



Equitable Investors Dragonfly Fund

INFORMATION MEMORANDUM

Issued: November 2021

Equitable Investors Pty Ltd
(ACN 120 965 979, AFSL no. 505824)
as trustee of the Equitable Investors Dragonfly Fund

IMPORTANT NOTICES AND DISCLAIMER

This Information Memorandum is being circulated on a confidential basis by Equitable Investors Pty Ltd (ACN 120 965 979) ("Trustee") as trustee of the Equitable Investors Dragonfly Fund ("Fund").

Scope of this Information Memorandum

This Information Memorandum has been prepared as at November 2021 to provide recipients with general information about the Fund. It does not contain any invitation to apply for or offer to buy units in the Fund or any offer to issue or sell such units. Instead, this Information Memorandum contains general information about the Fund to assist recipients to assess whether to invest in the Fund.

The Trustee may at any time (but is not obliged to) update or amend this Information Memorandum or issue a supplementary or replacement document.

Confidentiality

The recipient acknowledges and agrees that:

- All information contained in this Information Memorandum, or subsequently provided or made available to the recipient, whether orally or in written form, by or on behalf of the Trustee, is confidential information of the Trustee.
- The recipient will keep all information strictly confidential and will not use any information for any purpose except to decide whether to proceed with an investment in the Fund.
- The recipient will not reproduce any information without the prior written consent of the Trustee.
- Upon request the recipient will promptly return all information to the Trustee without retaining any copies.
- Upon request the recipient will enter into a separate confidentiality undertaking substantially on these terms with the Trustee.

Disclaimers

Delivery of this Information Memorandum to a recipient should not be relied on as a representation that:

- there has been no change since the preparation date in the affairs or financial condition of the Fund or the Trustee; or
- the information contained in this Information Memorandum remains accurate or complete at any time after the preparation date.

This Information Memorandum does not purport to contain all the information that the recipient may require to evaluate a possible investment in the Fund. The recipient should conduct their own independent analysis of the Fund. This Information Memorandum must also be read in conjunction with the Fund's Constitution.

The Trustee does not guarantee or make any representation or warranty as to the accuracy or completeness of the information in this Information Memorandum. To the extent permitted

by law, the Trustee disclaims all liability that may otherwise arise due to any information in this Information Memorandum being inaccurate or information being omitted.

An investment in the Fund is subject to investment and other risks including possible delays in repayment and loss of income and capital invested. Recipients should be aware that no established market exists for the trading of units of the Fund. The Trustee does not give any guarantee or assurance as to the performance of the Fund, the repayment of capital or any particular rate of capital or income return.

Recipient to obtain own advice

This Information Memorandum does not take into account the particular investment objectives, financial situation and needs of potential investors and the contents of this Information Memorandum are not to be construed as investment, accounting, financial, legal or tax advice. Before making a decision to invest in the Fund the recipient should obtain professional advice.

Forward looking statements

This Information Memorandum may include certain statements, estimates or projections with respect to the anticipated future performance of the Fund. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Trustee. Those assumptions may or may not prove to be correct. No representation is made as to the accuracy of those statements, estimates or projections. The recipient should make its own enquiries and investigations regarding the assumptions, uncertainties and contingencies which may affect the future operations of the Fund and the impact that different future outcomes may have on the Fund and should not rely on those statements, estimates or projections.

Regulatory status of the Fund

Units in the Fund are only available to investors who meet the "wholesale client" eligibility tests under the *Corporations Act 2001*.

The Fund is not required to be registered with the Australian Securities & Investments Commission ("ASIC").

This Information Memorandum is not (and is not required to be) a product disclosure statement for the purpose of the *Corporations Act 2001* or required to be lodged with ASIC.

CONTENTS

KEY FEATURES OF THE FUND	5
ABOUT EQUITABLE INVESTORS PTY LTD	6
ABOUT THE FUND	6
WHY INVEST IN THE FUND	7
DIRECTORS & MANAGEMENT TEAM OF EQUITABLE INVESTORS	8
HOW THE FUND WORKS	9
HOW WE INVEST YOUR MONEY	12
INVESTMENT STRATEGY & PROCESS	13
FEES AND COSTS	16
RISKS OF INVESTING IN THE FUND	18
ADDITIONAL INFORMATION FOR INVESTORS	20
TAXATION	23
DIRECTORY OF CONTACTS	26

DRAGONFLY

A special characteristic of the dragonfly is its incredible vision. Firstly, scientists believe it can see more colour than humans. Where humans have tri-chromatic vision (we have three types of “opsins”, light sensitive proteins in our eye that allow us to see red, blue and green), a study cited in New Scientist of 12 dragonfly species found they had between 11 and 30 opsins.

What Equitable Investors is truly impressed by is the dragonfly's up to 30,000 facets, which contain the opsins. Each facet points in a slightly different direction, apparently enabling dragonflies to see in all directions



KEY FEATURES OF THE FUND

Feature	Summary
Date of Information Memorandum	November 2021
The Investment	Units in a unit trust, the Equitable Investors Dragonfly Fund.
Investment Objective	A total return greater than the annual five year government bond rate + 5% pa over the medium-to-long term.
Investment Strategy	The Fund is focused on investing in attractively priced businesses with sound growth prospects or strategic value. It will pursue opportunities not on the radar of mainstream investment managers and will engage in ongoing constructive dialogue with the businesses in which the Fund invests. It will primarily invest in micro-to-mid cap companies listed on the ASX but will consider opportunities further afield.
Manager	Equitable Investors Pty Ltd
Trustee	Equitable Investors Pty Ltd
Fund Administrator	William Buck Managed Funds Administration (SA) Pty Ltd
Custodian	Sandhurst Trustees Ltd
Management Fee	1.5% (plus GST) per annum on the Net Asset Value of the Fund
Performance Fee	20% (plus GST) of return in-excess of the Performance Hurdle (after management fees & recoverable expenses), accrued then paid out six-monthly (subject to High Watermark).
Performance Hurdle	5 Year Australian Government Bond Yield + 5% pa
High Watermark	High watermark set as highest closing unit price for a six-monthly performance period (adjusted for distributions) in past three years.
Recoverable Expenses	Equitable Investors is entitled to be reimbursed from the Fund in respect to a range of expenses. However, Equitable Investors has undertaken that the total cost of the Fund (excluding performance fees) does not exceed 2% pa (plus GST). Equitable Investors will fund costs in-excess of 2% pa (plus GST) from its own resources.
Minimum Initial Investment	\$50,000 for wholesale investors; unless otherwise accepted at the discretion of the Trustee & Manager
Subscriptions & Redemptions	Can be made monthly. Minimum additional investment of \$25,000. Minimum redemption of \$25,000 (or the investor's total balance).
Risks	Investments in the Fund may have a high risk/return profile and can be volatile. There is a possibility of negative returns over more than 1 year. In addition, risks include (but are not limited to): liquidity, market, investment application timing, large redemptions and key person risk in the management team.

ABOUT EQUITABLE INVESTORS PTY LTD

Equitable Investors Pty Ltd (“Equitable Investors”) is the issuer of this Information Memorandum, Investment Manager and Trustee of the Fund.

Equitable Investors was established in 2016 as a boutique funds management business that is highly aligned with its investment clientele. Equitable Investors is focused on delivering total returns to investors without regard to sharemarket indices.

Equitable Investors’ investment process is based on fundamental, bottom-up analysis and ongoing, constructive dialogue with the companies in which it invests, with a view to engaging with companies and assisting them where it can in maximising shareholder value.

ABOUT THE FUND

The Fund is an open ended, unlisted unit trust investing predominantly in ASX listed companies. Hybrid, debt & unlisted investments are also considered. The Fund is focused on investing in growing or strategic businesses and generating returns that, to the extent possible, are less dependent on the direction of the broader sharemarket. The Fund may at times change its cash weighting or utilise exchange traded products to manage market risk.

The Trustee

Equitable Investors acts as the trustee and manager of the Fund. The Trustee is responsible for overseeing the Fund’s operation and managing the Fund in the best interests of investors.

The Trustee's contact details are as follows:

Address: Level 39, 55 Collins Street, Melbourne, Victoria, 3000

Telephone: 03 9028 7104

Email: contact@equitableinvestors.com.au

Website: www.equitableinvestors.com.au

Trusted Partners

Equitable Investors uses an external custodian, Sandhurst Trustees Ltd, to safeguard all assets on behalf of clients. Sandhurst Trustees Ltd is a wholly owned division of Bendigo and Adelaide Bank Ltd.

Fund administration functions are undertaken by William Buck Managed Funds Administration (SA) Pty Ltd.

Regulatory Status

Equitable Investors Pty Ltd is licensed as an Australian Financial Services Licensee (AFSL No. 505824).

WHY INVEST IN THE FUND

Expertise

The directors of the manager have approximately 50 years of combined professional experience in investment markets, focused on those market segments in which higher total returns are most likely to be found, being micro-to-mid cap listed companies, larger strategic opportunities, unlisted growth opportunities & mezzanine or alternative financing. The Fund's portfolio manager has been a key member of a highly-regarded investment management team for the past four years and prior to that led well-regarded equities research teams.

Unique Opportunities

The Fund is positioned to pursue opportunities not typically on the radar of mainstream investment managers, being predominantly micro- to-mid caps but also alternative investment forms (pre-IPO, corporate debt, hybrid offers & unlisted equity) sourced from an extensive network that may not be widely accessible. The fund has a deliberately expansive investment universe and will invest without regard to free-float weighted sharemarket indices.

Constructive Approach

The manager believes in maintaining frank and open dialogue with the entities in which investments have been made. The manager will offer support & constructive feedback, with the ultimate focus remaining always on maximizing shareholder value. Where there are opportunities to leverage relationships and develop strategic initiatives for the benefit of the investee it will seek to do so. We believe this active approach can enhance returns.

Proprietary Research

The manager is devoted to understanding the business model, the market opportunity and the competitive forces of potential or current investments. The manager considers people to be the key assets of most businesses and therefore seeks to know the people in and around the company. The manager seeks to build a proprietary "mosaic" of information & seeks relevant information from a multiplicity of conventional & unconventional sources.

Alignment of Interests

Equitable Investors believe in having a strong alignment with the investor base. The founder intends to place his own equity investment capital into Equitable Investors-managed funds. Equitable Investors' intention is that at least 50% of performance fees shall be paid in units in the Fund in the first three years of operation.

EQUITABLE INVESTORS - OUR TEAM



**Co-Founder, Director,
Investment Manager**
Martin Pretty, CFA

An investment manager at Thorney Investments when Thorney Opportunities (TOP) was the best performed Listed Investment Company on the ASX; experienced listed company director; former sell-side Head of Research



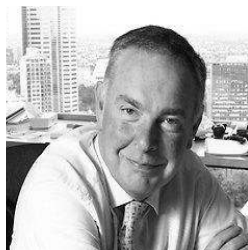
Investment Analyst
Mickey Mordech,
CFA

Investment analyst with a publicly demonstrated ability to identify fresh opportunities and previously a contributor to an outperforming growth fund.



Director
Paul Dwyer

Founder and non-executive director of PSC Insurance (ASX: PSI). Mr Dwyer has successfully executed numerous acquisitions and strategic investments at PSC.



Director
Hugh Robertson

One of the most experienced small cap brokers and capital markets advisers in Australia; a key figure in the IPOs of companies including Afterpay and Bellamy's. has been a director of a number of ASX-listed entities.



**Co-Founder & Director,
Operations & Compliance**
Lana Jenkins

Formerly a lawyer with King Wood Mallesons; held a number of ASIC roles across enforcement, strategy and policy, consumer protection and small business compliance and deterrence. Operating management experience in aged care industry.



**Operations & Risk
Advisor,
Responsible Manager**
Samuel Richards

Former Chief Operating Officer of Goldman Sachs Asset Management and Goldman Sachs Australia Funds Management; current Managing Director of impact investor Brightlight Group.

HOW THE FUND WORKS

Structure

The Fund is a unit trust, whereby your money is pooled with other investor funds. This means that you have access to certain investments and strategies that you may not otherwise be able to access on your own.

The Fund is only available to "wholesale clients" within the meaning of the *Corporations Act 2001*.

Units and Unit Pricing

The Fund is unitised, meaning that when you invest in the Fund, you purchase units that represent a beneficial interest in the Fund's assets (but not to any particular asset).

The unit price will vary as the market value of investments in the Fund rises or falls.

The calculation of unit prices is set out in the constitution for the Fund. Initial units will be issued at a price of \$1.00. Subsequent unit prices are calculated by:

- determining the gross asset value of the Fund as at the relevant valuation day;
- deducting any liabilities (including accrued fees);
- dividing the resulting net asset value by the number of units on issue;
- allowing for transaction costs of buying or selling the Fund's assets.

The Trustee calculates both an Issue Price and a Withdrawal Price for units. The Trustee calculates the Fund's unit prices as and when required for the operation of the Fund. The Trustee may also set an Issue Price that differs from the price determined above in special circumstances (such as for income reinvestments).

Initial and Subsequent Investments

A completed application form is required for both initial and subsequent investments in the Fund. An application form is attached to this Information Memorandum and is also available separately from the Trustee.

When a completed application form is provided to the Fund Administrator and accepted, payment can be made via cheque or by electronic transfer to the bank account nominated on the application form. The preferred method of payment is by electronic funds transfer. A subscription will not be accepted until the cheque has cleared. The Trustee reserves the right to refuse an application.

Withdrawal Requests

An investor can withdraw some or all of their investment by sending the Fund Administrator a completed withdrawal form. After the Fund Administrator has received and accepted a completed withdrawal form, withdrawals are normally paid within 30 business days of the

withdrawal date, although the Fund's constitution allows for up to 60 days. The reason for the delay in payment of the withdrawal is usually due to the timing issues of open trades.

Withdrawals will usually be credited directly to your nominated account.

In some circumstances, the Trustee has the right to suspend or refuse withdrawals from the Fund. Examples of these circumstances is when the withdrawal represents more than 10% of the Fund's assets, the Fund is in open trades and it would be to the detriment of the Fund and other investors to close out those trades or if markets are closed so that no trading is possible.

Transfers of Units

Investors wishing to transfer units to a different entity must complete a standard transfer form, available by contacting the Trustee. The buying entity must be a "wholesale client" within the meaning of the *Corporations Act 2001* and, unless it is an existing investor, will be required to complete an initial Application Form and Client Identification Form.

A transfer of units from one entity to another may have taxation implications and investors should seek professional advice before proceeding.

Income Distributions

The Fund may earn income such as interest, as well as net realised capital gains on the sale of underlying assets, and it is the Trustee's intention that the full amount of the Fund's taxable income in each financial year be distributed to investors. Distributions can be made more than once a year but will be made at least annually, calculated as at 30 June, and normally paid within two calendar months.

Your entitlement to distributions is calculated by dividing the total distribution amount by the total number of units on issue at the distribution date and multiplying the result by the number of units you hold on that date. If you withdraw units prior to the distribution date, you will not receive any distribution for the period you held those units in the relevant distribution period, unless otherwise determined by the Trustee.

You can choose to have your distributions:

- reinvested in further units in the Fund; or
- paid to you by direct credit to your nominated account.

If you do not make a choice, or if a direct credit rejection occurs, then your distributions will be automatically reinvested by acquiring additional units in the Fund at the unit price applicable at the end of the relevant distribution period.

Keeping you Informed

The Trustee will provide periodical reports to investors, along with updated Fund information. The reports provided to investors include:

- a periodical valuation of the investor's units – to be provided at least quarterly (currently provided monthly);
- a periodical report from the Trustee providing updated Fund specific information;
- a transaction statement including a statement of unit holding at the time of any change in an investor's unit holding; and
- annual distribution and tax statements.

The Trustee intends to provide the periodical reports on at least a quarterly basis.

Custodian Agreement

Sandhurst Trustees Ltd ("Sandhurst") has been appointed to hold all assets for the Fund and the custodian agreement requires Sandhurst to deal with the assets only as instructed by the Trustee. Sandhurst may only act in accordance with the terms of the custodian agreement and has no liability or responsibility to investors in the Fund for any act or omission in accordance with proper instructions or otherwise, in accordance with the terms of the custodian agreement. Under the custodian agreement Sandhurst may appoint a sub-custodian to hold all or some of the assets with the Trustee's consent.

The custodian agreement may be terminated by either party issuing a termination notice in accordance with the custodian agreement. Sandhurst has not authorised or prepared this Information Memorandum and is not its issuer and takes no responsibility for the accuracy of any representation made in any part of this Information Memorandum.

HOW WE INVEST YOUR MONEY

Investment Objectives

The Fund aims to provide Investors with medium to long term capital growth by investing in attractively priced businesses with sound growth prospects or strategic value.

The Fund's benchmark is to exceed the annual yield on Five Year Australian Government Bond by more than 5% per annum. This benchmark is representative of the level of return Equitable Investors believes an investor may require as compensation for taking on the risks inherent in equity investment.

Investment Philosophy

Equitable Investors believes the greatest opportunities to generate significant returns from equity investments are through the pursuit of attractively-priced investments in businesses with strong growth prospects and/or strategic value. Successful investment in businesses requires diligent research and analysis of each business, its key people, its industry, its opportunities and its risks. It also requires ongoing, disciplined and patient re-evaluation. We believe this holds true whether the investment is in the form of a share trade on an exchange or a private sale and purchase agreement for a tightly-held unlisted business.

Once invested, we believe it is in a shareholders' best interests to actively seek to contribute to value creation and maximisation.

Constructive Investment

Equitable Investors believes in maintaining frank and open dialogue with the entities in which investments have been made. The manager will offer support & constructive feedback, with the ultimate focus remaining always on maximising shareholder value. Where there are opportunities to leverage relationships and develop strategic initiatives for the benefit of the investee, Equitable Investors will seek to do so. We believe this active, constructive approach can enhance returns.

People

Equitable Investors considers people to be key assets of most companies and therefore seeks to know the people in and around the company and maintain ongoing dialogue with management and board. We take a strong interest in their incentives and a pragmatic view towards appropriate corporate governance structures.

Quantitative Evidence & Proprietary Research

Investment is not a hard science but there is much that can be proven or disproven quantitatively. Equitable Investors is focused on investment strategies that are supported by quantitative evidence. Proprietary research drives a deeper understanding of quantifiable factors and drives higher levels of informed conviction in the portfolio constituents.

Inefficiencies

Developed, liquid markets may be relatively efficient, in general, but there are always inefficiencies to be found. For example:

- information may not have been widely disseminated and analysed even if it is public;

- a market may be awash with so much information that the marginal investor does not know which information is significant and which is just noise;
- the balance between supply and demand may have been skewed by the activities of a significant investor with a different objective to other investors; or
- investors often display “herding” behaviour, shifting security prices excessively or missing out on opportunities that aren’t “popular”.

Inefficiencies are most likely found among lesser known stock listings, including those with smaller market capitalisations, little or no broker research coverage, lower “free floats” or a history of disappointments that have chastened investors.

Price Matters

Equitable Investors considers investments in the context of earnings, potential or future earnings and asset multiples and recognises the difference between a great business and a great business at an attractive price.

We ask why we believe a security is good value or mispriced and whether we have any analytical edge to justify our view.

Quality Matters

Equitable Investors typically focuses on businesses that do or, in its investment thesis, will generate free cash flow, possess conservative financial gearing, hold competitive advantages and appear to have credibility in terms of the quality of their reported accounts and the capabilities of board and management. Equitable Investors prefers businesses that will not be driven predominantly by cyclicity and instead possess their own specific growth or value drivers.

Risk Assessment

The pursuit of higher returns must always be carefully counterbalanced by the management of risk. The specific risks of each investment will be considered stand-alone and within the context of the overall portfolio.

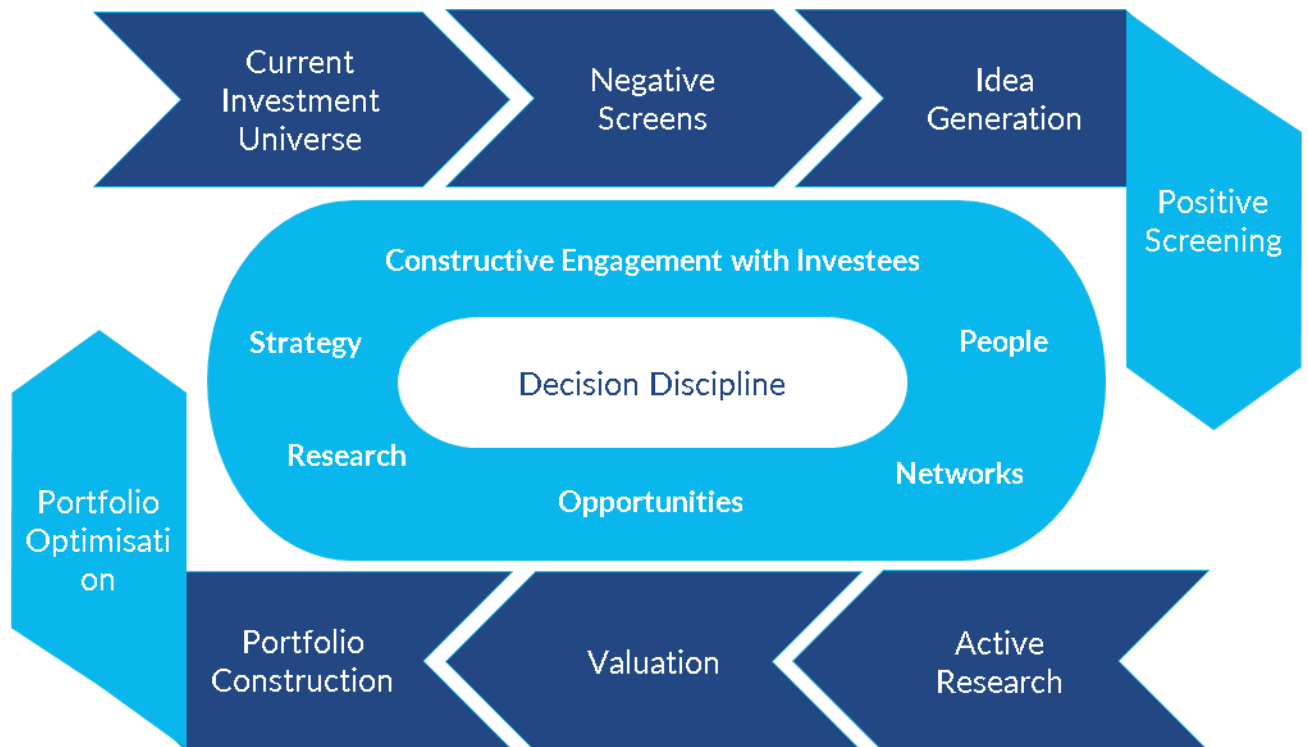
Investment Strategy & Process

Investments will primarily be made in micro-to-mid cap companies listed on the ASX. Larger listed businesses will also be considered for investment but are not expected to meet the manager’s investment criteria as regularly as smaller peers.

Equity in businesses that are unlisted or listed on exchanges other than the ASX may also come into consideration but the manager would require high confidence in the potential for a liquidity event at an attractive price.

With a focus on optimal returns and management of risk, a portion of funds may be invested in corporate debt and hybrid securities.

Figure 1: Equitable Investors Dragonfly Fund Investment Process



- i. **Investable Universe:** The Fund’s “default” universe (our starting point) is all ASX-listed entities with market capitalisations between \$10m and \$5,000m. We selectively add to or subtract securities from this universe based on our ongoing research, including securities not listed on the ASX.
- ii. **Negative Screens:** The Manager screens the investable universe to remove those that appear the most risky based on quality of earnings & financial leverage; we then screen out those stocks priced too highly to come under consideration.
- iii. **Idea generation:** The best ideas are often not easily identified using quantitative screens. The Manager constantly seeks out leads from its network of contacts and sifts through company announcements, broker research, news and media. Among the qualities and characteristics we seek out are:
 - Businesses with operating leverage that have reached or soon will reach an inflection point;

- Valuable businesses obscured by lower quality operations held by the same entity;
 - Businesses that have strategic value;
 - Companies that have made rectifiable mistakes but are in the “sin bin”;
 - Opportunities to invest in businesses where the Manager believes it has a better understanding of the key issues than the market exhibits;
 - Asset rich businesses – situations that may manifest in non-cash assets like investment portfolios & trailing commission books.
- iv. **Positive Screening:** Those stocks that survived negative screening or were individually added to the shortlists are then ranked with a view to the Manager focusing on those with the most attractive risk and price characteristics for further research.
- v. **Active Research:**
- The manager develops an understanding of the business model, the market opportunity and the competitive forces facing potential or current investments.
 - The manager considers people to be key assets of most companies and therefore seeks to know the people in and around the company.
 - The manager seeks to build a proprietary “mosaic” of information and seeks relevant information from a multiplicity of conventional & unconventional sources.
 - Research usually uncovers other opportunities not included by default in the investable universe or new information that gives us greater insight into other businesses in the default universe, better informing our screening process.
- vi. **Valuation:** The manager takes the active research into account and builds a financial model from which valuation scenarios are derived.
- vii. **Portfolio Construction & Optimisation:** We focus on the reward opportunity relative to the risk profile and weight the portfolio accordingly, while seeking to avoid excessive exposure to any specific identified risk. The number of stocks we hold will be relatively concentrated – we expect no more than 45 stocks to be held in the Fund at any one time.

FEES AND COSTS

The following table shows the fees and costs you may be charged when investing in the Fund. Fees and costs may be deducted directly from your money, from the returns on your investment or from the Fund's assets as a whole.

All the fees and costs shown in this section are paid to the Trustee out of the Fund's assets and exclude GST unless otherwise stated.

Type of Fee or Cost	Description & Amount
Entry Fee: Exit Fee:	Fees when your money moves in or out of the Fund Nil Nil
Management Fee	The fee is calculated and accrued based on the Net Asset Value of the Fund. It is paid monthly in arrears out of the Fund's assets. 1.5% pa (plus GST)
Recoverable Expenses	Equitable Investors is entitled to be reimbursed from the Fund in respect to a range of expenses including administration, custodial, brokerage and other expenses. It is paid in arrears out of the Fund's assets. Equitable Investors has undertaken that the total cost of the Fund (excluding performance fees) does not exceed 2% pa (plus GST). Equitable Investors will fund costs in-excess of 2% pa (plus GST) from its own resources.
Performance Fee	A performance fee is payable subject to the Trustee meeting specified performance criteria. The Fund needs to exceed the Performance Hurdle before a performance fee is payable. Performance is calculated after management fees & recoverable expenses. It is accrued each pricing period then paid out six-monthly. 20% (plus GST) of return in-excess of the Performance Hurdle
Performance Hurdle	Five Year Australian Government Bond Yield + 5% pa
High Watermark	High watermark set as highest closing unit price for a six-monthly performance period (adjusted for distributions) in the past three years.
Buy/Sell Spread	A buy/sell spread is a transaction cost charged when you buy and sell units in the Fund. It is designed to fairly allocate costs associated with buying and selling Fund assets as a result of investors acquiring or redeeming units in the Fund. It is retained by the Fund and is not payable to Equitable Investors Pty Ltd. At the time of this Information Memorandum, the buy spread is 0.30% and the sell spread is 0.30%. The buy/sell spread may change from time to time without prior notice.

Examples of fee calculations

The table below provides examples of how the fees and costs in the Fund can affect your investment. The Management Fee and Recoverable Expenses examples provide annual expenses based on a constant value for your investment over a 12-month period. The Performance Fee example provides a working example of how it would be calculated in a six-month period, should your investment grow in value.

Example	If you had \$100,000 invested
Transaction Fees	You will be charged \$0 for entry or exit.
Management Fee – 1.5% pa (plus GST)	Each month for \$100,000 invested, you would be charged \$125 (plus GST), up to a maximum of \$1,500 (plus GST) over one year, with the amount charged rising or falling in-line with changes in the value of your investment.
Recoverable Expenses	<p>Should the Fund’s operational expenses run at 0.3% pa, that would result in a cost of \$300 a year on a \$100,000 investment.</p> <p>As the cap of 2% pa (plus GST) on expenses includes the Management Fee of 1.5% pa, recoverable expenses may be no more than 0.5% pa (plus GST) of Net Asset Value. At 0.5%, the annual expense on \$100,000 would be \$500.</p>
Performance Fee - 20% (plus GST) of return in-excess of the Performance Hurdle	<p>There would be no performance fee if the \$100,000 investment did not grow in value.</p> <p>If the Five Year Australian Government Bond Rate was yielding 3% a year at the start of a half-year period, the annualised performance benchmark return would be 8% (3% + 5%). For the six-month period, the performance hurdle rate of return would, therefore, be 4% (ie 8%/2).</p> <p>If the value of an initial \$100,000 investment grew by 10% over the course of the six-month period, after management fees and recoverable expenses, a performance fee would be payable on the 6% return achieved in-excess of the 4% hurdle for the six months.</p> <p>The performance fee will be accrued each pricing period but in aggregate over six months, for this example, would equal:</p> $[(\$110,000 - \$100,000) - (\$100,000 \times 4\%)] \times 20\% = \$1,200$ <p>However, no performance fee would be payable on any component of positive returns in a period that brought the unit price to a point at or below the highest end-of-half unit price in the past three years.</p>

Changing the fees

The fees and costs can change at the discretion of the Trustee. The Fund’s constitution defines the maximum fee levels that can be charged for fees other than performance fees.

RISKS OF INVESTING IN THE FUND

The purpose of this section is to inform you of the types of significant risks that may apply to an investment in the Fund and is a summary only. It does not purport to be a comprehensive statement of all the risks. The significant risks of the investment structure as well as those associated with the structure of this Fund are considered.

All investments carry risk including the potential for loss of income or capital, a less than expected rate of return or a delay in payment. Different investment strategies may carry different risk, depending on the assets that make up the investment strategy.

Some of the significant risks of investing in the Fund are summarised below.

Investment Risk

Investments made by the Fund will fluctuate in value, meaning that they can, and do, fall in value for many reasons. This risk relates to both share markets in general and individual stocks. Investments in the Fund may have a high risk/return profile and can be volatile. There is a possibility of negative returns over more than 1 year.

Market, country and political risk

The Fund may be impacted either directly or indirectly by market, country and/or political risk.

Fund Risk

The Fund could be terminated, the fees and expenses could change, the investment managers could be replaced, and other key personnel could change.

Derivatives Risk

Derivatives risk includes the value of derivative positions not moving in line with the movement in the underlying asset, potential illiquidity of the derivative, and being unable to meet payment obligations in relation to derivative contracts.

Liquidity Risk

The Fund's assets may not be able to be converted into cash in a timely manner in order to pay withdrawal requests.

Counterparty Risk

Counterparty risk represents the loss that would be recognised if counterparties (i.e. the other parties to the contracts such as custodians, securities dealers or derivative counterparties) fail to perform as contracted.

You should consult with your financial adviser to properly understand the risks associated with the Fund and your attitude to investment risk.

The Trustee does not guarantee the repayment of capital invested, the payment of income or the Fund's investment performance. An investment in the Fund does not represent a deposit with, or a liability of the Trustee.

Investment Application Timing Risk

Unit pricing may change between the time of application and the issuance of the units due to fluctuations in the value of investments held in the Fund.

Significant Redemption Risk

Significantly large redemptions of units at one time could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions. Redemptions may also reduce the size of the Fund's portfolio, making it more difficult for the Fund to achieve its investment objective with a smaller asset base and potentially increasing Fund expenses on a per Unit basis. Such factors could adversely affect the value of Units redeemed and of the Units remaining outstanding. Alternatively, the Manager could be forced to suspend or postpone redemptions.

Key Person Risk

Equitable Investors is a boutique investment manager. The loss of key personnel may adversely affect the Fund's performance.

ADDITIONAL INFORMATION FOR INVESTORS

Trustee

Equitable Investors Pty Ltd (ACN 120 965 979, AFSL no. 505824) is the trustee of the Fund.

The Trustee is responsible for the operation and investment management of the Fund and is required to act in the best interests of the investors. It is also required to operate the Fund in accordance with its constitution and applicable law.

Provided the Trustee acts in good faith and without negligence, it is not liable to investors for losses in relation to the Fund (except, in certain circumstances, where the Trustee can be indemnified from the Fund).

The Trustee can retire at any time by nominating a replacement trustee. The Trustee is not subject to removal by investors.

Fund Constitution

The Fund was established under a constitution dated July 7, 2017. The constitution for the Fund sets out provisions for:

- the establishment of the Fund as a unit trust;
- the Fund's duration and vesting;
- rights of investors;
- applications, issues of units and withdrawal from the Fund;
- the Trustee's powers and management responsibilities;
- liabilities and indemnities;
- unit registry and transfers;
- fees and outgoings;
- income distributions;
- meetings of investors;
- change of trustee;
- amendments to the constitution; and
- other related matters.

The constitution also contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the Trustee and investors. Some of the provisions of the constitution are discussed elsewhere in this Information Memorandum.

Copies of the constitution are available to investors, free of charge, on request to the Trustee.

Investor Liability

The constitution of the Fund provides that the liability of each investor is limited to the amount (if any) unpaid on units held by that investor. It is, therefore, expected that investors will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested at law.

Termination of the Fund

The Fund may be terminated by the Trustee but only as set out in the Fund's constitution.

Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata to all investors according to the number of units each holds in the Fund.

Indemnity

The Trustee is indemnified out of the Fund against all liabilities and expenses incurred by it in properly performing any of its duties, exercising any of its powers, or omitting to act in relation to the Fund, or attempting to do so.

Cooling off Rights

Investors who invest in the Fund do not have the right to "cool off" in relation to an investment in the Fund.

Anti-Money Laundering and Counter-Terrorism Financing

The Trustee is subject to the *Anti-money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ("AML/CTF Laws") that require the Trustee to ensure that the services offered by the Trustee incorporate sufficient safeguards to detect and prevent money laundering and terrorism finance which may prohibit the Trustee from entering into or conducting transactions involving certain persons or entities.

You must provide all information and documentation which the Trustee and the Fund Administrator reasonably require to comply with AML/CTF Laws.

By completing the Application Form you agree that the Trustee:

- will incur no liability to you from any action it takes to comply with AML/CTF Laws;
- may delay, stop or refuse to make a payment or conduct a transaction for a client if providing the services could contravene the AML/CTF Laws; and
- may disclose information and documentation provided to the Trustee where required by AML/CTF Laws.

You must ensure that your investment in the Fund and your conduct in maintaining your investment will not result in a breach of AML/CTF Laws.

Privacy

When processing an application for units, the Trustee will be collecting personal information. The Trustee may also request additional personal information in the future.

Equitable Investors understands the confidentiality of your personal information is important to you. Equitable Investors is committed to protecting the privacy of personal information obtained through its business activities and has practices in place to comply with privacy laws. Personal information about you will be collected only if it is necessary for one or more of our functions.

Our contact details for privacy purposes are as follows:

- email our nominated Privacy Officer at privacy@equitableinvestors.com.au
- Write to The Privacy Officer, Equitable Investors Pty Ltd, PO Box 18106, Melbourne, Victoria, 3001

Personal information is any information about you that identifies you and/or contains information or an opinion about you. Examples of personal information include your name and/or names used, your date of birth, tax file number, address, employment details, details of your financial circumstances, your financial needs and objectives, your investment history and preferences and your aversion or tolerance to risk.

We generally collect personal information directly from you. For example, personal information will be collected through our application processes, forms and other interactions with you in the course of providing you with our products and services, including when you visit our website, call us or send us correspondence. We may also obtain information about you from identity verifiers if necessary for us to provide our services to you.

We collect and hold personal information for the purposes set out in our Privacy Policy.

If you do not provide us with the personal information we request, we may not be able to provide you with our products or services, or meet your needs appropriately.

We may use and disclose the personal information about you so that we may:

- a. provide you with our products and services;
- b. to keep you updated in relation to the Fund's development and activities;
- c. let you know about other products or services we offer, send you information about special offers or invite you to events;
- d. protect our business and other customers from fraudulent or unlawful activity;
- e. consider any concerns or complaints you may have;
- f. comply with relevant laws, regulations and other legal obligations; and
- g. help us improve the products and services offered to our customers.

The specific types of information we collect and reasons for collection may vary depending on particular circumstances.

The types of organisations we might disclose your personal information to include the Australian Taxation Office (ATO), our custodian, fund administrators, financiers, accountants and auditors, legal advisers, information technology providers and other professionals. Sometimes the law may require us to disclose personal information to government bodies such as the ATO or the Australian Transaction Reports and Analysis Centre (AUSTRAC).

We may disclose personal information to recipients that are located outside Australia in some circumstances. Any disclosure of personal information to overseas recipients will be in accordance with our Privacy Policy. These recipients may be located in the following countries (at the time of publication of this document): the Philippines.

We may store electronic records locally in Australia or on secure "cloud" storage provided by operators with appropriate security regimes in place.

All personal information is handled and stored by Equitable Investors in accordance with its Privacy Policy, a copy of which can be found at www.equitableinvestors.com.au.

Our Privacy Policy contains information about how:

- a. you may access information, including credit information, held about you;
- b. you may seek the correction of information, including credit information, about you;
- c. you may ask us to provide an alternative means of identity verification for the purposes of the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*;
- d. you may complain about a breach of the *Privacy Act 1988*, including the Australian Privacy Principles; and
- e. we will deal with a privacy complaint.

When we are provided with personal information about an individual from a third party, we seek to ensure the individual is aware of certain matters, such as:

- Equitable Investors' identity and contact details;
- the fact that the information has been collected and the circumstances and purpose;
- if the collection was required or authorised under law or court/tribunal order;
- consequences of not having collected the information; and
- the information provided in our Privacy Policy

TAXATION

The following information is a tax summary based on tax laws current at the date of this Information Memorandum. This general summary is not intended to be authoritative or a complete statement of the applicable laws. Recipients are advised to seek independent professional advice relevant to their own particular circumstances before investing in the Fund.

The following summary generally applies to Australian-resident investors who hold their investment on capital account.

Taxation of the Fund

The Fund is registered within Australia for tax purposes, with income determined annually. Where the Fund realises a capital gain on the disposal of an asset, it may be entitled to take into account the discount capital gain concessions in determining the amount of the net capital gain that is included in its net income.

On the basis that investors are presently entitled to the net income of the Fund (including net taxable capital gains), pursuant to the existing income tax legislation, the Fund should not be subject to Australian income tax. In the case where the Fund makes a loss, for tax purposes the Fund cannot distribute the loss to investors. However, subject to meeting certain conditions, the Fund may be able to take into account the losses in subsequent years.

Due to the possibility of investors moving into and out of the Fund at different points in time, there is a risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

Taxation of resident investors

Generally, an investor's entitlement to the net income of the Fund for a financial year forms part of the investor's assessable income for that year. This includes distributions that investors have elected to have reinvested into additional units in the Fund.

Risks of investing shortly before financial year end

A distribution of income generally forms part of an investor's assessable income, and investors will be liable to pay tax on that income. At the time of distribution, the value of each unit will be reduced by the distribution amount.

Distribution of income is not based on the amount of time investors have held units in the Fund, but rather the number of units an investor holds at 30 June each year.

Investors purchasing units on or shortly before 30 June will receive the full distribution entitlement for the number of units they hold at 30 June. Such distributions (depending on the investor's tax circumstances) will be likely to create a tax liability for the investor.

Tax free distributions and tax deferred distributions

Distributions of non-assessable amounts are generally not subject to tax. Examples of non-assessable amounts include distributions comprising amounts attributable to deductions for capital allowances. Although the receipt of non-assessable amounts is generally not subject to tax, the receipt of certain non-assessable amounts may have capital gains tax consequences.

Broadly, the receipt of certain non-assessable amounts may reduce the cost base of the investor's investment in the Fund. The impact of the reduction to the cost base may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of the investment in the Fund.

Disposal of units by investors

Any taxable capital gain arising from the disposal of an investment in the Fund may form part of the investor's assessable income. Investors that are individuals, trusts, and complying superannuation funds may be eligible for the discount capital gain concession if their investment has been held for 12 months or more, and the Fund – and the investor – satisfies certain other requirements.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investors may have derived.

TFN/ABN Withholding

Investors are not obliged to provide us with their Tax File Number or Australian Business Number (if applicable), but if an investor does not provide either and does not claim a valid exemption, we are required to deduct tax from that investor's distributions at the highest marginal tax rate, plus the Medicare levy and other applicable levies, to meet Australian Taxation Office requirements. Australian companies and other entities that invest in the course or furtherance of their registered business can supply their ABN instead of their TFN to us.

Attribution Managed Investment Trust (AMIT) Regime

The AMIT regime allows a Trustee to elect to treat an existing Managed Investment Trust (MIT) as an AMIT in certain circumstances. AMITs are able to attribute types of income and capital to Unitholders in a more flexible fashion than is available under the default trust taxation rules. At present, the Trustee has not elected to apply the AMIT regime, but reserves the right to do so in the future. Investors will be notified should the Trustee make such an election.

Where the Fund is an AMIT, it will be administered in accordance with the AMIT rules, including calculation and distribution of income of the fund in accordance with the AMIT principles. The income of the Fund should be taxed in the hands of resident Unitholders on a 'flow through' basis if the Fund is an AMIT for a financial year, in which case those Unitholders will be assessed on their share of the assessable income (including any capital gains), exempt income, non-assessable non-exempt income and tax offsets of the Fund as allocated to them by the Responsible Entity.

Foreign Account Tax Compliance Act

The Trustee is required to identify certain US persons in order to meet account information reporting requirements under local and international laws.

If you or (where you are an entity) any office bearer of the entity and/or any individual who holds an interest in the entity of more than 25% (a Controlling Person) are a US citizen or US tax resident, you must contact us on the above details at the time of accepting the terms and conditions in this IM. When you contact us you will be asked to provide additional information about your US tax status and/or the US tax status of any Controlling Person which will constitute certification of US tax status for the purposes of the application to which the terms and conditions in this IM relate. Unless you notify us that you and/or any Controlling Person are a US citizen or US tax resident as specified above, accepting these terms and conditions constitutes certification that you and/or any Controlling Person are not a US citizen or US tax resident.

Common Reporting Standard

The Common Reporting Standard (CRS) is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Under it, Australian banks and other financial institutions are required to collect and report to the ATO financial account information of non-residents, effective from 1 July 2017. The ATO will exchange this information with the participating foreign tax authorities of those non-residents. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received in the Application Form and other applicable documents, or through additional requests for information.

DIRECTORY OF CONTACTS

Investment Manager & Trustee

Equitable Investors Pty Ltd
ABN 72 120 965 979
AFSL: 505824

Level 39, 55 Collins Street
Melbourne, Victoria, 3000
Tel: 03 9028 7104
www.equitableinvestors.com.au

Custodian

Sandhurst Trustees Ltd
Level 5, 120 Harbour Esplanade
Docklands, Victoria 3008

Fund Administrator

William Buck Managed Funds Administration (SA) Pty Ltd
Level 6, 211 Victoria Square
Adelaide SA 5000

Solicitors to the Trustee

Holley Nethercote Commercial and Financial Services Lawyers
Level 1, 224 Queen Street
Melbourne, Victoria, 3001