

# Merlon Australian Share Income Fund

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Additional Information booklet  
30 September 2017

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**!** The information in this document forms part of the Merlon Australian Share Income Fund Product Disclosure Statement (PDS) dated 30 September 2017.

## Glossary

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

References in this document to the **Merlon Australian Share Income Fund** or the **Fund** are to the Class A units in the Merlon Australian Share Income Fund. No other class of units in the Merlon Australian Share 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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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 in the Fund, 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

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

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

All direct debits are subject to the Direct Debit Request Agreement which is available on 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 or complete the Additional Investment Form, both available from [www.fidante.com.au](http://www.fidante.com.au).

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

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

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

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

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

## Customer Identification Program

### Direct Investors

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

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

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

### Identity verification documents

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

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

### 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'). 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 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 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 (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 are received or further requirements are met.

### 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 will only be able to withdraw from the Fund if we make an offer of withdrawal to unitholders. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make withdrawal offers.

Under the Corporations Act 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' individual 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 fraud is committed in relation to your account. In using the telephone and/or a fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses 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 we have otherwise agreed), that we received your fax. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

In the case of joint holdings, superannuation funds, trusts and companies additional processes may apply, and any investor or director who signs the application form may request a telephone withdrawal. If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change your previously nominated bank account details. 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.

### 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 'Additional information about fees and costs'.

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

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

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

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

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

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

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.

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

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

## 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, on request.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law), we must obtain unitholder approval at a meeting of unitholders. We may retire or be required to retire as Responsible Entity if unitholders 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, Merlon 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 Merlon may change the lending financial institution (if any) from time to time and may also seek to vary the terms of any borrowing facility where it is believed it would be in the best interests of unitholders.

## Asset allocation ranges

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

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

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

## Making investments directly or indirectly

The Fund may make investments directly or indirectly by investing in other funds (including funds related to, or managed by, a related entity) that have investment objectives and authorised investments that are consistent with the Fund. This structure helps to minimise transaction costs and can enhance diversification.

## How the Fund uses derivatives

The Fund may at times invest in or obtain exposure to derivatives, such as futures and options. The Fund targets to be fully invested in shares for the purposes of earning dividend income and uses derivatives to reduce exposure to share market volatility to a typical range of 60-80%.

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

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

The Fund's constitution permits the use of derivatives; however Merlon 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 Merlon or us as soon as reasonably practicable. Where the Fund uses derivatives, Merlon aims to manage the Fund so as to keep sufficient liquid assets in the Fund to meet all obligations associated with the derivatives.

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

## Labour standards or environmental, social or ethical considerations

Merlon recognises that it is not an expert in the environmental, social and corporate governance (ESG) field. As part of its fundamental research process each analyst is responsible for assessing ESG factors, including labour standards in relation to the securities they are responsible for. This includes incorporating the explicit financial forecast of ESG issues impacting long-term returns and the determination of company-specific quality and conviction scores. These forecasts and scores are debated by the investment team on at least a weekly basis.

Merlon obtains external advice on proxy voting and ESG issues.

As a recognised signatory of the United Nations Principles of Responsible Investment, Merlon's investment philosophy and investment process directly and indirectly incorporates ESG issues and sustainable investing. At an investment philosophy level, Merlon's view is that companies should be valued on sustainable free cash flow, as Merlon believes excessive returns on capital are rarely sustainable unless they are supported by a combination of favourable industry structure, demonstrable competitive advantage and disciplined company management. The investment process used by Merlon to implement this philosophy explicitly incorporates financial impacts of ESG factors where relevant and also sets qualitative scores for companies being researched, which are in turn used to assess their competitive advantage and sustainability of cash flows and returns.

Merlon does not apply a negative screen to ESG factors, but stocks with poor ESG characteristics will have lower qualitative scores and consequently lower long-term forecast returns incorporated in its valuation. These companies will also have lower conviction scores, making them less likely to be assessed positively as an investment opportunity. The timeframe for divesting an investment when it no longer meets Merlon's investment criteria will ultimately depend on available liquidity.

Each company under research coverage and within the portfolio will have had a detailed qualitative assessment, which includes environmental and social issues such as labour laws and other human capital issues where they impact competitive advantage, and an explicit assessment of governance. Companies under coverage are discussed on a rotational basis throughout the year, with priorities determined at the weekly investment meetings. However, there is no set timeframe for monitoring these issues.



## Additional information about significant risks

Risk	Explanation
<b>Collateral risk</b>	The Fund enters into derivatives arrangements that require it to deliver (or 'post') collateral to the derivative counterparty or clearer. As a result, the Fund may be exposed to certain risks in respect of that collateral including the credit risk of the counterparty or clearer. In the event the counterparty or clearer becomes insolvent at a time it holds collateral posted by the Fund, the Fund will be an unsecured creditor and will rank behind preferred creditors.
<b>Concentration risk</b>	The risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset class. The performance of such a fund tends to be more volatile than the performance of a more diversified fund because the concentrated fund's performance is affected to a greater extent by the performance of particular assets.
<b>Counterparty risk</b>	The Fund is, to a certain extent, reliant on external providers in connection with its operation and investment activities. There is a risk with these arrangements that the other party to a contract (such as 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.
<b>Derivative risk</b>	<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>Merlon does not intend to gear the Fund through the use of derivatives. Merlon aims to keep derivative risk to a minimum by:</p> <ul style="list-style-type: none"> <li>• constantly monitoring the Fund's use of derivatives;</li> <li>• aiming to ensure that the Fund keeps sufficient liquid assets to meet all obligations, costs, liabilities and potential losses associated with derivatives; and</li> <li>• entering into derivative contracts with reputable counterparties.</li> </ul>
<b>Fund risk</b>	<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"> <li>• income or capital gains accrued in the Fund at the time of investing; and</li> <li>• 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.</li> </ul> <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>
<b>Liquidity risk</b>	<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>Merlon aims to manage this by having liquidity criteria as part of its stock selection process and by carefully managing the sale and purchase of the Fund's assets.</p>
<b>Market risk</b>	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.

<b>Security risk</b>	<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 Merlon through its investment process and managed by maintaining a diversified portfolio of securities.</p>
<b>Service provider risk</b>	<p>The Fund is, to a certain extent, reliant on external service providers in connection with their operation, such as the custodian. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.</p>
<b>Withdrawal risk</b>	<p>If a situation occurs where the assets that the Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe of five business days for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe.</p> <p>The maximum timeframe in which we, as Responsible Entity, have to meet a withdrawal request is set out in the constitution of the Fund. Where the Fund is not liquid (as defined in the Corporations Act 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
<b>conviction score</b>	A scale on which an investment manager measures the level of confidence it has in the value of a particular stock after assessing any company-specific issues underpinning the stock.
<b>convertible notes</b>	A debt security that can be converted into shares at the option of the holder or the issuer.
<b>franked dividends</b>	A dividend received by a shareholder with a tax credit attached to it. This tax credit reduces the amount of tax payable on the income received.
<b>free cash flow</b>	Free cash flow is the amount of cash that a company has after it has paid all of its expenses and capital investment. It represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base. Free cash flow is thus considered to be a good indicator of a company's financial health and therefore used by some investment managers when selecting stocks.
<b>fundamental analysis</b>	Fundamental analysis studies everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individual specific factors (like the financial condition and management of companies).
<b>options</b>	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.
<b>over-the-counter (OTC) derivatives</b>	Derivatives that are not traded on a financial market, such as the Australian Securities Exchange, but are typically acquired directly from the issuer such as an investment bank. Funds investing in OTC derivatives may therefore be subject to a higher level of counter-party risk.
<b>qualitative analysis</b>	Securities analysis that uses subjective judgement based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development and labour relations.
<b>quantitative analysis</b>	Quantitative analysis is a technique that uses complex mathematical and statistical modelling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically.
<b>tax-effective income</b>	If an Australian company has paid the full company tax rate, shareholders in the company will receive a tax credit for any dividend received (known as 'franking credits'). This means the income a shareholder may receive is considered 'tax-effective'.

## 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
<b>Fees when your money moves in or out of the Fund<sup>1</sup></b>		
<b>Establishment fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs<sup>2,3,4</sup></b>		
The fees and costs for managing your investment	0.95% p.a. of the net asset value of the Fund	<p>This includes:</p> <p><b>Management Fee:</b> The management fee component is 0.95% p.a. of the net asset value of the Fund. The Management Fee is calculated and accrued daily and paid monthly in arrears from the Fund's assets on or around the last business day of the month.</p> <p><b>Indirect costs:</b> The indirect costs component is 0.00% p.a. of the net asset value of the Fund<sup>4</sup>. Indirect costs are deducted from the assets, accrued daily in the net asset value, and then paid periodically. Please refer to 'Indirect costs' in the 'Additional explanation of fees and costs' section.</p> <p><b>Recoverable expenses:</b> The recoverable expenses component is 0.00% p.a. of the net asset value of the Fund<sup>4</sup>. Recoverable expenses other than normal operating expenses and investment expenses are deducted from the Fund's assets, accrued daily and paid monthly on or around the last business day of the month. Normal operating expenses and investment expenses are paid out of the management fee. Please refer to 'Recoverable expenses' in the 'Additional explanation of fees and costs' section.</p>
<b>Service fees<sup>5</sup></b>		
<b>Switching fee:</b> The fee for changing investment options	Nil	Not applicable

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

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

4 All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. The management costs used in the example of annual fees and costs calculation is based on the actual management costs paid for the Fund for the previous financial year. All figures have been rounded to two decimal places. Please refer to 'Additional explanation of fees and costs' for more information on management costs.

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

## Additional explanation of fees and costs

### Management costs

All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. All other management costs reflect the actual amount incurred for last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS. These amounts are inclusive of GST less reduced input tax credits. You should refer to the Fund's website at [www.fidante.com.au](http://www.fidante.com.au) from time to time for any updates which are not materially adverse to investors.

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

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

#### Management fee

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

#### Indirect costs

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

Where the Fund can invest in assets indirectly through other managed funds, indirect costs are deducted from the assets of the interposed vehicle in which the Fund invests, accrued daily in the interposed vehicle's net asset value, and then paid periodically.

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

#### Recoverable expenses

##### *Normal operating expenses*

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

##### *Abnormal expenses*

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

not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

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

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

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

#### *Investment expenses*

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

### Transactional and operational costs

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

The transactional and operational costs incurred by the Fund for the last financial year were 0.55% p.a. of the net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date this PDS. This cost is made up of two components, explicit transaction costs (for example, brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges and any buy/sell spread) of 0.13% p.a., and implicit transaction costs (that is, the amount by which the acquisition price of an asset exceeds the disposal price of that asset) of 0.42% p.a. of the net asset value of the Fund.

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

The net transactional and operational costs of the Fund (representing the total transactional and operational costs minus the total amount recovered through the buy/sell spread of +0.20%/-0.20%) incurred for the last financial year were 0.46% p.a. of the net asset value of the Fund, including the Responsible Entity's reasonable estimates where information was unavailable at the date of this PDS.

### Total fees and costs

Based on the estimated costs outlined in this section, the estimated total of the amounts for management costs and net transactional and operational costs is estimated as 1.41% p.a. of the net asset value of the Fund. The dollar figure of these estimated total management costs and net transactional and operational costs based on an investment balance of \$50,000 is \$705.

## Buy/sell spreads

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

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

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

The current buy/sell spread of the Fund is +0.20%/-0.20%; however a different buy/sell spread may apply if the estimate changes.

We have discretion to waive or reduce the transactional and operational costs on investments or withdrawals where no or reduced costs are incurred. We will provide notification to unitholders of any changes to buy/sell spread transaction costs on 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 Merlon. It is paid to the Fund and is reflected in the Fund's unit price.

### Buy/sell spread example

- The current buy spread on an investment in the Fund is +0.20%. Therefore, the cost of an investment of \$50,000 into the Fund would be \$100.
- The current sell spread on a withdrawal from the Fund is -0.20%. Therefore, the cost on a withdrawal of \$50,000 from the Fund would be \$100.

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

## Can fees be different for different investors?

Yes; we may negotiate, rebate, or waive fees for wholesale clients (as defined in the Corporations Act 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
<b>Contribution fee</b> (currently not charged)	5.00% p.a. of the contribution amount
<b>Management fee</b> (currently charged at 0.95% p.a.)	0.95% p.a. of the net asset value of the Fund

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

### How managed investment schemes are taxed

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.

### Taxation of the Fund

The Attribution Managed Investment Trust (**AMIT**) legislation applies to qualifying Managed Investment Trusts (**MITs**) that make an irrevocable election to become an AMIT. The Responsible Entity has determined that the Fund will elect to become an AMIT commencing from the 2018 financial year.

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

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

The MIT capital account election regime permits eligible MITs to make an irrevocable election to adopt capital account treatment for certain types of assets (broadly shares, units and

real property) for income years to which the election applies. An irrevocable election has been made in respect of the Fund and accordingly deemed capital treatment will apply in respect of the qualifying assets for the income years to which the election applies.

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

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%. It is not expected that the arm's length income provisions will impact the Fund.

### Tax position of Australian resident investors

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

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).

CGT cost base reductions or uplifts may occur where taxable income attributed is either less than or greater than, respectively, the total of both cash distributed and tax offsets attributed for an income year. Where cost base reductions occur, this will affect the CGT position of the investment. For those investors who have a zero cost base in their units, or where the total cost base reduction amount exceeds the cost base of their units, a capital gain may arise to these investors for that year. Investors should maintain records of their cost base adjustments. You may also be entitled to tax offsets (franking credits and/or foreign tax offsets) attributed by the Fund. Provided investors satisfy certain provisions of the Tax Act, investors may be able to utilise these offsets against their tax liability on the taxable components of the distributions. In order to claim the amount of tax offsets, investors must include the amount of the offsets in their assessable income.

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

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

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 attributed 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.

Any investors who are non-residents should seek professional advice in respect of the Australian and foreign tax implications of their investment.

## Non-resident account holder reporting requirements

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

## Goods and Services Tax (GST)

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

## Tax File Number

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

## 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 promptly after receiving it and investigate, properly consider, and decide what action (if any) to take and to provide a final response to you within 45 days (30 days in relation to privacy complaints).

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 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](http://www.fos.org.au)

Its service is generally only available to retail clients.

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