

Kapstream Wholesale Absolute Return Income Fund

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Additional Information booklet
1 March 2017

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 The information in this document forms part of the **Kapstream Wholesale Absolute Return Income Fund Product Disclosure Statement (PDS)** dated 1 March 2017.

Glossary

Direct Investor	Investors accessing the Fund through Fidante Partners. Also referred to as you, your, unitholders.
Fidante Partners	Fidante Partners Limited, we, us, our, Responsible Entity.
Indirect Investor	Investors accessing the Fund through an IDPS or IDPS-like scheme.
IDPS	Investor Directed Portfolio Service, master trust or wrap account.
mFund Investor	Investors accessing the Fund through the mFund Settlement Service.
mFund	mFund Settlement Service.

References in this document to the **Kapstream Wholesale Absolute Return Income Fund** or the **Fund** are to the wholesale class of units in the Kapstream Absolute Return Income Fund. No other class of units in the Kapstream Absolute Return Income Fund is offered in this document. Except as otherwise stated, defined terms in this document have the same meanings as set out in the PDS. Investment through mFund Settlement Service is currently only open to individuals and self managed super funds (SMSFs).

Contact details

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Mail	Fidante Partners Reply Paid 86049 Sydney NSW 2001
Website	www.fidante.com.au

This document is issued by Fidante Partners Limited (ABN 94 002 835 592, AFSL 234668). In preparing the information contained in this document we did not take into account your particular investment objectives, financial circumstances, or needs. As investors' needs and aspirations differ, you should consider the applicable PDS and whether investing in this Fund is appropriate for you in light of your particular objectives, financial circumstances or needs. You should also obtain independent advice before investing, particularly about individual matters such as taxation, retirement planning, and investment risk tolerance.

Additional information about investing

Initial Investments

You can access the Fund:

- As a Direct Investor – by completing the relevant Application Form
- As an mFund Investor via mFund Settlement Service (mFund) – through your broker with whom you have a broker sponsorship agreement
- As an Indirect Investor – through your IDPS operator

Direct Investors

Details of how to make your initial investment are outlined in '8. How to apply' in the PDS. Once you have made your initial investment in the Fund, you can make additional one-off investments and/or regular monthly investments via the Regular Savings Plan.

mFund Investors

You will receive identical units and have the same rights as Direct Investors.

For mFund investors, initial investments can be made by placing a 'buy order' for units in the Fund through your nominated broker with whom you have a broker sponsorship agreement. You will have to advise your broker that you agree to use the mFund Settlement Service and have read the PDS and any additional important information.

Your broker will process your order using mFund. Your payment will come out of your relevant broking account.

This Fund is currently only open through the mFund Settlement Service to individuals and SMSFs.

Indirect Investors

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

Additional one-off investments

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

Direct Investors

For direct investors, additional investments can be made via direct debit, electronic funds transfer, or cheque. If making your additional investment via direct debit, you will need to complete the relevant direct debit facility section on the Additional Investment Form.

All direct debits are subject to the Direct Debit Request Agreement attached to the Additional Investment Form. The Additional Investment Form is available on our website and contains details of how to make payments via electronic funds transfer.

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

- your account number;
- the full name(s) in which your investment account is held;

- the amount you wish to invest; and
- a daytime telephone number.

mFund Investors

For mFund investors, additional investments can be made by placing a 'buy order' for units in the Fund through your nominated broker with whom you have a broker sponsorship agreement. You will have to advise your broker that you agree to use the mFund Settlement Service and have read the PDS and any additional important information.

Your broker will process your order using mFund. Your payment will come out of your relevant broking account.

This Fund is currently only open through the mFund Settlement Service to individuals and SMSFs.

Indirect Investors

You must complete the documentation which your IDPS operator requires.

Regular Savings Plan

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

Direct Investors

To start an RSP, simply complete the relevant sections of the relevant Application Form available from www.fidante.com.au.

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

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

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

mFund Investors

The RSP facility is not available to mFund investors.

Indirect Investors

You must complete the documentation which your IDPS operator requires.

Incomplete or rejected application forms

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

Monies will generally be held on trust for a maximum period of 30 days in a non-interest bearing account commencing on the day we receive the monies. After this period, your funds will be returned to the source of payment. Once we receive your completed application form, the monies held will be divided by the next determined unit price to calculate the number of units allocated to you.

Direct Investors

To ensure that your application is processed efficiently, you need to complete all sections of the application form and provide all customer identity verification documents required under the Customer Identification Program. Please refer to 'Customer Identification Program' below.

If your application form is not complete and we are not able to proceed with your request, we may:

- attempt to contact you and/or your financial adviser; or
- hold your application monies in a non-interest bearing account until we receive the required information.

mFunds Investors

Incomplete or rejected applications will be returned to your broker.

Indirect Investors

Incomplete or rejected applications will be returned to your IDPS operator.

Customer Identification Program

Direct Investors

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

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

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

Identity verification documents

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

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

To reduce uncertainty around releasing funds to third party accounts, when we receive withdrawal requests we may delay the release of money until we gain comfort around the request for withdrawal, including the identity of the third party account.

Who can certify

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

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

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

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

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

mFund Investors

mFund Investors should refer to their broker who is responsible for their customer identification program.

Indirect Investors

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

Additional information about withdrawing

How to make a withdrawal

Direct Investors

Direct Investors can request a withdrawal by telephone or fax (refer to 'Telephone and fax instructions' in this document) or in writing. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement. If you make your withdrawal request by telephone or fax, we can make your withdrawal payment to a previously nominated bank account we have on file.

If you provide us with an appropriately signed, original written request, then in addition to the payment methods set out above, we can also make payments by direct credit to other bank accounts not on file with us.

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

- your account number;
- the full name(s) in which your investment account is held;
- the amount (dollar or units) you wish to withdraw;
- how and to whom you would like us to make the payment; and
- a daytime telephone number.

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

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

mFund Investors

If you wish to sell your units in the Fund, please place a 'sell order' for units in the Fund through your nominated broker with whom you have a broker sponsorship agreement. Your broker will use the mFund Settlement Service to process your order.

Payments will be paid to your relevant broking account.

Indirect Investors

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

Processing your withdrawal

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

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

Generally, if the payment for your withdrawal is returned to us and remains outstanding for 1 month, we may reinvest the proceeds in the Fund. Any reinvestment of a withdrawal amount will be processed using the investment unit price current at the time of the reinvestment transaction. For more information on unit prices, refer to 'How unit prices are calculated' below.

We may determine that some or all of the withdrawal amount consists of income (which may include net capital gains), rather than capital of the Fund.

We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred. We can provide you with a full transaction history of your account for this purpose.

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

Where we give notice to affected unitholders we can compulsorily withdraw investor units.

Delay of withdrawal payments

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

Withdrawals may also be delayed in the following circumstances:

- under the Fund's constitution, we have 30 days to pay withdrawals

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

Where multiple delays are applicable, timeframes may apply cumulatively.

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

Suspending withdrawals

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

- it is impracticable for us to calculate the Fund's net asset value (and hence unit prices);
- we reasonably estimate that we must sell 5% or more (by value) of all the Fund's assets to meet withdrawals;
- there have been, or we anticipate there will be, withdrawal requests that will require us to realise a significant amount of the Fund's assets and this may either place a disproportionate expense or capital gains tax burden on remaining investors or impact negatively on the price we would achieve in selling the Fund's assets;
- we reasonably consider it to be in the interests of investors to do so; or
- the law otherwise permits.

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

Spreading withdrawals

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

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

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

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

If the Fund becomes illiquid

If the Fund is not liquid (as defined in the Corporations Act 2001 (Cth)) unitholders would only be able to withdraw from the Fund if we made an offer of withdrawal. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make such an offer.

Under the Corporations Act 2001 (Cth), the Fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the Fund. Liquid assets generally include money in an account or on deposit with a bank, bank-accepted bills, marketable securities and property of the kind prescribed under the Corporations Act 2001(Cth).

Additional information about transactions

mFund Settlement Service

mFund is a settlement service developed by the Australian Securities Exchange (**ASX**). It is an electronic processing system for settling transactions of unlisted managed funds through the Clearing House Electronic Subregister System (**CHES**) and is designed to replace the traditional paper application process for unlisted managed fund transactions. This Fund is currently only open through the mFund Settlement Service to individuals and Self-Managed Super Funds (**SMSFs**).

Transferring ownership

Direct Investors

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

Please contact us for further information about transferring units.

mFund Investors

Transfers are not currently available to mFund investors.

Indirect Investors

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

Transaction cut-off times

Direct Investors and mFund Investors

Generally, if your valid investment or withdrawal request is received in our Sydney office before 3.00pm Sydney time on a New South Wales business day (referred to as the transaction cut-off time), it will usually be processed using the unit price determined as at the close of business on that day. If your valid investment or withdrawal request is received after the transaction cut-off time, or on a non-business day, it will usually be processed using the applicable unit price calculated as at the close of business on the next business day.

Indirect Investors

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

Telephone and fax instructions

Direct Investors

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

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

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

In the case of joint holdings, superannuation funds, trusts and companies additional processes may apply, and any investor or director who signs the application form may request a telephone withdrawal. If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change your previously nominated bank account details. Should you not wish to use these facilities, we must receive an original, signed, written request to cancel them. Cancellation will be effective from the end of the second business day after receipt of this request.

We may cancel or vary these requirements by giving you notice in writing. By sending us a fax or making a telephone withdrawal, you signify that you understand these requirements.

mFund Investors

You should contact your nominated broker for information regarding how to transact.

Indirect Investors

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

Changes to permitted transactions

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

How unit prices are calculated

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day. The calculation of both the investment unit price and the

withdrawal unit price is based on the net asset value (**NAV**) adjusted by the buy/sell spread. For information on buy/sell spreads, refer to 'Buy/sell spreads' in this document.

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

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

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

Where we receive a valid transaction request before the transaction cut-off time of 3.00pm (Sydney time) on a NSW business day, the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as 'forward pricing'.

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

We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will exercise any discretions in relation to unit pricing (such as, for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are also required to record details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling us.

Additional information about distributions

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

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

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

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

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

Generally, if any distribution payments are returned to us and remain outstanding for a period of 1 month, we may reinvest those distributions and amend your future distribution method to reinvest. Any reinvestment of an unclaimed or returned distribution will be processed using the investment unit price current at the time of the reinvestment transaction.

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

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

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

Direct Investors

Please mail us an original, signed, written request.

mFund Investors

Please contact your nominated broker for the documentation required.

Indirect Investors

Please contact your IDPS operator for the documentation required.

Monitoring your investment

Direct Investors

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

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

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

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

As the Fund is a 'disclosing entity' under the Corporations Act 2001 (Cth), it is subject to regular reporting and disclosure obligations.

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

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

Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

mFund Investors

Please contact your nominated broker for information regarding your investment in the Fund.

Indirect Investors

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

Keeping us informed

Direct Investors

Our records about you are important.

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

mFund Investors

As an mFund Investor, you should notify your nominated broker of any changes to your personal details.

Indirect Investors

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

What happens if you choose not to disclose certain information?

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

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

For Australian resident investors, if you choose not to disclose your TFN, TFN exemption or ABN, we have to deduct tax at the highest marginal tax rate plus Medicare levy (and any other levies we are required to deduct, from time to time) from distributions we pay you (refer to 'Tax File Number' in this document).

Up-to-date information about the Fund

You can obtain up-to-date Fund performance, actual asset allocations and Fund size information by contacting your financial adviser or nominated broker, visiting our website, or calling us.

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

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

How the Fund is governed

The Fund's constitution, together with the Corporations Act 2001 (Cth) and other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the Responsible Entity and unitholders.

The constitution

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

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

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

Unitholders can inspect a copy of the constitution at our head office or we will provide them with a copy free of charge.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law) we must obtain unitholder approval at a meeting of unitholders. We may retire or be required to retire as Responsible Entity if unitholders vote for our removal.

Termination

The constitution, together with the Corporations Act 2001 (Cth), governs how and when the Fund may be terminated. We may terminate the Fund at any time by written notice to unitholders. On termination, a unitholder is entitled to a share of the net proceeds of our realisation of the assets in proportion to the number of units they hold in the Fund.

Unitholder meetings

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Corporations Act 2001 (Cth) and (to the extent applicable) the Fund's constitution.

Compliance plan and compliance committee

We have lodged the Fund's compliance plan with the Australian Securities and Investments Commission (**ASIC**) and established a compliance committee for the Fund with a majority of external members. The compliance plan sets out how we will ensure compliance with both the Corporations Act 2001 (Cth) and the Fund's constitution.

The compliance committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the compliance plan and report any breaches of the Corporations Act 2001 (Cth) or the Fund's constitution to us. If we do not take appropriate action to deal with the breach, the compliance committee must report the breach to ASIC.

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

Other parties

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

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

Additional information about the Fund's investments

Borrowings of the Fund

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

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

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

Asset allocation ranges

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

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

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

How the Fund uses derivatives

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

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

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

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

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

Managing duration

Duration is a measure of the sensitivity of the value of a fund's fixed income assets to changes in interest rates. The longer the duration, the greater the likelihood of volatility in response to changes in interest rates. For example, the price of a bond with a duration of 2 years would be expected to move 2% for every 1% move in interest rates.

Kapstream uses underlying bond holdings and derivatives to manage the overall duration exposure of the Fund.

The Fund does not operate on the basis of having a fixed allocation to derivatives. Derivatives may be used with the objective of both hedging portfolio risks and enhancing the investment return (through managing duration), and will be adjusted according to the prevailing investment opportunities.

Please refer to 'Derivative risk' for information on the risks associated with managing duration.

Labour standards or environmental, social or ethical considerations

Kapstream does not adhere to any particular set of standards, but is supportive of the United Nations Principles of Responsible Investment framework and considers it to some degree within its investment research process.

Kapstream believes that factors affecting long-term corporate sustainability, including labour standards and environmental, social and ethical (ESG) considerations should be incorporated into fundamental research. The ESG considerations play an increasingly important role in many industries, and the investment community's greater focus on these initiatives will have a greater impact on company valuations in the future.

Business sustainability issues related to the ESG factors can affect an issuer's ability to generate long-term returns, either through a lack of understanding of potential risks to a business or a failure to embrace future opportunities.

Whilst the ESG factors are incorporated into Kapstream's investment process, they will generally not play a significant role in its investment decisions.

Most of Kapstream's investments are in countries with relatively good environmental, social and labour standards, so the investment risk associated with these factors is generally fairly low. Kapstream also evaluates ethical standards, but primarily as they relate to a company's corporate behaviour and not necessarily the ethical standing of the product or service they provide. Kapstream also evaluates the quality of a company's disclosure of environmental, social and governance factors as a potential indicator of unforeseen investment risk.

Kapstream focuses closely on governance risk when making its investment decisions. This relates to company conduct such as board structure, compensation policy, shareholder rights and audit and accounting quality. As a fixed income manager, Kapstream is most concerned about an issuer's ability to service

and refinance its debts. Gross negligence in relation to corporate governance can lead to a substantial loss of confidence and potentially to default in extreme cases. Sustainability factors are also incorporated in the fundamental research process.

Kapstream does not usually engage in communication with companies on sustainability issues, but may do so in cases where it believes adequate disclosures are not being provided, or company management does not appear to be addressing material risks; however, these would be very infrequent occurrences.

Issuers are monitored daily for any material changes to their ESG standards in addition to Kapstream's other investment criteria. To the extent that one of these factors impacts Kapstream's views on the risks related to that investment, Kapstream will evaluate whether the investment continues to be appropriate for inclusion in the Fund's portfolio, possibly resulting in Kapstream reducing or ending its exposure to that investment.

Additional information about significant risks

Risk	Explanation
Counterparty risk	<p>The Fund is, to a certain extent, reliant on external providers in connection with its operation and investment activities. There is a risk with these arrangements that the other party to a contract (such as a derivatives contract, physical security trade or foreign exchange contract) fails to perform its contractual obligations either in whole or in part. This may result in the investment activities of the Fund being adversely affected.</p>
Credit risk	<p>The risk that the issuer of the fixed interest security is unable or unwilling to make interest and/or capital repayments in full and/or on time, or may not meet other financial obligations. Causes of such a failure include an issuer encountering financial difficulties such as insolvency.</p> <p>Credit risk is generally considered to be lower with investment grade credit quality fixed income securities. Fixed income securities rated below investment grade credit quality generally have a higher risk of default.</p> <p>Kapstream seeks to manage credit risk by adopting a due diligence process prior to investment which takes into account any applicable external credit rating and/or determines an internal credit assessment on each issue in advance of the investment. In addition, Kapstream monitors, on an ongoing basis, the financial position of issuers whose securities are held by the Fund.</p>
Currency risk	<p>There are two types of currency risk to the Fund. The first is currency risk associated with the Fund holding non-Australian dollar denominated securities. The Fund can invest without limit in securities domiciled outside Australia or denominated in a foreign currency, and there is no limit on the Fund's investments in securities domiciled in a foreign currency. If these currencies change in value relative to the Australian dollar, the value of the investment can change. For example, a rise in the Australian dollar relative to other currencies may negatively impact investment value or returns. Conversely, a decline in the Australian dollar relative to other currencies may positively impact investment returns. Kapstream manages this currency exposure by aiming to hedge most or all of the Fund's investments back to the Australian dollar.</p> <p>The second type of currency risk occurs if the Fund invests directly in foreign currencies. The Fund may invest directly into foreign currencies and this exposure, combined with the unhedged portion of non-Australian dollar denominated securities is limited to a maximum of 15% of the Fund's portfolio. For any currency risk not hedged back to the Australian dollar a rise in the Australian dollar, relative to the foreign currency invested in, can negatively impact the Fund's return.</p>
Derivative risk	<p>The value of a derivative is linked to the value of an underlying asset and can be highly volatile. While the use of derivatives offers the opportunity for higher gains, it can also magnify losses to the Fund. Risks associated with using derivatives might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, the Fund not being able to meet payment obligations as they arise and the risk that the other party with whom the derivative contract is held will fail to perform its contractual obligations (known as 'counterparty risk').</p> <p>Kapstream does not intend to gear the Fund through the use of derivatives. Kapstream aims to keep derivative risk to a minimum by:</p> <ul style="list-style-type: none"> • constantly monitoring the Fund's use of derivatives; • aiming to ensure that the Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and • entering into derivative contracts with reputable counterparties.

<p>Fund risk</p>	<p>Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. We may close the Fund to further investments if, for example, we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by notice to unitholders.</p> <p>Your investment in the Fund is governed by the terms of the constitution and the PDS of the Fund (each as amended from time to time), the Corporations Act 2001(Cth), and other laws. The value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may also be adversely affected by changes in government policies (including taxation), regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.</p> <p>There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly because of:</p> <ul style="list-style-type: none"> • income or capital gains accrued in the Fund at the time of investing; and • the consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets which would potentially realise income and/or capital gains. <p>We aim to manage these risks by monitoring the Fund and by acting in investors' best interests. In the event of winding up the Fund, we will realise all the Fund's assets, which will generally result in the crystallisation of tax positions (both income and capital) at that time.</p>
<p>Interest rate risk</p>	<p>Fixed interest securities (such as bonds) can be affected by movements in interest rates. For example, the capital value or income of a bond may be adversely affected when interest rates rise or fall. For example, when interest rates rise, the value of the bond tends to fall and vice versa. Generally, the longer the maturity (or duration) of the bond, the greater the impact that changes in interest rates will have on the value of that bond.</p>
<p>Liquidity risk</p>	<p>The absence of established market or a shortage of buyers for an investment can result in a loss if the holder of the investment needs to sell it within a particular timeframe.</p> <p>If an investor or a group of investors in the Fund with exposure to less liquid assets seek to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances, we may be required to suspend withdrawals (refer to 'Withdrawal risk') to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.</p> <p>Kapstream aims to manage the liquidity risk by maintaining at least 85% of the portfolio in investment grade assets and maintaining adequate cash reserves to pay anticipated withdrawals.</p>
<p>Market risk</p>	<p>The possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. These events may include changes in economic, social, political conditions along with changes in technology, the environment and market sentiment.</p> <p>Often assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.</p>
<p>Security risk</p>	<p>The value of an equity security in a company (known as a share) may be affected by market sentiment and other factors that may impact the performance of the actual company. Investing in shares of a company will expose an investor to many of the risks to which the individual company is itself exposed. They include such factors as changes in management, actions of competitors and regulators, changes in technology and market trends. Share markets tend to move in cycles, and the individual share price of a security may fluctuate.</p> <p>Such risk is considered by Kapstream through its investment process and managed by maintaining a diversified portfolio of securities. Investment returns from international securities are also affected by exchange rate fluctuations. Refer to 'Currency risk' for more information.</p>
<p>Withdrawal risk</p>	<p>If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe of five business days for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe.</p> <p>The maximum timeframe in which we, as Responsible Entity, have to meet a withdrawal request is set out in the constitution of the Fund. Where the Fund is not liquid (as defined in the Corporations Act 2001 (Cth)), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act 2001 (Cth). Please refer to 'Additional information about withdrawing' for further information about an investor's ability to withdraw when the Fund is liquid, including the timeframes, and an investor's ability to withdraw if the Fund is not liquid.</p>

Important investment terms

Investment term	Explanation
absolute return	An investment approach that seeks consistent positive returns. The Fund does not short sell securities to generate positive returns regardless of market conditions.
active management	A style of investment management that seeks to attain returns through active asset allocation and security selection within each asset class rather than by tracking an index.
agency bond	A bond issued by a government-sponsored agency.
asset backed security (ABS)	A debt security that is secured by assets such as loans, leases, credit card debt, etc. Refer to 'Credit risk' for more information.
cash	Cash and cash equivalents includes cash, deposits and investment grade securities (minimum S&P/ Moody's rating of A3/P3 or equivalent) with a duration of one-year or less.
convertible security	A security such as a bond which has the option of being switched into a different type of investment instrument such as common stock.
duration	Duration is a measure of a bond's price, or future price, sensitivity to changes in interest rates. The greater a bond or bond fund's duration, the greater its price volatility in response to changes in interest rates. For example, the price of a bond with a duration of 2 years would be expected to move 2% for every 1% move in interest rates.
emerging markets debt	Bonds which are issued by governments and companies in less developed countries. This form of debt can generally have a lower credit rating than other sovereign debt from more developed countries due to perceived increased political or economic risks, as well as concerns over liquidity and other structural issues.
futures	An agreement between two parties to buy or sell a specified quantity of a specified underlying asset, at a particular time in the future and at a price agreed when the agreement is made.
high yield bond	A bond that is rated below investment grade.
investment grade securities	Debt securities are generally assigned a credit rating of BBB–/Baa3 or better by the credit rating agencies. The credit ratings assigned by rating agencies represent an assessment of the borrower's creditworthiness, that is, its ability to make interest and principal payments. Higher rated borrowers with an investment grade rating generally allow companies to reduce the interest rates that they pay on their debt when compared with lower rated borrowers.
macroeconomic	Relating to the behaviour of the economy as a whole, focusing on factors such as changes in inflation, unemployment and rate of growth which impact government policies.
mortgage-backed security (MBS)	A security that is secured by a mortgage or a collection of mortgages.
option	An agreement between two parties that conveys the right, but not the obligation, to the holder of the option to either buy or sell a specific asset at an agreed price and within an agreed period of time. If the option is not exercised during that time, the money paid for it is forfeited.
swap	A contract between two parties to exchange one stream of periodic cash flows for another.
volatility	The extent of fluctuations in share prices, exchange rates and interest rates. The higher the volatility, the less certain an investor is of the return, and therefore volatility is one measure of risk.
yield curve	A visual representation of the relationships between interest rates and maturities of similar fixed interest securities. A normal or positive yield curve signifies rising interest rates as maturities lengthen while an inverse or downward curve signifies falling interest rates as maturities lengthen.

Fees and other costs

This table shows fees and other costs that you may be charged and applies to the Fund offered through this PDS. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. Taxes are set out under 'Taxation considerations' in this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund¹		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs^{2,3,4}		
The fees and costs for managing your investment		
Management fee	0.70%	Management costs include the management fee expressed as a percentage of the net asset value of the Fund. The amount quoted does not include any abnormal expenses that may be charged. The management fee is deducted from the Fund's assets, accrued daily and paid monthly in arrears.
Service fees⁴		
Switching fee: The fee for changing investment options	Nil	Not applicable

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

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

3 For certain Wholesale Clients (as defined in the Corporations Act 2001 (Cth)) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Can fees be different for different investors?'.

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

Additional explanation of fees and costs

Management costs

The total management costs for the Fund, also known as the Indirect Cost Ratio (ICR), comprise the additional fees or costs that an investor incurs by investing in the Fund rather than investing directly in the underlying assets.

Management costs include the management fee, normal operating expenses, abnormal expenses and investment expenses. They do not include the transaction costs (i.e. buy/sell spreads) or other costs that an investor would ordinarily incur when investing directly in the underlying assets. Management costs are payable from the Fund's assets and are not paid directly from your account.

The management costs quoted in this document are based on current financial information.

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

Management fee

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

Normal operating expenses

We currently pay the normal operating expenses of the Fund from the management fee and will not, without notice, recover these from the Fund.

Abnormal expenses

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

Investment expenses

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

Buy/sell spreads

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

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

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

The current buy/sell spread of the Fund is nil; however a different buy/sell spread may apply if the estimate changes or in the circumstances outlined below.

A spread of 0.15% will be applied to the relevant unit price as follows:

- in the event that net transactions (considering all applications and withdrawals) exceed \$300million into the Fund on any given day, a spread of 0.15% will be applied to the application unit price for that day.
- in the event that net transactions (considering all applications and withdrawals) exceed \$300million out of the Fund on any given day, a spread of 0.15% will be applied to the withdrawal unit price for that day.

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

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

Can fees be different for different investors?

Yes; we may negotiate, rebate or waive fees for wholesale clients (as defined in the Corporations Act 2001 (Cth)). We do not negotiate fees with retail investors.

Borrowing costs

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

Government charges and GST

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

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

Other payments

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

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

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

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

Adviser remuneration

Adviser service fees

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

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

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

Adviser service fee example

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

Maximum allowable fees

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

Fee	Maximum amount
Contribution fee (currently not charged)	5.00% p.a. of the contribution amount
Management fee	3.00% p.a. of the net asset value of the Fund
Withdrawal fee (currently not charged)	5.00% p.a. of the withdrawal amount
Performance fee	20% of the Fund's gross return above its benchmark

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

Indirect (or alternative form) remuneration

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

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

Taxation considerations

Any investment can have a substantial impact on your tax position from year to year. The following information is of a general nature and is based on our understanding of the Australian tax laws, as at the date of this document, as they relate to Australian resident individual taxpayers who hold their investment on capital account. Fidante Partners is not a registered tax (financial) adviser and is not licensed or authorised to provide tax advice. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

The Fund will generally not be liable to pay income tax on its net income (broadly 'taxable income') on the basis that unitholders are presently entitled to the Fund's distributable income. You will generally be required to include in your assessable income your share of the net income of the Fund, which is generally based on your share of the distributable income of the Fund, including your distributions which are reinvested. Tax losses incurred by the Fund will remain in the Fund and can be applied to reduce the Fund's income in future years (subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation). For any investors who are non-residents, Australian withholding tax may be deducted from distributions.

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

The Taxation of Financial Arrangement (TOFA) provisions apply on a mandatory basis to qualifying taxpayers in respect of certain financial arrangements. Broadly, the TOFA provisions recognise certain gains and losses on financial arrangements on an accruals basis, which may result in a taxing point prior to the realisation of the investment. Due to the implementation of the TOFA regime, there may be some instances where your share of the taxable income of the Fund exceeds the cash distribution you receive from the Fund. As at the date of this document, we, as Responsible Entity of the Fund, have not made an election to apply one of the elective methods under TOFA.

Some of the income distributed to investors may be classified as tax-deferred income. For investors who hold their units on capital account, the tax-deferred income should not form part of an investor's assessable income in the year that the tax-deferred distribution is paid. Instead, the investor's cost base in the units will be reduced by the tax-deferred amount and may affect the capital gains tax position of the investment. However, for those investors who have a zero cost base in their units, or where the tax-deferred distribution exceeds the cost base of their investment, any tax-deferred amounts

received should be treated as a capital gain of the investor in the year in which payment is made. Investors should maintain records of their adjustments.

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

We will advise each investor of their share of tax credits in the annual tax statement.

The disposal of units (for instance by withdrawal or transfer) may give rise to a capital gains tax liability or a capital loss. Investors who have held their units on capital account for more than 12 months may be entitled to a capital gains tax discount. For non-resident investors, complex laws govern the taxation of capital gains distributed by the Fund or those realised on the disposal of units. Accordingly, non-resident investors should seek their own professional tax advice.

The Managed Investment Trust (MIT) capital account election regime permits eligible MITs to make an irrevocable election to adopt capital account treatment for certain types of assets (broadly shares, units and real property) for income years to which the election applies. We, as Responsible Entity of the Fund, have made or will make an irrevocable election in respect of the Fund and accordingly deemed capital treatment will apply in respect of the qualifying assets for the income years to which the election applies.

The Attribution Managed Investment Trust (AMIT) legislation applies to qualifying MITs that make an irrevocable election to become an AMIT. An AMIT must attribute its taxable income to investors on a fair and reasonable basis, and investors are advised of their share of the taxable income via an AMIT Member Annual Statement (AMMA Statement). Other key features of the AMIT regime include income character retention, deemed fixed trust status, an ability for adjustments and errors at the trust level to be carried forward and dealt with in the year in which they are discovered, adjustments (upwards and downwards) made to investors' cost bases for CGT purposes, and their costs for revenue purposes, where there are differences between the amount distributed and the amount attributed on an AMMA statement, and clarification of the treatment of tax deferred distributions.

We have determined that the Fund will not elect to become an AMIT in respect of the 2016 financial year. We are assessing the impact of the regime on the Fund and will advise you of any decisions made regarding the application of the AMIT regime to the Fund.

The Australian Government recently introduced arm's length income legislation that applies to MITs. Under this legislation, excess income generated by a MIT from non-arm's length arrangements may be determined to be subject to tax at 30%.

The Foreign Account Tax Compliance Act (FATCA) is US legislation targeting US tax residents who do not correctly disclose their worldwide income to the US Internal Revenue Service (IRS). Institutions defined as 'foreign financial institutions' (which includes us) are required to comply with certain requirements including the provision of information to the IRS. The information will only relate to investors who we identify as US citizens or residents or those whose citizenship or residency we cannot identify due to insufficient information being provided ('non-compliant account holders'). We will provide the ATO with any required FATCA information which

would otherwise be submitted to the IRS, and there will be no obligations for us to withhold tax for FATCA purposes from any payments.

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

Tax File Number

On your application form you may provide us with your Tax File Number (**TFN**), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number (**ABN**). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not, then we are required to deduct tax from any distribution payable to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN.

How to exercise cooling-off rights

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

Direct Investors

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

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

mFund Investors

If you are an mFund Investor and you wish to exercise the cooling off rights, please contact your nominated broker. We must receive your written instructions in our office before the expiry of the 14-day cooling-off period.

Indirect Investors

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

Wholesale clients

These cooling-off rights do not apply to wholesale clients (as defined in the Corporations Act 2001 (Cth)). Please note that as an investor in the Fund you will not necessarily be a wholesale client for the purposes of the Corporations Act 2001 (Cth).

Additional information about making a complaint

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

If you have a particular complaint regarding your investment, please do not hesitate to contact us by calling our Investor Services team on 13 51 53 or +61 2 9994 7000 from outside Australia (during Sydney business hours) or by writing to:

Complaints Resolution Officer

Fidante Partners
Reply Paid 86049
Sydney NSW 2001

If you are a Direct Investor and are not happy with our response or how the complaint has been handled (or if we have not responded within 45 days, or 30 days in relation to privacy complaints), you may contact the following external dispute resolution scheme.

Financial Ombudsman Service

GPO Box 3
Melbourne VIC 3001
Tel: 1300 780 808
www.fos.org.au

Its service is generally only available to retail clients.

Indirect Investors must contact their IDPS operator if they wish to make a complaint or if they are not happy with how a complaint has been handled.