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# INFORMATION MEMORANDUM

## WARBURTON GLOBAL FUND

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## 1. IMPORTANT INFORMATION

This Information Memorandum (IM) is for the issue of Units of the Warburton Global Fund (**Fund**).

This IM has been prepared by Warburton Investment Management Pty Ltd (**Warburton**) and Primary Securities Ltd (**Primary**) and is issued by Primary under its **AFSL 224107** in its capacity as Trustee of the Fund.

Warburton is appointed as a corporate authorised representative (**CAR 1235096**) of Primary to act as the Investment Manager of the Fund.

This IM has not been, and is not required to be, lodged with the Australian Securities and Investment Commission (**ASIC**) under the Australian Corporations Act 2001 (**Corporations Act**). The information in this document is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs.

Any investment decision should be made based solely upon appropriate independent due diligence. Recipients of this document are advised to consult their own professional advisers as to the legal, tax, financial or other matters relevant to the suitability of an investment in Units of the Fund. An investment in any unit trust, including the Fund, is subject to risks of potential loss of income and the potential loss of capital as a result of specific events.

An investment in the Fund is subject to investment and other known and unknown risks, some of which are beyond the control of Primary and Warburton and their directors, employees, advisers or agents. Primary and Warburton do not guarantee any particular rate of return or the performance of the Fund, nor does Primary or Warburton personally guarantee the repayment of capital or any particular tax treatment. Investment in the Fund can only be made by a wholesale client (as defined under the Australian Corporations Act) as outlined in Section 17.

Investors applying for Units through a platform should be aware that they do not acquire the direct rights of a Unit Holder in the Fund. Accordingly, investors holding Platform Class Units may not have the same rights in relation to applications and redemptions, voting and distributions as investors who invest directly in the Fund. The rights of such investors are set out in the relevant platform guide or other similar type of document. Investors via a platform should direct all questions relating to the Fund to their relevant platform operator.

No person has been authorised to make any representations concerning the Fund that are inconsistent with those contained in this IM, as supplemented from time to time, and no person may rely on any such other information or representations if they are given or made. This offering is suitable only for investors whose need for liquidity is consistent with the limitations on redemption and transferability described herein.

The statements in this IM are current as of 1 December 2017 unless another time is specified, and neither the delivery of this IM nor any issue hereunder shall imply that there has been any change in the facts described since the date hereof. The Fund will provide any potential investor the opportunity to ask questions, and receive answers, concerning the terms and conditions of this offering, and to obtain additional information concerning this offering.

This IM should be read in conjunction with the Trust Deed, which is available at the offices of Primary or by contacting Primary by email at [registry@primarysecurities.com.au](mailto:registry@primarysecurities.com.au) and requesting that a copy be made available to you.

Except as stated otherwise, all dollar (\$) values are in Australian dollars.

The distribution of this IM and the Application Form (including electronic copies) outside Australia may be restricted by law. This IM does not, and is not intended to, constitute an offer or invitation in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you come into possession of the IM and Application Form, you should observe such restrictions and should seek your own advice about such restrictions.

## 2. KEY INFORMATION SUMMARY

<b>FUND NAME</b>	Warburton Global Fund (the <b>Fund</b> ).
<b>INVESTMENT MANAGER</b>	Warburton Investment Management Pty Ltd (the <b>Investment Manager</b> or <b>Warburton</b> ).
<b>TRUSTEE AND ADMINISTRATOR</b>	Primary Securities Ltd (the <b>Trustee</b> or <b>Primary</b> ).
<b>AUTHORISED REPRESENTATIVE</b>	Warburton Investment Management Pty Ltd is a corporate authorised representative (CAR 1235096) of Primary Securities Ltd (AFSL 224107).
<b>NATURE OF THE OFFER</b>	The investment being offered is Units in the Fund which is a unit trust.
<b>FUND'S OBJECTIVE</b>	<p>The objective of the Fund is to provide you with long term capital growth without any material correlation to any Australian asset class, by investing in a globally diversified long/short portfolio of liquid exchange traded products.</p> <p>For more information see Section 3.</p>
<b>FUND'S INVESTMENT STRATEGY</b>	<p>The Fund applies a global macro investment strategy that uses both quantitative and discretionary approaches that seek to profit from the movements of international asset classes. The strategy is executed using exchange-traded liquid investment instruments such as futures, options, exchange-traded products (ETPs) and cash.</p> <p>For more information see Section 3.</p>
<b>RECOMMENDED INVESTMENT TIMEFRAME</b>	At least 3 years.
<b>RISK PROFILE</b>	<p>The Fund's investments mean that the Fund is higher risk in nature. It is important that investors understand that the Fund bears high month-to-month volatility in exchange for stronger long-term capital growth. The principle risks associated with the Fund include:</p> <ul style="list-style-type: none"> <li>• changes in the value of assets in which the Fund has invested;</li> <li>• the performance of investment markets generally;</li> <li>• key man risk to the management of the Fund; and</li> <li>• gearing.</li> </ul> <p>These and other risks are discussed in more detail later in this document in Section 10.</p>
<b>ELIGIBLE INVESTORS</b>	<p>Any wholesale client.</p> <p>For an explanation as to what is a wholesale client, see Section 17.</p>
<b>APPLICATIONS</b>	<p>Please refer to Appendix A for instructions on investing in the Fund.</p> <p>Applications are generally accepted at month end, subject to the request being received at least three business days before the end of the month.</p> <p>For more information see Section 8.</p>

<b>MINIMUM INITIAL INVESTMENT</b>	<p>The minimum initial investment is \$100,000.</p> <p>We may change the minimum investment from time to time.</p> <p>For more information see Section 8.</p>
<b>MINIMUM SUBSEQUENT INVESTMENT AND REDEMPTION AMOUNT</b>	<p>The minimum subsequent investment amount and the minimum redemption amount for the Fund is \$10,000.</p> <p>For more information see Section 8.</p>
<b>ISSUE PRICE</b>	<p>The Trustee will issue Units in different Series, depending on when an investment in the Fund is made. As investors may apply for Units at different times, a separate and distinct Series of Units will be issued at each Valuation Date on which investor applications are received. The issuance of a new Series will enable Performance Fees to be allocated equitably among Unit Holders.</p> <p>As of each Valuation Date, the Fund will issue a new Series of Units at a Unit Price of \$1.00. All direct investors in the Fund are issued Units in a Series.</p>
<b>INVESTORS INVESTING VIA A PLATFORM</b>	<p>If investors invest indirectly via a platform, their platform provider will be issued Units of a separate Class (<b>Platform Class</b>).</p> <p>The Issue Price for Platform Class Units is calculated by reference to the Net Asset Value of the Platform Class at the Valuation Date.</p>
<b>REDEMPTIONS</b>	<p>Unit Holders may redeem all or part (subject to the minimum redemption amount) of their investment by submitting a redemption request.</p> <p>Redemptions are effected at month end, subject to the redemption request being received at least three business days before the end of the month.</p> <p>Investors investing via a platform need to provide redemption requests directly to their platform operator. The time to process a redemption request will depend on the particular platform operator.</p> <p>For more information see Section 8.</p>
<b>DISTRIBUTIONS</b>	<p>The net income of the Fund will be distributed to Unit Holders annually, as soon as possible after 30 June.</p> <p>Please note that all distributions will be reinvested in the Fund unless Unit Holders elect to receive all or some of the distributions in cash by electronic funds transfer into their nominated bank account.</p> <p>For more information see Section 9.</p>
<b>MANAGEMENT FEE</b>	<p>1.5% per annum.</p> <p>For more information see Section 11.</p>

<b>PERFORMANCE FEE</b>	<p>15% of the increase in the Unit price where a High Water Mark is exceeded.</p> <p>A High Water Mark ensures that we must exceed the highest previous Unit valuation when a Performance Fee was last paid, before receiving any Performance Fee. This means the Investment Manager cannot receive a benefit more than once for the same performance.</p> <p>For more information see Section 11.</p>
<b>TAX</b>	<p>The Fund has been established as an Australian resident unit trust.</p> <p>The Fund will generally not pay Australian income tax in respect of its net income because it will distribute its entire distributable income to Unit Holders each year. Investors will be subject to Australian income tax on distributions from the Fund and the extent of Australian tax payable will depend on the nature of the income and whether the investor is a resident or non-resident of Australia for tax purposes.</p> <p>Investors should seek their own independent tax advice.</p> <p>For more information see Section 12.</p>
<b>FUND INCEPTION DATE</b>	1 April 2016
<b>DATE OF THIS IM</b>	1 December 2017

Bolded terms are defined throughout this IM or in the glossary in Section 15.

### 3. FUND OVERVIEW

#### 3.1 Fund Outline

The Fund is an unregistered Australian domiciled unit trust for wholesale client's that invests in a diversified long/short portfolio of international assets using a combination of quantitative and discretionary global macro investment strategies.

The objective of the Fund is to provide Unit Holders with long term capital growth without material correlation to any Australian asset class.

The Fund's Trust Deed allows for more than one Class of Units to be offered to potential Unit Holders. The rights of Unit Holders in different Classes of Units may vary see clause 8.5 below. The Fund has a separate Class (**Platform Class**) for Units issued to investors via a platform.

As with any investment, the Investment Manager and Trustee do not guarantee any specific return on Unit Holder's investment in the Fund.

#### 3.2 Summary of Investment Strategy

The Fund's strategy is to extract profit from a broad and liquid set of international asset classes, whilst actively managing for risk. The Investment Manager's approach to the strategy can be summarised as follows:

- Use quantitative methods to construct an optimally diversified core portfolio;
- The core portfolio is combined with a portfolio of quantitatively chosen higher-conviction positions;
- Take advantage of discretionary trades on an opportunistic basis; and
- Gear to achieve a target annualized volatility of 30% across the whole Fund over the long run.

## **4. MANAGEMENT OF THE FUND**

### **4.1 Investment Manager**

Warburton Investment Management is the investment manager of the Fund. The firm was established in 2015. It is a corporate authorised representative 1235096 of Primary under its AFSL 224107.

Leon Warburton is the Founder and CEO of Warburton Investment Management. Leon is the portfolio manager of the Warburton Global Fund and has over 10 years of investment industry experience across both the buy and sell sides.

Further information regarding the investment manager and its personnel is available on its website: [www.warburtoninvestment.com](http://www.warburtoninvestment.com)

### **4.2 Trustee and Administrator**

Primary Securities Ltd is the trustee and administrator of the Fund. Primary was established in 1999 and is a licensed responsible entity which holds AFSL 224107.

Primary has a comprehensive AFSL and its broad experience has led to its appointment as responsible entity or trustee for a number of registered retail and unregistered wholesale managed investment schemes throughout Australia,

Further information regarding the trustee and administrator and its personnel is available on its website: [www.primarysecurities.com.au](http://www.primarysecurities.com.au)

### **4.3 Gearing**

The Investment Manager gears the Fund to target annualised volatility of 30% over the long term. The level of gearing will depend on the assets used and the prevailing market conditions. If part of the Fund has realised volatility less than the target, the Investment Manager will use gearing to increase that proportion of the Fund until the volatility target is reached. Gearing will be dynamically adjusted so that:

- for more volatile assets and markets gearing will be lowered; and
- for less volatile assets and markets gearing will be increased.

The Investment Manager also intends to reduce leverage manually, ahead of any binary market event that is likely to cause market volatility.

### **4.4 Risk Management**

Full time risk monitoring is conducted at the trading desk level by the Investment Manager via the use of a risk analytics platform. Risk parameters are programmed and any breaches of the risk analysis platform are flagged and addressed.

Risk is monitored independently of the trading desk at internal weekly risk meetings, which include parties independent of the portfolio managers.

The Trustee also monitors investments and risk reports regularly. This enables the Trustee to ensure that the Fund's investments are compliant with the Fund's investment mandate.

### **4.5 Audit**

The Fund is audited on an annual basis at the end of each financial year.

## 5. MISSION

The mission is to provide Unit Holders with a high level of service and above average investment returns.

Despite the higher risk associated with the strategy implemented by the Investment Manager, the aim is to minimise risk and maximise profit through the application of the Investment Manager's specialised investment philosophy, process and expertise.

The Investment Manager believes in aligning itself with the Unit Holders and the Investment Manager is invested in the Fund alongside Unit Holders on the same terms.

## 6. INVESTMENT OVERVIEW

### 6.1 Investment Philosophy

The Investment Manager is a global macro fund manager with a focus on liquidity and diversification. The aim of the Fund is to provide Unit Holders with above average investment returns by investing in a diversified long/short portfolio of exchange traded liquid assets spanning the global financial spectrum.

### 6.2 Investment Process

The Investment Manager follows both quantitative and discretionary investment processes to build a diversified portfolio of uncorrelated return streams such that no position will have a disproportionate impact on the total portfolio's return and risk.

#### *Quantitative*

Quantitative means the Investment Manager pre-specifies its investment criteria, allowing it the opportunity to continually assess each criteria's merits and implement decisions with objectivity and thoroughness. This process gives them the ability to make better decisions and create more diversified portfolios, producing more consistent performance.

#### *Discretionary*

Discretionary means the Investment Manager implements its understanding of market sentiment and the fundamental criteria that drive global asset returns. The Investment Manager establishes conviction in its investment decisions through their experience in trading across all parts of the economic cycle and across various different countries.

### 6.3 Investment Implementation

The Investment Manager seeks to construct the investment portfolio using the broadest, most representative and liquid set of asset classes globally. As at the date of this IM, the Fund invests in equity, bond, commodity and currency asset classes across more than 10 countries.

In order to implement the Fund's strategy, the Investment Manager will use whatever financial instruments it deems most appropriate to provide the best pricing, efficiency and liquidity. As at the date of this IM, the primary investment instruments used by the Fund are shares, futures, options, exchange traded products (ETPs) and cash. The cash holdings serve both to act as collateral for the positions the Fund takes and also to earn income for the Fund.

Liquidity is of utmost importance and therefore the Fund does not use illiquid instruments or invest in asset classes that generally require the "lock-up" of capital (such as real estate, private equity or venture capital).

## 7. RISK MANAGEMENT

The Trustee and Investment Manager take risk management very seriously.

Investing in the Fund means that the value of your investment will change on a month to month basis. Therefore, you should expect some volatility in returns and be comfortable that performance will not come in a straight line.

If an investor equates risk with month-to-month Unit price volatility, then the Fund certainly exhibits higher short term risk.

Large swings in the price of an asset in the short term, may not necessarily reflect corresponding changes in the fundamental appraisal of the asset. It's up to the Investment Manager to determine if price volatility is indicative of fundamental changes in the asset's appraisal which they must react to.

Therefore, when managing a portfolio of global assets it is important to actively manage the Fund because the prices of global assets can change rapidly. A detailed understanding of the potential risks and rewards of investing in global assets increases the Investment Manager's ability to mitigate fundamental investment risk.

To reduce Fund downside volatility and investment drawdowns, the Investment Manager protects the assets of the Fund against specific market corrections by hedging market risk. This is done by:

- short selling comparable assets or other derivatives that profit from a market correction; or
- buying non-correlated assets or other derivatives that profit from a market correction.

In addition to hedging, the Investment Manager continuously adjusts the position sizes and the level of cash that the Fund is holding at any time. If deemed appropriate, the Fund may be invested 100% in cash to mitigate the risk of a severe decline in the value of the Fund's Units.

The Investment Manager actively manages all currency exposures.

## 8. INVESTING IN THE FUND

### 8.1 Eligible Investors

The Fund is open to wholesale clients as defined by the Corporations Act, 2001. The Fund is not open to investors in the USA or any of its territories or protectorates.

For what constitutes a wholesale client, see Section 17.

### 8.2 Minimum Investment

#### *Initial Investment*

The minimum initial investment amount for the Fund is \$100,000 and may only be made using the Application Form accompanying this IM and by sending it to the Trustee. You can invest any amount over that minimum. The minimum initial investment amount may change from time to time.

Indirect investors investing through a platform should use the application method required by their platform operator.

#### *Additional Investment*

Additional investments may be made by existing Unit Holders (or their platform) and must be for a minimum of \$10,000. Additional investments may only be made by using the Application Form accompanying this IM and by sending it to the Trustee.

### 8.3 Applications

Please refer to Appendix A for instructions on investing in the Fund.

Application forms and relevant identification documents must be sent to the Trustee. The Trustee will not process any new applications until it has received a properly completed and signed Application Form and the required accompanying identification documentation.

Completed Application Forms, identification documents and cleared funds (in the Funds application bank account) must be received and accepted by the Trustee at least three Business Days before the end of the month for the request to be processed on that date.

Applications for new Units in a Series will be processed monthly on the last day of each month (**Valuation Date**) at which time Units will be issued.

If you are investing via a platform, you need to contact your platform operator regarding cut-off times for applications. Applications for new Units in the Platform Class will be processed monthly on the Valuation Date.

The Trustee will acknowledge receipt of an Application Form on behalf of the Fund, and in the event no acknowledgement is received from the Trustee within 5 Business Days of submitting the request, the applicant should assume the Application Form has not been received and they should contact the Trustee via telephone on 08 9430 5262 to confirm the status of their application.

Once applications have been approved and Units allotted a confirmation will be sent to applicants as soon as practicable after the relevant valuation date setting out details of the Units that applicants have applied for. If the applicant does not receive a confirmation, the applicant should contact the Trustee on 08 9430 5262 to ascertain the status of their application. Any interest income in respect of the payment received on an application for Units prior to the issue of those Units, forms part of the Fund.

### 8.4 Rejected Applications

The Trustee or Investment Manager may, at their absolute discretion, reject an application in whole or in part without giving any reason for the rejection.

Applications that are not accepted, or are accepted for a lower number of Units than the number applied for, will receive a refund of their application money without interest.

## 8.5 Application Price of Units

### *Series Units*

The Trustee will issue Units in different Series, depending on when an investment in the Fund is made. As investors may apply for Units at different times, a separate and distinct Series of Units will be issued at each Valuation Date on which investor applications are received. The issuance of a new Series will enable Performance Fees to be allocated equitably among Unit Holders. As of each Valuation Date, the Fund will issue a new Series of Units at a Unit Price of \$1.00.

### *Platform Class Units*

For investments made via a platform, Platform Class Units will be issued on the Valuation Date. The Issue Price for Platform Class Units is calculated by reference to the Net Asset Value of the Platform Class at the Valuation Date.

### *Series of Units*

Units issued in a Series will have income and capital entitlements that may differ from that of Units in each other Series. Every Series of Units in the Fund will only bear Performance Fees relating to the actual performance of that respective Series of Units.

### *Platform Class of Units*

Units issued in the Platform Class will have income and capital entitlements that may differ from that of Units in each of the Series. The Platform Class of Units in the Fund will only bear Performance Fees relating to the actual performance of the Platform Class.

### *Consolidation of Series of Units*

The Trustee in consultation with the Investment Manager, may for some or all issued Series of Units in respect of which a Performance Fee was paid, consolidate those particular Series of Units into a single Series of Units, in necessary, by redeeming and reissuing Units. If a Performance Fee has not been paid in respect to a particular Series of Units, that Series of units will retain its identity as a separate and distinct Series of Units.

## 8.6 Redemption of Units

You may redeem all or part of your investment by submitting a redemption request. The minimum redemption amount is \$10,000 unless otherwise approved by us.

Processing of redemptions may be suspended in exceptional circumstances. A redemption request lodged during a period of suspension is deemed to be lodged immediately after the end of the suspension period.

Otherwise, redemptions will be processed monthly on the last day of each month. Redemption requests must be received and accepted by the Trustee at least three Business Days before the end of the month for the request to be processed on that date.

The Trust Deed provides that the Trustee may take up to 180 days to pay redemption proceeds, subject to any suspension. The Trustee expects that this will usually only take up to 14 days, however, in unusual circumstances, payment of redemption proceeds may take longer. For more information on the action we take to mitigate the risk of delayed payment see "Fund Liquidity Risk" in Section 10.

If Unit Holders choose to send Redemption Request Forms by post or email, they bear the risk of such requests not being received. The Trustee accepts no responsibility or liability for any loss caused as a result of non-receipt or late receipt of any mail or email or for any loss caused in respect of any action taken as a consequence of such instruction believed in good faith to have originated from properly authorised persons.

Investors holding Platform Class Units need to provide redemption requests directly to your platform operator. The time to process a redemption request will depend on the particular platform operator.

## 8.7 Redemption Price

Redemption proceeds will equal the number of Units being redeemed multiplied by the applicable Net Asset Value for the Units in that Series as at the time of the redemption. This means it will be adjusted for any expenses, fees, performance fees, taxes and other liabilities as determined by the Trustee in consultation with the Investment Manager.

## 8.8 Suspension

The Trustee may temporarily suspend the determination of the Net Asset Value, the issue or redemption of Units and the payment of redemption proceeds, during any period or part thereof:

- if a Force Majeure event exists;
- if the realisation of Investments by the Fund is not possible or cannot be affected at prices which would be realised if the Investments by the Fund were realised in an ordinary functioning market;
- if there is a breakdown or failure in the systems including communication failure of the Trustee or of any administrator or agent appointed by the Trustee or a breakdown or failure of any other means of communication normally employed to determine the value of the Investments by the Fund on an ongoing basis.

Any suspension will be notified to Unit Holders in writing and where possible, all reasonable steps will be taken to promptly bring any period of suspension to an end. The Trustee may suspend the Management Fee and Performance Fee during any period of suspension.

In the event of a suspension where you have lodged a redemption request, you may cancel the redemption request at any time provided that such cancellation is received before the termination of the period of suspension. Where the request is not cancelled, the day on which the redemption of the Units will be effected will be the first redemption date following the end of the suspension.

## 9. VALUATION & DISTRIBUTIONS

### 9.1 Valuation and Unit Pricing

The Net Asset Value of the Fund is generally calculated monthly on the last day of each month. At each Valuation Date, all the investments are valued using their last closing price and for unquoted investments, at fair market value as may be determined by an Approved Valuer.

After determining the Net Asset Value of the Fund, the Trustee will then determine the amount that fairly represents the proportion of the Net Asset Value of the Fund to which each of the Series or the Platform Class is entitled. The Net Asset Value of each Class will be fairly calculated by the Trustee taking into account the proportion of the Net Asset Value of each Class at the end of the previous month and the increase or decrease in the Net Asset Value of the Fund as a whole (taking into account any redemptions and subscriptions).

The Trustee and Investment Manager will determine the Net Asset Value of each of Series and Platform Class of Units in the Fund by adding accrued income and deducting the liabilities, accrued expenses, fees and taxes (namely GST and foreign withholding taxes) relevant to that Class.

In valuing the Fund and each Series and/or Platform Class of Units, no provision is made for income tax or capital gains tax, although any non-Australian withholding taxes are brought to account.

The Trustee may also include any other amount which, in accordance with good accounting practice, should be included for the purpose of making an equitable and reasonable determination of the Net Asset Value of each of Series and/or Platform Class of Units in the Fund.

### 9.2 Distributions

The net income of the Fund will be distributed at the end of each financial year in accordance with the Trust Deed. In some circumstances, the Trustee may distribute net income more frequently than once per year (known as **Special Distributions**). Also, when you redeem Units, the Trustee may determine an amount of net income that is properly referable to those redeemed Units.

If you hold Units at a date of distribution, the Trustee will calculate distributions per Unit on a per Series and Platform Class basis. The distribution will be based on the Fund's remaining net income for that tax year after taking into account income distributed as redemption proceeds and Special Distributions as described above. If the Fund has no distributable income, distributions will not be made.

**Please note that any net income distributions will be automatically reinvested for you into new Units in the Fund. If you wish for your distributions to be paid to your nominated bank account and not automatically reinvested, please notify the Trustee.**

## 10. RISKS

There are some risks involved in relation to investing in the Fund. Understanding and managing risk is fundamental to any successful investment policy, so it is very important that you become familiar with the concept of risk.

All investments carry some level of risk, and there is typically a direct relationship between risk and return. Generally, the greater the risk, the greater the potential return and the lower the risk, the lower the potential return over the long term. Also, the higher the degree of risk an investment carries, the more its price may fluctuate.

Because of the risks set out below, it is possible that you may not receive the returns you expect, that the capital value of your investment may end up less than you originally invested, or that you may be unable to get back your money when you need it, if any of the risks eventuate. We describe what steps we take to mitigate these risks (where possible) below. It is important to note that despite taking such steps, we cannot mitigate the risks completely.

### ***Asset Specific and Asset Liquidity Risk***

An investment of the Fund in an asset may be affected by unexpected changes in that asset's trading, ownership base, governance, or default by the issuer. Firstly, if assets are illiquid, it may be difficult to sell those assets cheaply in times when lowering risk is prudent. Secondly, as illiquid assets do not trade frequently, their most recently traded price may not be indicative of their true value. These risks are mitigated (but not eliminated) by the Investment Manager performing due diligence and having each potential investment opportunity rigorously analysed before inclusion in the Fund's portfolio. The Fund does not invest in illiquid assets that trade infrequently or that generally require the "lock-up" of capital (such as real estate, private equity or venture capital).

### ***Market Risk***

The performance of the Fund will be affected by the performance of investment markets generally. The value of investments may go up or down in line with market movements. This in turn affects the value of the Units in the Fund. This risk is generally outside our control, and includes movements in the general price level, supply and demand in the market in which the investments are made. Markets will be affected by a range of factors including investor sentiment, political events, inflation, prevailing interest rates, economic and regulatory conditions and broader events like changes in technology and environmental events. Prices will fluctuate. This risk is mitigated (but not eliminated) by hedging (offsetting) the market risk by seeking to protect the assets of the Fund in the event of a market correction. This is done by:

- short selling comparable assets or other derivatives that profit from a market correction; or
- buying non-correlated assets or other derivatives that profit from a market correction.

In addition to hedging, the Investment Manager continuously adjusts the position sizes and the level of cash that the Fund is holding at any time. If deemed appropriate, the Fund may be invested 100% in cash to mitigate the risk of a severe decline in the value of the Fund's Units.

### ***Investment Manager Risk***

Investment management decisions (such as allocation of the Fund's investments between markets, asset classes and financial instruments) made by the Investment Manager will affect the Fund's returns, as will the performance of the underlying investments. The outcomes of management decisions cannot be predicted with certainty and results will vary accordingly. To manage this risk the Investment Manager maintains an up to date knowledge of various market factors through a review of fundamental data whilst also conducting ongoing research. This information is then taken into consideration when making investment management decisions.

### ***Key Man Risk***

The main operational risk of the Fund is key man risk to Leon Warburton, the Portfolio Manager of the Fund. The performance of the Fund will depend largely on the quality of his management. There is a risk that the Portfolio Manager may, in exceptional circumstances, become unavailable or incapacitated and not be able to be replaced which could adversely affect the management of the Fund. In such exceptional circumstances, the Investment Manager has instructed the Trustee to take over management of the Fund and to immediately move the Fund to be invested 100% in cash and to liquidate the Fund. To address the

key man risk of the Fund, the Investment Manager seeks to attract additional key personnel to its team to work collaboratively in the management of the Fund.

### ***Fund Liquidity Risk***

There will be no public market for Units. You will generally only be able to dispose of your Units by means of redemption at month end, subject to notice periods and suspension as described in Section 8. The Investment Manager may not be able to convert some non-cash investments into cash and redemptions may be suspended because of disruptions in the market place. Any decline in the Net Asset Value of Units during the period from the date of notice of redemption until the redemption date will be borne by you. This risk is mitigated (but not eliminated) by actively managing the Fund (as the price of assets can change rapidly) and by understanding the Investments which the Fund holds so that at any one time the Fund has sufficient liquid investments to meet redemption requests.

### ***Currency Risk***

As the underlying investments of the Fund may be invested in overseas jurisdictions in foreign currencies, returns may be affected by movements between the other currencies and the Australian dollar (the **AUD**). If the AUD appreciates, the value of the foreign currency investments will drop (in AUD terms) which may have an adverse effect on the domestic value of international investments. We actively manage all currency exposures.

### ***Derivative Risk***

The Investment Manager will use derivative instruments such as futures and options. Derivatives are financial contracts whose value depends on the future value of underlying assets such as equities, bonds, commodities, currency or cash. These products may be used to manage risk and generate independent investment returns. These products may be complex. Their use provides the effect of leverage by creating additional investment exposure, relative to the investment amount, but also provides the potential for greater loss. As a result of using derivatives, investment movements may be volatile. Risks associated with derivatives include the Fund not being able to meet its payment obligations as they arise and the risk that the other party to the derivative instrument will fail to perform its contractual obligations (known as "counterparty risk"). This risk is mitigated (but not eliminated) by performing due diligence on derivative counterparties.

### ***Issuer Risk***

The Fund may implement some of its investment strategy using Exchange Traded Products (**ETPs**) such as Exchange Traded Funds (**ETFs**), Exchange Traded Notes (**ETNs**) and other products issued and managed by third party providers to provide exposure to an underlying index. These Investments expose the Fund to the perceived creditworthiness of the issuer. By way of example, ETNs are a type of unsecured, unsubordinated debt security. The value of an ETN can be affected by the credit rating of the issuer and not just changes in the underlying index. Credit ratings are an assessment of the issuer's ability to pay its obligations, including those on the ETNs. Consequently, actual or anticipated changes in the credit ratings of an issuer may affect the market value of ETNs. This risk is mitigated (but not eliminated) by seeking product issuers who are reputable, have high credit ratings and have a reasonable expectation of not defaulting.

### ***Leverage Risk***

Leverage occurs when the Fund has exposure to underlying assets the value of which is greater than the amount invested or when the Fund borrows money to invest. The Fund will at times borrow foreign currencies to manage its currency exposure and will use derivatives such as futures and certain other instruments which have the effect of leverage. The Fund uses leverage associated with these instruments as a tool to set desired risk levels and as a means to keep the Fund appropriately diversified across the investment portfolio. Investment gains and losses may be magnified by the use of leverage, resulting in the potential for greater loss.

Leverage risk is mitigated (but not eliminated) by varying total leverage in response to our volatility targeting process. The Investment Manager seeks to manage risk allocation across the portfolio (such that no position will have a disproportionate impact on the total portfolio's return and risk) by adjusting the size of Fund's exposures to each investment instrument based on its volatility. For high volatility investment instruments the exposures are generally lower. Conversely for low volatility instruments, the exposures are generally higher, though only up to pre-specified limits derived from stress tests.

### ***Operational Risk***

It is very important that the Investment Manager maintains systems and practices that ensure investment operations run smoothly and accurately. Failures in this area can lead to losses due to such things as incorrect trade settlements, incorrect payment instructions or poorly defined documentation. This risk is mitigated (but not eliminated) by regularly reviewing systems and practices and performing operational due diligence on any third party to which any of the core operational functions are outsourced to.

### ***Service Provider Risk***

You could be adversely affected if any of the various parties involved in the operation of the Fund, including the Trustee, Investment Manager, or other underlying agents fail to perform their obligations. This risk is mitigated (but not eliminated) by undertaking due diligence on all third party service providers to the Fund, and using third party service providers who are well regarded in the Australian market or their respective overseas markets.

### ***Custodian Risk***

The Fund intends to hold its investments through one or more custodians. The two key risks associated with this are the risk of the custodian becoming insolvent and the risk of loss through custodian error or poor performance. In general, all assets of the Fund are held by custodians in the name of the Fund itself, separate from the custodian's assets. These assets are therefore generally protected, regardless of whether the custodian suffers any insolvency event. Custodian risk is mitigated by the Trustee and Investment Manager undertaking continued due diligence and only appointing experienced and reputable custodians.

### ***Valuation Risk***

Situations involving uncertainties as to the valuation of positions may have an adverse effect on the Fund's net assets if judgements made regarding appropriate valuations should prove incorrect. Valuations may also be suspended where the Fund's assets cannot be valued or would yield a valuation which would be, in the opinion of the Trustee, to the detriment of you. Some of these valuation risks are greater for illiquid than for liquid assets. To mitigate valuation risk the Investment Manager seeks to limit the Fund's investments to listed assets that trade in liquid financial markets that facilitate transparent valuations. Additionally, the Investment Manager conducts detailed reviews at each Valuation Date and continually assess the valuation policy and procedures in consultation with the Trustee and external auditor of the Fund.

### ***Regulatory Risk***

Returns may be affected by any adverse regulatory changes in Australia or elsewhere, which could have an impact on the Fund's existing Investments or adversely affect the Fund's ability to trade specific investments in the future. For example, the Trustee or the Investment Manager may sometime in the future be required to obtain additional registrations or authorisations to continue to undertake investment by the Fund in foreign jurisdictions. If those registrations or authorisations are not obtained or withdrawn, the ability to execute specific investment strategies of the Fund may be adversely affected. The Trustee and the Investment Manager will monitor the factors influencing the Fund's regulatory status on a regular basis and maintain a working knowledge of proposed regulatory changes that impact on the Fund. Processes are in place to minimise potential regulatory risk and where relevant, the Investment Manager will make submissions to regulators with a view to ensuring Unit Holders' interests are represented.

### ***Taxation and Legislative Change Risk***

Changes in taxation rates, tax rules or tax law interpretation may impact your investment returns. The taxation assumptions used in this IM are based on existing Australian tax legislation (see Section 12). Any changes to such legislation may materially impact the returns of the Fund. It is recommended that you seek advice from a tax adviser before making an investment into the Fund. To mitigate risk, the Trustee and the Investment Manager maintain a working knowledge of proposed legislative and taxation changes that may impact the Fund and where relevant, will make submissions to regulators with a view to ensuring Unit Holders' interests are represented.

### ***Product Risk***

Changes may be made to the Fund from time to time including changes to the Fund's investment strategy, changing fees or minimum investment amounts. These changes could impact on the Fund's returns. Any material changes are made in agreement with the Trustee or by notice to the Trustee (or in some cases the Unit Holders) and will be subject to the Investment Managers internal processes.

This is not an exhaustive list and there may be additional risks which arise. Please refer to Section 6 for further information on how we intend to manage the above risks.

## **11. FEES & OTHER COSTS**

### **11.1 Management Fee**

The Investment Manager is paid a Management Fee from the Fund equal to 1.5% per annum of the Net Asset Value per Unit of each Series and Platform Class of the Fund for the management of the Fund. The Management Fee is accrued daily, calculated monthly and paid monthly in arrears.

**The Investment Manager will pay the Trustee fees, Administration fees and all expenses associated with the running of the Fund (excluding any brokerage or transaction fees incurred for buying and selling Investments of the Fund) out of the Management Fee.** Therefore, as these fees and expenses will be paid by the Investment Manager, they will not affect the returns to Unit Holders from the Fund.

### **11.2 Performance Fee**

The Investment Manager will be paid a Performance Fee from the Fund equal to 15% of the increase in the Net Asset Value per Unit of each Series or Platform Class where the High Water Mark is exceeded.

The High Water Mark is the previous highest Net Asset Value per Unit of each Series or Platform Class of the Fund at the end of the most recent period after a Performance Fee was paid to the Investment Manager (or where no such fee has been paid, the initial Issue Price of the Units). The High Water Mark ensures that the Investment Manager must exceed the highest previous Unit valuation (with respect to each separate and distinct Series of Units) to receive a Performance Fee. This means the Investment Manager cannot receive a benefit more than once for the same performance. The Performance Fee will be calculated and is payable six monthly as at 30 June and 31 December (and on redemption). We can provide you with an example calculation of the Performance Fee upon request.

### **11.3 Brokerage or Transaction Fees**

The Fund incurs brokerage and transaction fees. These fees cover the costs of buying and selling investments in Your Account, primarily brokerage but may include Government taxes, bank charges and stamp duty (if any). These costs are incurred when transactions are effected and they will be allocated pro rata across all Unit Holder Classes.

### **11.4 Trustee and Administration Fees**

The Trustee is paid a fee for its services as Trustee as well as a fee for undertaking certain administrative functions for the Fund. The Trustee and Administration fees (and any additional expenses charged by the Trustee) are paid by the Investment Manager out of the Management Fee.

### **11.5 Marketing Expenses**

The Investment Manager may employ and make payment to persons or entities that provide various investor relations and placement agent related services. If any such expenses are incurred, they will be paid for by the Investment Manager and will not affect the returns to Unit Holders.

### **11.6 Expenses**

The Investment Manager is responsible for meeting all general expenses of the Fund (excluding any brokerage or transaction fees incurred for buying and selling investments) out of the Management Fee.

### **11.7 General**

The fees and costs set out in this document are applicable for investments in the Fund as at the date of this IM. The Trustee in consultation with the Investment Manager may alter the fees outlined in this IM on giving written notice to you in accordance with the Trust Deed.

### **11.8 GST**

Fees are disclosed in this document exclusive of GST. For the application of GST to the fees described in this Section please see Item 12.4 (Goods and Services Tax) under Section 12 which deals with Taxation.

## 12. TAXATION

The following summary of Australian tax matters is a general guide to some of the Australian tax issues in relation to the investment in the Fund by Unit Holders and it is not intended to be, nor should it be relied on, as a complete statement of the relevant tax laws.

The summary is based on the Australian tax laws as at the date of this IM. The Australian tax laws are complex and different tax outcomes may apply based on individual investor's circumstances. The Australian tax laws are subject to changes from time to time.

**Before investing in the Fund, Investors should seek their own independent tax advice in relation to the taxation implications which may arise from investing in the Fund.**

### 12.1 Taxation of the Fund

The Fund has been established as an Australian resident unit trust. It is intended that investors will be presently entitled to all of the income of the Fund for each financial year such that no taxation liability will accrue to the Trustee. In addition, it is the Trustee's intention that the Fund's Investments will not cause the Fund to be taxed as a public trading trust.

Tax losses and capital losses made by the Fund cannot be distributed to Investors for tax purposes. Tax losses may accumulate in the Fund and may be offset against future assessable income (including net capital gains) provided certain loss recoupment tests are satisfied. Capital losses may accumulate in the Fund and may only be offset against capital gains made by the Fund.

If the Fund qualifies as a "managed investment trust" (MIT) for Australian tax purposes, it will be eligible to make an irrevocable capital account election. Such an election would mean that the capital gains tax (CGT) provisions would apply as the primary code for assessing gain and losses on the disposal of "covered assets" as defined in section 275-105 of the Income Tax Assessment Act 1997. Covered assets include shares in companies, units in unit trusts, land and rights and options over such assets. However, an asset is not a covered asset if it is a financial arrangement which is subject to the "taxation of financial arrangements" (TOFA) provisions in Division 230 of the Income Tax Assessment Act 1997 or if it is a "debts interest" as defined in Subdivision 974-B of that Act. Certain Australian resident investors may be entitled to receive the benefit of the CGT discount on distributions of discount capital gains. The Fund currently proposes to make such a capital account election if all the necessary requirements are satisfied in order to make the election.

As the Fund will be a managed investment scheme, the TOFA provisions will mandatorily apply to the Fund if, at any time, the Fund has \$100m of assets. If the Fund has not exceeded the \$100m asset threshold, it can elect for the TOFA provisions to apply. If the \$100m asset threshold is not exceeded and an election is not made for the TOFA provisions to apply, then those provisions will apply only in relation to "qualifying securities" as defined in Division 16E of the Income Tax Assessment Act 1936 that have a remaining term of at least 12 months when they are acquired by the Fund. Broadly, under TOFA provisions, gains and losses on financial arrangements will be brought to account for income tax purposes generally on revenue account and on an accruals basis if the gain or loss is "sufficiently certain" or on a realisation basis if the gain or loss is not sufficiently certain, unless an election is made to apply one of four elective methods. The Trustee will evaluate the merits of whether the Fund should elect into TOFA.

If TOFA does not apply, then interest income and discounts (unless the instrument is a qualifying security as defined in Division 16E of the Income Tax Assessment Act 1936) will generally be assessable on a receipts basis. If TOFA applies or the instrument is a qualifying security, then interest income and discounts will be brought to account as assessable income on an accruals basis.

A loss made on disposal or redemption of certain interest bearing securities may be on capital account in certain circumstances where it can be concluded that the disposal or redemption was made because the Fund had an apprehension or belief that the liabilities under the security were likely to be, unable or unwilling to be discharged. A capital loss may be difficult to utilise as it can only be used to offset capital gains.

If the Fund qualifies as an "attribution managed investment trust" (AMIT) for Australian tax purposes, and an election is made to treat the trust as an AMIT, components of taxable income of an AMIT will be

attributed to Unit Holders on a fair and reasonable basis, rather than based on the share of the trust income to which Unit Holders are presently entitled. The AMIT tax system also includes rules for dealing with identified variances in calculating an AMIT's taxable income, increasing a Unit Holder's cost base of units where the taxable components attributed to the Unit Holder exceeds the amount distributed, decreasing a Unit Holder's cost base of Units where the taxable components attributed to the Unit Holders are less than the amount distributed and various other changes.

## **12.2 Taxation of Australian resident investors**

Unit Holders should include their share of the net taxable income of the Fund in their assessable income for each year. This is so, even if your distribution is reinvested as additional Units in the Fund.

To the extent that a Unit Holder's share of the income of the Fund is attributable to a capital gain made by the Fund, the Unit Holder will be treated as having made a capital gain equal to that amount. If such an amount is a discount capital gain, the Unit Holder is treated as making a discount capital gain equal to twice the amount that is attributable to the discount capital gain.

Individuals, trusts and complying superannuation entities Unit Holders may be entitled to reduce the discount capital gain portions of distributions where they have held Units for at least 12 months. The CGT discount for an individual or trust is 50%, and for a complying superannuation entity is 33 $\frac{1}{3}$ %.

The Fund may generate foreign income on which it pays foreign tax. Unit Holders will be required to include in their assessable income their share of foreign taxes paid by the Fund and they may be able to claim a foreign income tax offset for their share of the foreign taxes paid by the Fund.

Unit Holders may be entitled to franking credits in respect of distributions which include franked dividends subject to the Fund and the Unit Holder satisfying certain conditions including the holding period and related payments rules. If those conditions are satisfied investors can use the franking credits to reduce their income tax liabilities. Excess franking credits may be refundable to individuals and complying superannuation entities and in certain circumstances may give rise to tax losses for companies.

Where the cash distribution that a Unit Holder receives or reinvests exceeds their share of the net income of the Fund, the excess may not be included in their assessable income in the income year received. A non-assessable cash distribution component that is not referable to a discount capital gain is commonly referred to as a tax deferred distribution. A tax deferred distribution received will result in a reduction in the cost base of Units. The Unit Holder will make a capital gain equal to the amount by which the tax deferred distributions received for an income year exceed the Unit Holder's remaining cost base in those Units.

Unit Holders will be provided with a distribution and taxation statement each year outlining the various components of the distribution. For example, the components of the distribution may include dividends, trading or capital gains, tax deferred income, any taxes withheld or franking credits attached.

Unit Holders who hold their Units on capital account may make a capital gain or capital loss on disposal or redemption of their Units in the Fund. Capital gains made by individuals, trusts and complying superannuation entities on the disposal or redemption of Units may be reduced by the CGT discount where the Units disposed of or redeemed have been held for more than 12 months. The CGT discount for an individual or trust is 50%, and for a complying superannuation entity is 33 $\frac{1}{3}$ %. Unit Holders should seek their own taxation advice in relation to the capital gains implications that arise on disposal or redemption of Units.

Unit Holders are allocated a number of Units in a Series in the Fund. Any reclassification of the Series of Units affected at the end of a financial year for administrative purposes will result in a disposal for CGT purposes. As each Series is a separate Class of Units in the Fund, Australian resident investors will generally be entitled to roll-over relief under section 124-245 of the Income Tax Assessment Act 1997.

### **12.3 Taxation of non-Australian resident investors**

This summary does not address the Australian tax implications for non-Australian resident Unit Holders. In addition to any Australian tax implications, non-Australian resident Unit Holders need to consider the tax implications of countries in which they are resident.

### **12.4 Goods and Services Tax (GST)**

The Fund will be registered for GST. GST will not be imposed on the application for, or redemption of Units in the Fund or on any distributions from it. However, the services for which any fees are payable under Section 11 of this IM are likely to be subject to GST. The Fund is unlikely to be entitled to claim a full input tax credit for any GST paid on fees and other costs payable by it. However, the Fund may be entitled to claim a reduced input tax credit (RITC) of the GST payable in respect of certain expenses.

### **12.5 Tax File Number (TFN) or Australian Business Number (ABN)**

You should provide your TFN, ABN or alternatively provided exemption details when you make an application to become an investor. If you do not provide your TFN, ABN or alternatively provided exemption details, you may have tax deducted from your distributions at the highest marginal tax rate plus the Medicare Levy and the Deficit Repair levy.

## 13. REPORTING

Investors in the Fund are provided with comprehensive reporting comprised of the following:

- ***Transaction Confirmation Report***  
You will receive a Confirmation Report for any applications and redemptions to and from the Fund.
- ***Monthly Unit Holder Statement***  
You will receive a monthly Unit Holder Statement that summarises your investment in the Fund. The statement details your total Unit holdings, applicable Unit price and the current value of your investment.
- ***Distribution Reports***  
You will receive a Distribution Report upon allocation of any annual (or special) distribution notifying you of the value of your reinvestment and/or payment to your nominated bank account.
- ***Annual Taxation Statement***  
If the Fund has paid a distribution during the financial year you will receive a Taxation Statement. These are issued annually to provide you with taxation information including a detailed summary of the components of distributions that have been paid.
- ***Audited Annual Reports***  
You will receive an audited Annual Report including the most recent financial statements as required.
- ***Monthly Performance Reports***  
You will receive a Monthly Report that provides an overview of the Fund's performance.

## 14. FURTHER INFORMATION

### *Trust Deed*

The Trust Deed is available for inspection at the offices of the Trustee during normal business hours (for contact details see Section 16) or by contacting Primary by email at [registry@primarysecurities.com.au](mailto:registry@primarysecurities.com.au) and requesting that a copy be made available to you. The Trustee may amend the Trust Deed by supplemental deed.

Amendments to the Trust Deed require the approval of 75% by value of Units voted (in person or by proxy) at any relevant meeting, if the Trustee considers the amendments are not in the best interests of Unit Holders as a whole.

Notwithstanding the forgoing, the Trustee may amend the Trust Deed without Unit Holder approval where such amendments are reasonably required and do not adversely affect a Unit Holder's rights, or are appropriate to register the Fund as a managed investment scheme with ASIC pursuant to Chapter 5C of the Australian Corporations Act.

### *Operation of the Fund*

The Fund has been established and will operate and conduct its business in accordance with the requirements and conditions of Australian law including the Australian Corporations Act, the Australian Corporations Regulations and any relevant policy of the ASIC as they shall relate to the provision of financial services or the operation of a financial services business in Australia. The Fund is also subject to various other controls and similar laws and regulations in other jurisdictions.

### *Indemnification*

The Trust Deed contains provisions indemnifying the Trustee in respect of the Fund's activities that are broader than the protections that would apply in the absence of those provisions. In general, the Trustee (and all employees, directors and agents) are to be held harmless from any losses arising out of activities involving the Fund, except to the extent that those losses are found to have resulted from negligence, fraud or dishonesty of the Trustee. The Trustee agrees, under the terms of the investment management agreement between the Trustee and us, that we (and all employees, directors and agents) will be indemnified and held harmless by the Trustee against any losses arising out of activities involving the Fund, except to the extent that those losses are found to have resulted from our negligence, fraud or dishonesty.

### *Management of Conflicts of Interest*

In the conduct of the Fund's business, conflicts may arise between the interests of the Investment Manager and/or those of the Trustee and those of Unit Holders. In such event, Unit Holders acknowledge and consent to the Investment Manager's and the Trustee's good faith exercise of discretion in handling the Fund's business so that should any conflict of interest arise, it is resolved fairly.

### *Other Activities*

The Trustee and the Investment Manager are not restricted from entering into other investment relationships or engaging in other business activities, even though those activities may be in competition with the Fund and/or may involve substantial amounts of the Trustee's or our time and resources.

The Investment Manager may in the future serve as the investment manager of other investment funds and/or pooled investment vehicles, as well as separate client accounts. The Trustee may offer a range of other products and services to the Investment Manager and other clients including acting as placement agent for the Fund or other funds with similar investment objectives.

These activities could be viewed as creating a conflict of interest in that our time, effort and resources are not devoted exclusively to the business of the Fund, but must be allocated between that business and the other activities. The performance of other accounts that the Investment Manager may manage - even those with substantially the same investment objectives as the Fund's - can be expected to differ from the Fund's performance. This may be due to, among other things, differences in overall size, available cash at the time investment opportunities become available, and portfolio composition at the time of applications to or redemptions from the Fund or the relevant other accounts.

### ***Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Laws***

The Fund must comply with anti-money laundering laws, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, which requires the Trustee of the Fund to have an AML/CTF Program and comply with a range of other requirements. Under the Trustee's AML/CTF Program and the AML/CTF Act, the Trustee is required to collect and verify certain identification information (Know Your Customer (KYC) Information) from all Unit Holders in the Fund. If you do not provide the KYC Information when requested, processing of applications or redemptions may be delayed or refused. The Trustee may be required to disclose your personal information or your transactions to the Australian Transaction Reports and Analysis Centre (AUSTRAC). Under AML/CTF laws, the Trustee may be required to deny you (on a temporary or permanent basis) access to your Units. This could result in a loss of the capital invested, or you may experience significant delays when you wish to transact on your Units. The Trustee or Investment Manager are not liable for any loss you may suffer as a result of compliance with AML/CTF laws.

### ***US Foreign Account Tax Compliance Act (FATCA) /Common Reporting Standards***

As part of the application process you must complete a self certification form. This form is being used to comply with legislation which gives effect to the OECD Common Reporting Standard and the US legislation known as FATCA. The Trustee is required to collect and report to the Australian Taxation Office (ATO) certain information about the tax residency of account holders. The ATO shares this information with the competent authorities of other jurisdictions as a means of countering global tax evasion. For more information, refer to the ATO website: <http://www.ato.gov.au>

### ***Privacy***

By completing the Application Form, you are providing personal information for the primary purpose of the Trustee and Investment Manager providing this product to you. Information supplied by you on your Application Form and held by the Trustee includes your name, address, tax file number, bank account details, telephone contact numbers and identification information. Details of your investment holdings and transactions in the Fund and distribution instructions are also held. This information may be disclosed to the service providers of the Fund, including the Investment Manager, legal firms, accounting firms, auditors, consultants and other advisers for the purpose of investor servicing, reporting and administering your investment and the Fund. It is currently not proposed to disclose your personal information to any overseas based recipients. Without the provision of your personal information, it may be impossible to process your application or provide an appropriate level of service to you. Your information may be accessed by regulatory bodies when required by law, such as the ATO, ASIC, AUSTRAC and other Australian and International government organizations.

In most cases your personal information will be collected directly from you although the Trustee or Investment Manager may also collect your personal information from third parties such as a financial planner, including where information is missing from the application form that you send.

The Trustee and Investment Manager manage your personal information in accordance with the *Privacy Act 1988* and the Trustee's Privacy Policy. The Trustee's Privacy Policy outlines how you may access the information the Trustee holds about you and how you may seek to correct this information if you believe it is incorrect or out of date. It also contains information about how you may complain about a possible breach of privacy and how the Trustee will deal with such a complaint. You can obtain a copy of the privacy policy and any additional information you require relating to how your personal information is managed by writing to the Trustee, whose contact details are shown in this IM in Section 16.

## 15. GLOSSARY

**ABN** means Australian Business Number.

**AFSL** means Australian Financial Services Licence.

**AMIT** means attribution managed investment trust.

**AML/CTF Act** means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

**Application Price** means generally the sum of \$1.00 or as described in the Trust Deed.

**Approved Valuer** means any person who is duly qualified to value any Assets comprising the Fund and includes the Administrator.

**ASIC** means the Australian Securities and Investment Commission.

**ATO** means the Australian Tax Office.

**AUD** means the Australian dollar.

**AUSTRAC** means the Australian Transaction Reports and Analysis Centre.

**Australian Corporations Act** means the Australian *Corporations Act 2001*.

**Business Day** is a day on which banks are open for business in Western Australia, excluding a Saturday, Sunday or public holiday.

**CAR** means corporate authorised representative.

**Class** means a class of Units in the Fund, whether a Series or Platform Class or other.

**Derivative** means a financial instrument whose value is derived from one or more underlying assets. For example, an equity index future derives its value from the value of the underlying equity index.

**Distributions** means the distribution of net income of the Fund.

**ETPs** means Exchange Traded Products and includes Exchange Traded Funds (**ETFs**) and Exchange Traded Notes (**ETNs**).

**FATCA/CRS** means the US Foreign Account Tax Compliance Act/Common Reporting Standard.

**Force Majeure** means any unforeseeable circumstances beyond the reasonable control and without the fault or negligence of the Trustee or us including but not limited to accident, storms, earthquake, explosion, fire, hostilities, war, terrorism, financial system disaster, executive or administrative orders or acts of either general or particular application of any government, and breakdown or injury to or expropriation, confiscation or requisitioning of operating facilities and as described in the Trust Deed.

**Fund** means the Warburton Global Fund, a unit trust established under the Trust Deed.

**Futures** means a financial contract to purchase an asset (or the seller to sell an asset), such as a physical commodity, or an index, at a predetermined future date and price.

**GST** means goods and services tax.

**High Water Mark** means the Net Asset Value per Unit at the end of the most recent period after a performance fee was paid to us.

**IGA** means intergovernmental agreement.

**IM** means this Information Memorandum;

**KYC Information** means the Know Your Customer Information that is the identification information required to be collected and verified from all Unit Holders in the Fund.

**Liabilities** means expenses, fees, performance fees, taxes and other liabilities due.

**Management Fee** means a fee of 1.5% per annum paid from the Fund to us for the management of the Fund. As at the date of this IM, the Trustee's fee, the Administrator's fee, and all expenses associated with running the Fund including any expenses in relation to custody, registry management, investment accounting and audit costs for the Fund (excluding any brokerage or transaction fees incurred for buying and selling investments) are paid by us out of the Management Fee.

**MIT** means managed investment trust.

**Net Asset Value** for the Fund means the value of Assets less Liabilities relevant to the Fund.

**Performance Fee** means 15% of the increase in the Unit price where a High Water Mark is exceeded. For more information see Section 11.

**platform** means an Investor Directed Portfolio Service (IDPS).

**Platform Class** means that Class of Units intended for investors who are investing via a platform.

**Primary** means Primary Securities Ltd ACN 089 812 635, holder of AFSL 224107, which is the Trustee and Administrator for the time being.

**Recipients** means parties who are invited to evaluate the opportunity to acquire Units within the Fund.

**Redemption Price** means the Net Asset Value per Unit in that Series as at the time of the redemption (which means that it will be adjusted for any applicable expenses, fees, Performance Fees, taxes and other liabilities due).

**Series** means the Units of a distinct and separate series of the Fund.

**Special Distributions** means additional amounts of net income distributed from time to time where the Trustee in consultation with us deems it appropriate.

**TFN** means Tax File Number.

**Trust Deed** means the trust deed for the Warburton Global Fund created by the deed (so called) dated 1 January 2016.

**Trustee and Administrator** means Primary Securities Ltd ACN 089 812 635.

**Unit** means a unit in the Fund created under the provisions of the Trust Deed and held by a Unit Holder.

**Unit Holder** means an investor in the Fund.

**Valuation Date** means generally the last day of the month when the Net Asset Value is calculated or any other date at the discretion of the Trustee, with the approval of us.

**Warburton** or the **Investment Manager** means Warburton Investment Management Pty Ltd.

**Wholesale client** has the same meaning as in the Australian Corporations Act (refer to Section 17 of this IM).

**Year** means the period commencing from 1 July to 30 June, unless stated otherwise.

## 16. CORPORATE DIRECTORY

### **Investment Manager**

Warburton Investment Management Pty Ltd  
ACN 606 839 196  
CAR 1235096

Suite 1, Norfolk House, 85 Forrest Street  
COTTESLOE WA 6011

Phone: +61 8 6143 1484

Email: [clients@warburtoninvestment.com](mailto:clients@warburtoninvestment.com)

Website: [warburtoninvestment.com](http://warburtoninvestment.com)

### **Trustee & Administrator**

Primary Securities Ltd  
ACN 089 812 635  
AFSL 224107

3 Shuffrey Street  
FREMANTLE WA 6160

Phone: + 61 8 9430 5262

Email: [registry@primarysecurities.com.au](mailto:registry@primarysecurities.com.au)

Website: [primarysecurities.com.au](http://primarysecurities.com.au)

### **Legal**

DLA Piper

Level 31, Central Park,  
152-158 St Georges Terrace  
PERTH WA 6000

### **Auditor**

BDO

38 Station St  
SUBIACO WA 6008

## 17. WHOLESALE CLIENT INFORMATION

Following is a summary of the main categories of what constitutes a "wholesale client".

1. Invest at least \$500,000 at one time (excluding superannuation monies).	
2. Invest at least \$500,000 together with an associate at one time (excluding superannuation monies).	<p>Reasons the investor and someone else can be associated include:</p> <ul style="list-style-type: none"> <li>a. The other person is a trustee of a trust in relation to which the investor benefits or is capable of benefiting.</li> <li>b. The other person is a person with whom the investor is acting in concert, or proposes to act in concert, in respect of the investment.</li> <li>c. The other person is a person with whom the investor is, or is proposing to become associated, whether formally or informally, in any other way in respect of the investment.</li> </ul>
3. The investor and a body corporate which the investor wholly owns and controls together invest at least \$500,000 in aggregate.	See below for the meaning of 'control'.
4. The investor has an accountant's certificate that shows that they have net assets of at least \$2.5 million or gross income for each of the last two financial years of at least \$250,000. The certificate must not be more than 2 years old.	And in calculating the \$2.5 million or \$250,000 the investor can include the net assets or gross income (as relevant) of any company or trust it controls. See below for meaning of 'control'.
5. The investor is a company or trust controlled by someone who has an accountant's certificate as mentioned in number 4.	'Control' means you have the capacity to determine the outcome of decisions about the company or trust's financial and operating policies. The practical influence you can exert (rather than the rights you can enforce) is the issue to be considered and any practice or pattern of behaviour affecting the company or trust's financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).
6. The investor is a business which is not a small business.	A small business is one that employees less than 100 employees if that business is or includes the manufacture of goods, or otherwise is a business which employs less than 20 people.
7. The investor is a subsidiary or holding company of another body corporate which is a wholesale client.	
8. The investor has a financial services licence.	
9. Investor is the trustee of a superannuation fund with net assets of at least \$10 million.	
10. The investor controls at least \$10 million.	Including any amount held by an associate or under a trust that the investor manages.

<p>11. The AFSL holder considers the investor to be a sophisticated investor.</p>	<p>a. The Trustee or another AFL holder must be satisfied on reasonable grounds, that the client has previous experience in using financial services and investing in financial products that allows the client to assess:</p> <ul style="list-style-type: none"> <li>(i) the merits of the Trust;</li> <li>(ii) the value of the Units in the Trust;</li> <li>(iii) the risks associated with holding Units in the Trust;</li> <li>(iv) the client's own information needs and</li> <li>(v) the adequacy of the information given by the Trustee.</li> </ul> <p>b. The Trustee or the other AFSL holder must give the client before or at the time when the Units are issued, a written statement of the Trustee's or AFSL holder's reasons for being satisfied as stated above.</p> <p>c. The client must sign a written statement before or at the time when the product or service is provided, acknowledging that the Trustee or other AFSL holder:</p> <ul style="list-style-type: none"> <li>(i) Has not provided the client a Product Disclosure Statement or any other document that would normally be required to be given to a retail client and</li> <li>(ii) has no other obligations towards the client that would apply if the client were retail.</li> </ul>
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