investment as well as income. Investing in the Fund offers you a range of features and benefits including but not limited to:

- access to the investment experience and expertise of the Fairlight investment team;
- your money is managed by investment professionals, which allows access to investment opportunities you may not be able to access or manage on your own;
- exposure to an international portfolio of securities and currencies, which may offer diversification benefits to your overall investment portfolio; and
- clear legal rights through the Fund’s Constitution and a robust corporate governance structure.

## 4. Risks of managed investment schemes

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest risk level of losing money on a short-term view. Investment in the Fund is subject to investment risk, including possible delays in repayment and the loss of income or capital invested.

It is important you assess the risks and your own financial position to determine whether any managed fund (including the Fund) is suitable for you. The value of assets in the Fund and the level of return will vary over time. Neither Fairlight nor the RE, either together or separately, or their respective associates or related bodies corporate, guarantee a return on your investment, or that your investment will gain in value or retain its value, or that the Fund will meet its investment objectives. Neither do any of these persons or entities, guarantee any particular taxation consequences of investing in the fund. Past returns do not guarantee future returns. You may lose some or all of your invested capital.

The level of risk for each person will vary depending on a range of factors, including age, investment time frames, where other parts of your wealth are invested and your risk tolerance. These risks can be managed but cannot be completely eliminated.

The significant risks of the Fund include:

**Fund Risk:** Like all managed funds, there is the risk the Fund could terminate (for example, at a date we decide), fees and expenses could change (although we would always give you at least 30 days' notice if fees were to increase), we could be replaced as responsible entity and our management and staff could change. Investing in the Fund may give different results than investing individually because of accrued income or capital gains and the consequences of others investing and withdrawing. Further, the Fund issues four classes of units and may issue further classes in the future. The assets and liabilities of the Fund are attributed to the relevant classes and are administered separately so the unit price, fees and performance of each class is independent of each other. However, legally the assets and liabilities of a particular class are the assets and liabilities of the Fund as a whole. As such, if a particular class were to suffer an adverse financial event, in the event the Fund is terminated it is possible that all classes of units may be affected.

**Market Risk:** Movements in financial markets due to economic, technological, political or legal conditions, interest rate movements and even market sentiment, can (and do) change, resulting in the value of the Fund's underlying assets, and the value of your investment, moving up or down.

**Liquidity Risk:** Investments may become illiquid making it difficult to acquire or dispose of them at the prices quoted on exchanges or readily convert them to cash. The Fund's inability to dispose of investments may, from time to time, limit its ability to meet withdrawal requests within required timeframes. Further, large withdrawals might result in the Fund being required to sell assets at a loss in an unfavourable market. Units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.

**International Investment Risk:** The Fund will invest in companies listed on overseas exchanges which will give rise to foreign currency exposure. The relative strength or weakness of the Australian dollar against other currencies will affect the Fund's performance as expressed in Australian dollars. Fairlight may, but is not obliged to, mitigate currency risk by using FX contracts to hedge the Fund against currency fluctuations as it determines. The Fund may have less protection under laws outside of Australia, and any investments in emerging markets may be more volatile than investments in more developed countries.

**Underlying Investment Risk:** The value of the Fund's assets and liabilities may increase or decrease. The Fund invests in the securities of smaller to medium size companies by market capitalisation, and these securities may have a more limited market and /or have greater price volatility than that of a larger company. There is no guarantee that the Fund's asset allocation strategy and individual investment selections will provide positive investment performance at all stages of the investment cycle.

**Concentration Risk:** The Fund's typical holdings of 30-40 securities represents a relatively high investment concentration of assets in a limited number of stocks, or in a limited number of sectors or industries. The lower number of securities may cause the value of the Fund's investments to be more affected by any single adverse economic, political or regulatory event than a more diversified or less concentrated investment.

**Currency Hedging Risk (Hedged Classes):** Although the Fund's foreign currency exposure is hedged, the hedge may not provide complete protection from adverse currency movements. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. The foreign currency exposure of the Fund will be hedged back to Australian dollars.

**Derivative Risk (Hedged Classes):** Forward foreign exchange contracts are utilised to hedge the Fund's foreign currency exposure. The contracts are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that the Fund has unrealised gains in such instruments or has deposited collateral with its counterparty(ies) the Fund is at risk that a counterparty to a transaction may become bankrupt or may otherwise wholly or partially fail to perform their contractual obligations under the contract.

**Conflict of Interest Risk:** Fairlight may be the Investment Manager of other funds not described in this PDS and entities within the 'Perpetual Group' (comprising Perpetual Limited and its subsidiaries, including the RE) may act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts. The Investment Manager and Perpetual Group have implemented policies and procedures to identify and where possible mitigate or avoid conflict.

**Interest Rate Risk:** The capital value or income of a security held by the Fund may be adversely affected by interest rate movements.

**Service-Provider Risk:** The RE has appointed the Investment Manager, Custodian and Administrator of the Fund. We are satisfied that these providers have in place adequate internal controls. This reliance on external service providers may present a risk if they default in performing their obligations, potentially causing break down in operations, a loss to the Fund and requiring us to seek an alternative supplier. Further, losses can be incurred if a counterparty (such as a broker) defaults on their contractual obligations or experiences financial difficulty.

**Investment Manager Personnel Risk:** The skill and performance of Fairlight as Investment Manager can impact the Fund's investment returns. Changes in Fairlight's key personnel and resources may also have an impact on the Fund.

**Political and Regulatory Risks:** The value of the Fund's assets may be affected by uncertainties such as international and national political developments, changes in government policies, changes in taxation, changes in regulation and laws affecting registered managed

investment schemes, changes in generally accepted accounting policies or valuation methods, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries of origin. Fund assets located overseas may have less protection under laws outside of Australia.

**Cyber Risk:** There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of the Responsible Entity and its agents.

**Foreign Account Tax Compliance Act ('FATCA') Risk:** The Fund intends to be treated under Australian FATCA Rules as a Reporting Financial Institution or a trustee-documented trust, and is not expected to be subject to a 30% FATCA withholding tax on US sourced income. However, this cannot be assured given the complexity of the Australian FATCA Rules.

**mFund registration risk:** While the Fund is an mFund product, if you invest via mFund, then you may be exposed to some additional counterparty risks. Losses can be incurred if a counterparty fails to deliver on its contractual obligations, experiences financial difficulty or abandons the mFund settlement service. You may incur loss through exposure to a counterparty. In addition, there is some risk that the ASX may suspend or revoke the admission of the Fund to the mFund settlement service, that the ASX systems could fail, or that there could be errors in connection with the system. As a result investors may experience delay in processing applications or redemptions.

## 5. How we invest your money

The table below shows a summary of the Fund's investment profile:

Fund description	The Fund will invest in a portfolio of global small and mid capitalisation companies drawn from international equity markets outside Australia.		
Currency Unhedged	Class A		
Investment return objective	The Fund aims to achieve annualised returns in excess of the benchmark after all fees and expenses measured over a market cycle, which we consider to be 7 years. Returns are not guaranteed.		
Benchmark	MSCI World SMID Cap Index (AUD)(Net).		
Currency Hedged	Class H		
Investment return objective	The Fund aims to achieve annualised returns in excess of the benchmark after all fees and expenses measured over a market cycle, which we consider to be 7 years hedged for foreign currency exposure. Returns are not guaranteed.		
Benchmark	MSCI World SMID Cap Index (AUD) (Net) (Hedged).		
Fund's investments and asset allocation	The Fund will hold international stocks. The portfolio allocation will generally be:		
	Assets	Min	Max
	Listed securities (or to be listed) on international exchanges*	80%	100%
	Cash or cash equivalents including short term money market instruments.	0%	20%
	* Includes the value of FX contracts for hedged classes.		
	The Fund takes a bottom up approach to investing with deep fundamental research of both the quantitative and qualitative aspects of investee companies. The Fund is benchmark unaware as the Investment Manager believes this unconstrained approach allows maximum flexibility to pursue attractive risk adjusted investments. The intention of the Fund is to hold high quality businesses that generate attractive returns on capital employed through a full market cycle with low levels of debt, managed by competent executive teams that are highly aligned.		
	In addition, FX contracts may be used to hedge the currency exposure of assets held by the Fund in one currency, against movement in other currencies, including but not limited to the Australian dollar.		
Recommended minimum investment period	5–7 years.		
Borrowing	Nil. The Fund will not short sell any securities or leverage the assets of the portfolio.		
Risk	High. This Fund has been assigned a 'higher risk' designation based on its exposure to a diversified global portfolio of small and mid cap markets equities. This grading is not intended to be a guarantee of any actual level of risk or an indication of likely returns.		
Suitability	The Fund is generally suited for persons seeking long-term capital growth and those who can tolerate a high level of risk. You should speak with your financial adviser before investing in the Fund.		
Labour and environmental, social or ethical considerations	The Investment Manager does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments.		

Any of the above details could change at any time and without notice. Where we consider the changes are significant, we will notify you of the changes (and give you 30 days' prior notice where practicable). Other changed information will be made available on the Fund's website at [www.fairlightam.com.au](http://www.fairlightam.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 Responsible Entity or your financial adviser.

### To find out more

If you would like to find out more or see the impact of 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 investment fee calculator to help you check out different fee options.

Information in the following table can be used to compare costs between different managed funds. Generally, fees and costs may be paid directly from your investment returns or from the Fund's assets as a whole.

Type of fee or cost	Amount
<b>Fees when your money moves in or out of the fund<sup>*</sup></b>	
Establishment fee	Nil.
Contribution fee	Nil.
Withdrawal fee	Nil.
Exit fee	Nil.
<b>Management costs<sup>**</sup></b>	
The fees and costs of managing your investment <sup>***</sup>	Management fee: 1.25% pa of the Fund's gross value.
	Administration fee: 0.05% pa of the Fund's gross value.
	Performance fee: 15% of the amount by which the Fund outperforms its benchmark (MSCI World SMID Cap Index Net in AUD), after deduction of other fees and expenses and provided any underperformance from previous periods has been recovered.
	Currency Hedging fee: 0.1% pa of the Fund's gross value.
Indirect costs <sup>*</sup>	Nil.

<sup>\*</sup> Buy-sell spreads apply when you invest in the Fund and when you withdraw from the Fund. See "Additional explanation of fees and costs" for more detail.

<sup>\*\*</sup> All fees are expressed as a percentage of portfolio value of the Fund and are paid from the Fund and include GST net of RITC.

<sup>\*\*\*</sup> The amount of this fee can be negotiated with wholesale clients only, generally those making an investment of \$5,000,000 or more.

\* Any item marked with an asterisk (\*) is an estimate. Please refer to our website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

### Example of annual fees and costs

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

Example: Balance of \$50,000 including a contribution of \$5,000 during the year		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS:</b>		And, for every \$50,000 you have in the Fund you will be charged \$875 each year, comprising:
Management Costs		
1.30% pa comprising		
	1.25% pa Management fee.	\$625
	0.05% pa Administration fee.	\$25
	15% of any outperformance of the benchmark*. Performance fee.	\$225*
<b>EQUALS:</b>		
Cost of the Fund	1.75% pa*	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 \$875* each year.

When calculating management costs in this table, the law says we must assume that the value of your investment remains at \$50,000. We also assume the \$5,000 contribution is made at the end of the first year and that the Fund's unit price does not fluctuate. We assume an outperformance of the benchmark by 3%. However, there is no guarantee that this will be the typical ongoing performance, so the total management costs may vary from the example provided. It is not a forecast of the performance fees in future. Note: The Fund is a new product, and hence fees cannot be calculated based on the fees charged in the past 12 months. The estimated ongoing performance fee that will be payable is 0.45% based on a potential relative return of 3% above the benchmark for the period from 1 July 2017 to 30 June 2018. Management costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions). The example assumes no abnormal expenses are incurred, no service fees are charged and that fees are not individually negotiated. Totals may appear incorrect due to rounding.

Any item marked with an asterix (\*) is an estimate. Please refer to our website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) and use their managed management fee calculator.

### Additional information on fees and costs

**Management fees:** The management fees for the Fund are payable to Fairlight for managing the assets of the Fund. These fees are accrued daily and paid monthly in arrears. Management costs paid out of Fund assets reduce the net asset value of the Fund and are reflected in the unit price. Management fees do not include extraordinary (or abnormal) expenses (if incurred), such as (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, investor meetings and termination and wind up costs. Further, management fees exclude transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through buy/sell spreads).

**Administration fees:** Ordinary expenses, such as the RE fees, administration and custody fees, audit fees and other ordinary expenses of operating the Fund are covered by the administration fee which is capped at 0.05% p.a (including GST).

**Performance fees:** A performance fee of 15% of any outperformance relative to the benchmark (being the MSCI World SMID Cap Index Net in AUD or hedged for Class H), after deduction of other fees and expenses and provided any underperformance from previous periods has been recovered, may apply. Should the absolute performance of the Fund be negative in the period, a performance fee will not apply. The performance fee is accrued daily, reflected in the unit price, and, if payable, paid bi-annually to Fairlight from the Fund's assets.

**Indirect costs:** Indirect costs include fees and expenses arising from any investment that qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs. The Fund's indirect costs are based on the anticipated portfolio for the financial year ahead and are estimated to be nil. This is because the Fund does not intend to invest in any interposed vehicles or use any OTC derivatives. Actual indirect costs for future years may differ where the portfolio composition changes.

**Transactional and operational costs:** Transactional and operational costs include brokerage, settlement costs, bid-offer spreads on investments and currency transactions and any borrowing costs, clearing and stamp duty costs. These are incurred as part of the day-to-day trading of the Fund and as investors move in and out of the Fund.

When you invest in the Fund, Fairlight may buy (and sell) investments, and incur these costs. When you withdraw, Fairlight may sell investments so we can pay your cash to you, and will incur these costs. These costs are also incurred in connection with day-to-day trading within the Fund.

Some of these costs are recovered through the buy/sell spread. A buy/sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the buying/selling of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/ withdrawing units from the Fund. The buy/sell spread is reflected in the buy/sell unit price. Currently, our buy/sell spread is estimated to be 0.25% of the unit price (that is +0.25% on the entry price and -0.25% on the exit price). So if the net asset value of each unit is \$1.00, on entry we adjust the unit price up approximately 0.25% (up 0.25 cents) and on exit we adjust the unit price down approximately 0.25% (down 0.25 cents).

There is no spread payable on reinvestment of distributions. The buy/sell spread is not paid to the RE or Fairlight. Because the buy/sell spread is reflected in the buy/sell unit prices, you won't see transaction costs on any account statement we send you. We may vary the buy and sell spreads from time to time. Updated information on the buy and sell spreads will be posted on [www.fairlightam.com.au](http://www.fairlightam.com.au).

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices, including all transaction costs and the buy/sell spread. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

Our estimate of the total transactional and operational costs for the Fund that may be payable during a financial year is 0.11%. We expect this amount to vary from year to year as it will be impacted by the Fund's volume of trading, brokerage arrangements and other factors. Of this amount, we expect some costs will be recovered through the buy/sell spread. Again, we expect this recovery amount to vary from year to year as it will be impacted by the volume of applications and withdrawals and any changes in the buy/sell spread for the Fund. The net transactional and operational cost is the difference between these two amounts.

Transactional and operational costs estimate	Estimated recovery through buy/sell spread	Net transactional and operational costs estimate
0.11%	0.25%	Nil

**Changes to fees:** All fees can change. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' written notice of any increase to fees where practicable. The constitution for the Fund sets the maximum amount we can charge for all fees. The Constitution also entitles us to charge a management fee of up to 3% p.a. of the Fund's gross value, however, until further notice we are charging less than this maximum. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of investors. Please refer to our website for any updates on our estimates of any fees and costs (including indirect costs and transactional and operational costs) which are not considered to be materially adverse from a retail investor's point of view. Remember, past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

**GST:** Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. The fees outlined in this PDS are inclusive of GST and take into account any RITC that may be available.

**Fees to financial advisers:** Warning: Additional fees may be payable by you to your financial adviser. The Statement of Advice issued by your financial adviser will set out details of those additional fees. We do not pay any commissions to financial advisers. If you invest in the Fund via an IDPS, additional fees may be charged by the IDPS operator for investing in the Fund.

**mFund Fees:** Additional fees may be payable to approved ASX brokers (or your financial adviser who uses a stockbroking service on your behalf) or accessing the Fund through mFund while the Fund is an mFund product. You should consider the Financial Services Guide provided by your ASX broker or your adviser before accessing the Fund through mFund.

## 7. How managed investment schemes are taxed

Investing in a registered managed investment scheme (like the Fund) is likely to have tax consequences and you are strongly advised to seek professional tax advice before investing in the Fund. Registered managed investment schemes (like the Fund) do not pay tax on behalf of members. Members are assessed for tax on any income and capital gains generated by the Fund.



You should read the following important information before making a decision to invest in the Fund, Part B: How managed investment schemes are taxed. Go to Part B of the Reference Guide available at [www.fairlightam.com.au](http://www.fairlightam.com.au).

Note the information may change between the time when you read this PDS and when you acquire the product.

## 8. How to apply

You need to invest at least \$20,000 initially and you will need to maintain a minimum of \$10,000 in your account. Please use the application form accompanying this PDS to apply for units in the Fund. You may complete your application online by going to the Fund's website at [www.fairlightam.com.au](http://www.fairlightam.com.au). We do not earn interest, nor do we pay you interest on, application monies held prior to the time we issue units to you. Additional investments can be made at any time in writing. Generally, the minimum amount for additional investments is \$10,000. For IDPS investors, please consult your IDPS operator about investing.

### Cooling off rights

You have a 14-day cooling off period in which to decide whether the investment is right for you commencing from either the time your first investment is confirmed by us, or the end of the 5th calendar day after units are issued to you – whichever occurs earlier. We are allowed to (and generally do) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. For IDPS investors, you should consult your IDPS operator about any cooling off rights you may have.

### Enquiries and complaints

The RE has established procedures for dealing with complaints. If an investor has a complaint, they can contact the Responsible Entity or the Investment Manager during business hours. The RE will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case, no later than 45 days after receipt of the complaint.

If an investor is not satisfied with the outcome, the complaint can be referred to the Australian Financial Complaints Authority (AFCA) you can contact AFCA on 1800 931 678, or by writing to:

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

The FOS will continue for a further period to deal with any open disputes it has at the commencement date of AFCA.

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) are able to access the RE's complaints procedures outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

## Reference Guide

6 February 2020

ARSN 629 066 913 (FUND) | Class A APIR PIM7802AU | Class H APIR PIM0941AU

### The Trust Company (RE Services) Limited

ABN 45 003 278 831

Australian Financial Services Licence  
(AFSL) No. 235150

The information in this document forms part of the product disclosure statement (PDS) dated 6 February 2020 by the Trust Company (RE Services) Limited (RE) as responsible entity of the Fairlight Global Small & Mid Cap (SMID) Fund ARSN 629 066 913

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### About this reference guide

The information in this Reference Guide forms part of the PDS issued by The Trust Company (RE Services) Limited (RE, we, our or us) as the responsible entity of the Fairlight Global Small & Mid Cap (SMID) Fund (the Fund). Defined terms used in the PDS have the same meaning in this Reference Guide unless stated otherwise. We recommend that you keep a copy of the PDS for the Fund and this Reference Guide for future reference.

The Information in the PDS and this Reference Guide is general information only and has been prepared without considering your personal objectives, financial situation or needs. You should read this Reference Guide together with the PDS (in their entirety) before deciding to invest in the Fund. Before investing, you should obtain financial advice tailored to your personal circumstances.

You can access the PDS and this Reference Guide at [www.fairlightam.com.au](http://www.fairlightam.com.au). We will provide to you a hard copy of the PDS and this Reference Guide free of charge upon request when you contact us at [www.fairlightam.com.au](http://www.fairlightam.com.au).

Contact Details for the RE, Fairlight and Mainstream, the Custodian and Administrator.

The Trust Company (RE Services) Limited (the responsible entity)	Fairlight Asset Management Pty Ltd (Fairlight)	Mainstream Fund Services Pty Ltd
Level 18, 123 Pitt Street, Sydney NSW 2000	Level 32/200 George Street, Sydney NSW 2000	GPO Box 4968 Sydney NSW 2001
Phone: (02) 9229 9000 Web: <a href="http://www.perpetual.com.au">www.perpetual.com.au</a>	Phone: +61 (02) 8231 6486 Email: <a href="mailto:hello@fairlightam.com.au">hello@fairlightam.com.au</a> Web: <a href="http://www.fairlightam.com.au">www.fairlightam.com.au</a>	Phone: (02) 8259 8888 Email: <a href="mailto:registry@mainstreamgroup.com">registry@mainstreamgroup.com</a> Web: <a href="http://www.mainstreambpo.com.au">www.mainstreambpo.com.au</a>

# Part A: How the Fairlight Global Small & Mid Cap (SMID) Fund Works

## Investing and withdrawing

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### Investing in the Fund

To invest in the Fund, complete the application form accompanying the PDS. Additional investments can be made at any time in writing and will generally be processed daily. Any interest earned in the application or distribution account will be retained by the Fund.

If you apply for units in the Fund using electronic means, you accept full responsibility (to the extent permitted by law) for any loss arising from the RE acting upon application forms and supporting documents received by email or fax. You release from and indemnify the RE and its agents for any liabilities arising from the RE or its agents (including the Administrator) acting on application forms and supporting documents received by email or fax, even if those documents are ultimately found to be deficient. You also agree that neither you nor any other person has any claim against the RE and its agents (including the Administrator) in relation to a payment processed, units issued, or other action taken by us if we rely on application forms and supporting documents received by email or fax.

### Withdrawing from the Fund

If you wish to withdraw your units, you must provide a signed Withdrawal Request Form which can be found under the form section of our website.

The RE only accepts scanned or faxed withdrawal requests on the following conditions:

- a. all instructions are legible;
- b. all instructions bear your investor number and signature; and
- c. withdrawal proceeds will only be transferred to the financial institution account previously nominated on the application form originally received from you or otherwise notified to us in writing. (Note that to make any account changes, the RE requires an original authorisation signed by the account signatories).

These terms and conditions are additional to any other requirements for giving withdrawal instructions. To apply to withdraw units in the Fund using electronic means, you must accept full responsibility (to the extent permitted by law) for any loss arising from the RE acting upon faxed or scanned instructions which comply with the above conditions and you also agree to release and indemnify the RE and its agents (including the Administrator) in respect of any liabilities arising from us acting on faxed or scanned instructions even if those instructions are ultimately found to be deficient. You also agree that neither you nor any other person has any claim against the RE and its agents (including Administrator) in relation to units withdrawn, a payment made or action taken by the RE if we rely on documents purportedly from you received by email or fax in accordance with the above conditions. The amount of money you receive is determined by the unit price calculated at the time of the withdrawal request. We can withhold from your account any amounts owed by you. We pay withdrawal proceeds to your bank account; however, we are permitted under the constitution of the Fund to pay proceeds in kind (i.e. in specie).

### Electronic or facsimile instructions

These terms and conditions are additional to any other requirements for investing in and withdrawing from the Fund.

If you apply for units in the Fund or apply to withdraw units in the Fund using electronic means, you accept full responsibility (to the extent permitted by law) and indemnify the RE for any loss arising from the RE acting upon any electronic, faxed or scanned instruction which comply with the above conditions (even if not genuine), the application form and supporting documents, or withdrawal form received by electronic means such as email or fax. You release from and indemnify the RE and its agents (including the Administrator) for any liabilities arising from the RE or its agents (including the Administrator) acting on any instruction, application forms and supporting documents, or withdrawal form received by email or fax, even if those documents are ultimately found to be deficient. You also agree that neither you nor any other person has any claim against the RE and its agents (including the Administrator) for units withdrawn, payments processed, units issued, or other action taken by us if we rely on any instruction or application forms and supporting documents received by electronic means such as email or fax.

## Delays

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We can delay (suspend) withdrawals or applications for such period as considered necessary in our view to protect the Fund or is otherwise in the interests of unitholders as a whole in circumstances including but not limited to:

- a. any relevant financial, stock, bond, note, derivative or foreign exchange market is closed;
- b. trading on any such market is restricted;
- c. an emergency (including an emergency caused by a mechanical or electronic malfunction) exists as a result of which it is not reasonably practicable for the RE to acquire or dispose of the assets or to determine fairly the unit price;
- d. any state of affairs exists as a result of which it is not reasonably practicable for the RE to acquire or dispose of the assets or to determine fairly the unit price;
- e. any moratorium declared by a government of any country in which a significant proportion of the Fund is invested exists;
- f. we receive on any one day a quantity of withdrawal requests representing more than 5% of the value of the investments of the Fund. We can stagger withdrawal payments; or
- g. the Fund terminates or the RE is directed to terminate the Fund.

The Constitution for the Fund sets out the full range of circumstances in which we can delay application or withdrawal of your money

## Compulsory withdrawals

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The RE can also withdraw some or all of your units without your permission including if your account falls below the minimum investment amount or if law requires.

## Transactions via mFund

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While the Fund continues to be admitted to mFund, you may invest in the Fund using an approved ASX broker or through your financial adviser who uses a stock broking service on your behalf, enabling you to transact with the ASX's mFund Settlement Service ("CHESS").

Your ASX broker will process a completed application or withdrawal request for Units through CHESS. CHESS will confirm the order with your ASX broker once it is received and accepted by the Administrative Agent. Correctly completed application or withdrawal requests for Units received by the Administrative Agent will be forwarded by CHESS to your ASX broker for your payment or to receive proceeds, respectively\*. For application or withdrawal requests made through mFund, the payment options will depend on the requirements of the ASX broker.

For application requests, you will need to provide your application money to your ASX broker. The Administrative Agent will calculate and allot new Units in the Fund to your CHESS Holder Identification Number ("HIN"). CHESS will notify your ASX broker of the Unit price and Units allotted. If you are allotted Units (through transfer or certain corporate actions) which are not broker-sponsored, your holding will be issuer sponsored and you will be provided with a security reference number ("SRN"). Please refer to [www.mfund.com.au](http://www.mfund.com.au) for additional information. Note that mFund is not a trading facility and does not facilitate buying and selling between investors on the market.

\* When investing via mFund, any errors made on the application instruction may result in application or withdrawal requests being automatically rejected by the registry system. Any rejected requests will not be processed and will require resubmission.

## Part B:

# How Managed Investment Schemes are taxed

The RE does not provide tax advice. The following tax information provided is of a general nature and is based on current Australian tax laws and interpretation at the date of this Reference Guide as they relate to Australian resident individual taxpayers (unless otherwise stated) who hold their investment on capital account. As the effects of tax on investments can be complex and may change over time, and are dependant on your individual circumstances, it is important that you seek professional tax advice before you invest or deal with your investment.

It is the intention of the Fund to be treated as a flow-through entity for Australian tax purposes. Generally, Australian income tax won't be payable by the Fund if investors are made 'presently entitled' to all of the distributable income of the Fund for an income year. Net income of the Fund that is not made 'presently entitled' to an investor will be subject to tax at the highest marginal tax rate (plus the Medicare levy).

Investors will be assessed for tax in relation to their proportionate share of the Fund's taxable income. Investors may also be entitled to claim tax credits/offsets or have the benefits of some concessions (such as the capital gains tax discount).

We will distribute income and capital gains, if any, shortly after 30 June each year. Distributions may comprise the following components:

- assessable income (like dividends and interest)
- net taxable capital gains (from the sale of the Fund's investments)
- non-assessable amounts (like tax deferred amounts) and
- tax credits/offsets (like franking credits attached to franked dividend income or offsets for tax paid on foreign income).

Additionally, Australian and New Zealand residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units.

We will send you an annual tax statement each year to help you to complete your tax return.

The withdrawal of any money or transfer of units may give rise to a capital gains tax liability or capital loss. Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains discount concession which can reduce any capital gains tax liability by up to one half.

A transfer of units is executed at the Fund's net asset value unit price on the relevant dealing day, and no buy/sell spread is applied. Transferring units may give rise to tax consequences and the RE recommends that you check the tax implications with your tax adviser before sending us a transfer request. Units cannot be transferred from one investor to another person or entity without the RE's prior consent.

If you choose not to provide us with your Tax File Number (TFN) or Australian business number (ABN) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

## Attribution Managed Investment Trust (AMIT)

On 5 May 2016, the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 received Royal Assent, introducing into taxation law the new Attribution Managed Investment Trust (AMIT) regime.

The AMIT regime applies to managed investment schemes that meet the eligibility requirements and that make an irrevocable election to become an AMIT. Under the AMIT regime, the Fund is a flow-through entity that must attribute its taxable income to investors on a fair and reasonable basis so that the Fund itself is not subject to tax.

If the RE makes the irrevocable election for the Fund to operate as an AMIT, the AMIT rules contain a number of provisions that will impact on the taxation treatment of the Fund. Key features of the AMIT regime include:

- an attribution model for determining member tax liabilities, which also allows amounts to retain their tax character as they flow through a MIT to its unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment status under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

The current tax rules will continue to apply unless an election to enter the AMIT regime is made. Reforms to the taxation of trusts are ongoing so investors should seek their own advice and monitor the progress of announcements and proposed legislative changes to assess their impact.

# Part C: Other Information

## Fund performance and size

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If you are interested in up to date performance of the Fund, the latest investment mix of the Fund, current unit price or the current size of the Fund, then ask your financial adviser or go to [www.fairlightam.com.au](http://www.fairlightam.com.au). Your financial adviser will give you paper copies of the information free of charge. You can always call us, our details are at page 1 of this PDS. Again, up to date information is always free of charge.

Past performance is not a reliable indicator of future performance. Returns are not guaranteed.

## Keeping you informed

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We will:

- confirm every transaction you make;
- soon after June each year send you a report to help you complete your tax return;
- each year (around September) make the financial accounts of the Fund available to you on [www.fairlightam.com.au](http://www.fairlightam.com.au);
- send you an annual statement;
- notify you of any material changes to this PDS and any other significant event as required by law; and
- place updated information that is not materially adverse or subject to change from time to time on the Fund's website.
- make information required to be disclosed while the Fund is an mFund on the Manager's website at [www.fairlightam.com.au](http://www.fairlightam.com.au) and via the ASX website at [www.asx.com.au/mfund](http://www.asx.com.au/mfund) via the markets announcement platform on a periodic basis.

While the Fund has 100 investors or more, it will be considered a "disclosing entity" for the purpose of the Act. This means the Fund will be subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or can be inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, in respect of the Fund, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report, but before the date of this PDS.

When the RE becomes aware of material information, we will ensure this will be made available as soon as practicable on [www.fairlightam.com.au](http://www.fairlightam.com.au). If you would like hard copies of this information, call Mainstream on +61 2 8259 8888 and we will send it to you free of charge.

## Consents

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Fairlight and Mainstream have each given, and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning them in the form and context in which they are included. Fairlight and Mainstream do not guarantee the repayment of capital or any particular rate of capital or income return.

## Privacy

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

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

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

Our privacy policy is publicly available at [www.perpetual.com.au](http://www.perpetual.com.au) or you can obtain a copy free of charge by contacting us. Your personal information will also be used in accordance with the Administrator's privacy policy. You may obtain a copy of the Administrator's privacy policy at [www.mainstreamgroup.com.au](http://www.mainstreamgroup.com.au).

If you are investing indirectly through an Investor Directed Portfolio Service (IDPS), we do not collect or hold your personal information in connection with your investment in the Fund (as the IDPS operator becomes the unitholder in the Fund). Please contact your IDPS operator for more information about their privacy policy.

## Anti-money laundering and counter-terrorism financing

In order to meet our obligations under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML Act), taxation or other legislation, we require you to provide the information specified in the application form. We may require further information from you as to identity, residency, the source of your funds and similar matters. Mainstream is required to verify that information by sighting appropriate documentation.

This PDS and Reference Guide may only be used by investors receiving it (electronically or otherwise) in Australia And New Zealand. Applications from outside Australia and New Zealand will not be accepted. In particular, this PDS and Reference Guide does not constitute an offer to sell Units in the United States.

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the RE (AML Requirements), regulate financial services and transactions to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (AUSTRAC). In order to comply with the AML Requirements, the RE is required to, among other matters:

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

The RE and the Administrator as its agent (collectively the Entities) will request such information as is necessary to verify your identity and the source of payments. In the event of delay or failure by you to produce this information, the Entities may refuse to accept an application and the application monies or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities, nor their delegates shall be liable to you for any loss suffered by you as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

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

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- the Entities may from time to time require additional information from you to assist it in this process. The Entities have reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an Entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss you may suffer as a result of their compliance with the AML Requirements.

## Additional information for New Zealand investors

### Warning statement

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand ([www.fma.govt.nz](http://www.fma.govt.nz)). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

#### **Additional warning statement: Currency exchange risk**

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

#### **Additional warning statement: Dispute resolution process**

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

#### **New Zealand disclosures relating to distribution reinvestment**

Distributions from the Fund will be automatically reinvested resulting in additional units being issued to you, unless you have elected otherwise. Units issued as part of a distribution will be allotted in accordance with the terms and conditions set out in the PDS and Reference Guide.

The allotment of Units as part of a distribution described in this PDS is offered to New Zealand investors on the following basis:

- At the time the price of the Units allotted as part of a distribution reinvestment is set, the RE will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Units if the information were publicly available
- The right to acquire, or require the RE to issue, Units as part of a distribution reinvestment will be offered to all investors in the Fund of the same class, other than those who are resident outside New Zealand and who are excluded by the RE so as to avoid breaching overseas laws.
- Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued or transferred on the terms disclosed to investors in this PDS, and will be subject to the same rights as Units issued or transferred to all investors of the same class who agree to receive the Units.

You have the right to receive from us, on request and free of charge, a copy of:

- the most recent annual report of the Fund (if any)
- the most recent financial statements of the Fund (if any) and, if those statements are not audited or reviewed by an auditor, a statement to that effect
- a copy of the auditor's report on those statements (if any)
- the current PDS
- the constitution of the Fund and any amendments to it.

Copies may be obtained electronically online at [www.fairlightam.com.au](http://www.fairlightam.com.au) or through the RE.

Within 30 days of the day on which the units in the Fund are allotted to you, you will be sent a statement of the amount of the distribution and the number of units that have been allotted to you.

The above statements are required pursuant to New Zealand's financial markets legislation. For the avoidance of any doubt, Mainstream will only remit distributions in Australian dollars and to an Australian bank account in the name of the unit holder. You may remit redemptions in Australian dollars to a New Zealand bank account in the name of the unit holder however you may incur an unfavourable currency conversion rate by your bank or financial institution. If you credit NZ dollars to Mainstream's application account you may incur an unfavourable currency conversion rate and you will also have to pay any applicable fees. You can avoid these fees by only crediting Australian dollars.

# US tax withholding and reporting under the Foreign Account Tax Compliance Act (FATCA)

## US Foreign Account Tax Compliance Act

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The Foreign Account Tax Compliance Act (FATCA) is a US tax law which was enacted to improve reporting of US persons' offshore investments to the United States Internal Revenue Service (IRS) and can apply to Australian financial institutions.

In order to comply with FATCA requirements, the Responsible Entity:

- may require you to provide certain information regarding your identification (either at the time an application to invest in the Fund is made or any time after Units are issued to you);
- may undertake certain due diligence procedures to determine your status for FATCA reporting purposes;
- will report required financial information (if any) about relevant investors' investment in the Fund to the IRS via the Australian Taxation Office (ATO) on an annual basis; and
- may withhold tax on US connected payments to non-participating foreign financial institutions.

By making an application to invest in the Fund, you agree to provide the RE with the identification documents and related information that is required, and to promptly notify us of any change to the information you have previously provided, in order for the Responsible Entity to comply with its FATCA obligations.

## Common reporting standard

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The Common Reporting Standard (CRS) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The requirements are similar to those which exist under FATCA, however, the CRS applies to a greater number of countries. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between the tax authorities of the jurisdictions that have adopted CRS legislation. The Australian CRS legislation took effect from 1 July 2017.

As a result, the RE is required to collect certain information about foreign tax residents and provide it to the ATO. Further, the ATO may pass this information onto tax authorities in other jurisdictions.

By making an application to invest in the Fund, you agree to provide the RE with the identification documents and related information that is required, and to promptly notify us of any change to the information you have previously provided, in order for the RE to comply with its CRS obligations.

## Glossary

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Unless otherwise defined, the following terms used in the PDS and Reference Guide have the following meaning:

**Administrator or Custodian or Mainstream** means Mainstream Fund Services Pty Ltd ABN 81 118 902 891 AFSL 303253.

**gross value of the Fund or Fund's gross value** means the aggregate value of all of the Fund assets.

**IDPS** means an investor directed portfolio service, such as an investment platform.

**liquid** means where the Fund's liquid assets account for more than 80% of the value of the assets and liquid assets include cash, marketable securities and any other asset which the RE reasonably expects can be realised for its marketable value within the period specified in the Fund's Constitution for satisfying withdrawal requests.

**mid-price** means the unit price determined by the Administrator which does not include any buy/sell spread and the **ex-distribution mid-price** means the mid-price first calculated after the end of a distribution period excluding Fund income for the period.

**units** means units in the fund.

**you, your or investor** refers to a person applying for a unit in the Fund or a unitholder.