

SGH Professional Investor Reference Guide

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ABOUT THIS SGH REFERENCE GUIDE

This SGH Professional Investor Reference Guide has been prepared and issued by Equity Trustees Limited ("Equity Trustees"). The information in this document forms part of each Product Disclosure Statement ("PDS") issued by Equity Trustees for the:

- SGH ICE – Professional Investor
- SGH20 – Professional Investor
- SGH Property Income Fund – Professional Investor
- SGH Emerging Companies Fund – Professional Investor (Closed to new investors from 6 October 2015)

The PDS and this SGH Professional Investor Reference Guide are available at www.sghiscock.com.au or by calling Mainstream Fund Services Pty Ltd on 1300 133 451 (Australia) or +61 2 8259 8888.

1. INVESTING IN A SGH FUND

APPLICATION CUT-OFF TIMES

If we receive correctly completed Application Forms, identification documents (if applicable) and cleared application money:

- before or on 2pm (Melbourne time) on a Business Day, the application will generally be processed on that Business Day. If your application for units is accepted you will receive the application price calculated for that Business Day, or
- after 2pm (Melbourne time) on a Business Day, the application will be processed on the next Business Day. If your application for units is accepted you will receive the application price calculated for the next Business Day.

APPLICATION TERMS

We will only start processing an application if:

- we consider that you have correctly completed the Application Form;
- you have provided us with the relevant identification documents, and
- we have received the application money (in cleared funds) stated in your Application Form. The time it takes for application money to clear varies depending on how you transfer the money and your bank (it may take up to four Business Days).

We reserve the right to accept or reject applications in whole or in part at our discretion and delay processing of applications where we believe this to be in the best interest of all the relevant Fund's investors, without giving any reason.

Investment Manager

SG Hiscock & Company Limited
 ABN 51 097 263 628
 AFSL 240679
 Website: www.sghiscock.com.au

Responsible Entity

Equity Trustees Limited
 ABN 46 004 031 298
 AFSL 240975
 Website: www.eqt.com.au/insto

Administrator

Mainstream Fund Services Pty Ltd
 Unit Registry
 GPO Box 4968
 Sydney, NSW, 2001
 Phone: 1300 133 451 or +61 2 8259 8888
 Fax: +612 9251 3525
 Email: SGHinvestorservices@mainstreamgroup.com
 Website: www.mainstreamgroup.com

1. INVESTING IN A SGH FUND (CONTINUED)

COOLING-OFF RIGHTS

If you are a Retail Client you may have a right to 'cool off' in relation to an investment in the Fund within 14 days or the earlier of:

- confirmation of the investment being received or available; and
- the end of the fifth Business Day after the units are issued or sold.

A Retail Client may exercise this right by notifying Equity Trustees in writing. A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant Application Price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unitholder during the 14 day period, this could include selling part of your investment or switching it to another product.

2. MANAGING YOUR INVESTMENT

AUTHORISED SIGNATORIES

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details;
- enquiring and obtaining copies of the status of your investment; and
- having online access to your investment account information.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised representatives; and
- you agree that any instructions received from your authorised representative shall be complete satisfaction of our obligations, even if the instructions were made without your knowledge or authority.

REPORTS

Unitholders will be provided with the following reports:

- Application and withdrawal confirmation statements;
- Transaction statements; and
- (where applicable), distribution and tax statements.

The annual audited financial accounts is available on our website.

3. WITHDRAWING YOUR INVESTMENT

WITHDRAWING CUT-OFF TIMES

All withdrawal requests received by 2pm on a Business Day will be processed that day based on the applicable Withdrawal Price for that Business Day. Any withdrawal request received after that time will be treated as having been received the following Business Day.

WITHDRAWAL TERMS

When you are withdrawing, you should take note of the following:

- We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.
- We may contact you to check your details before processing your withdrawal form. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.
- If we cannot satisfactorily identify you as the withdrawing investor, we may refuse or reject your withdrawal request or payment of your redemption proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post or courier, email or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made at the request of your authorised representative without your knowledge or authority.
- You agree that if the payment is made according to these terms, you and any person claiming through or under you, shall have no claim against us about the payment.

WITHDRAWAL RESTRICTIONS

Under the Corporations Act, you do not have a right to withdraw from a Fund if the Fund is illiquid. In such circumstances, you can only withdraw where Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

A Fund will be liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, should Equity Trustees be unable to realise sufficient assets to meet withdrawal payments, it may suspend the calculation of the NAV and withhold withdrawal proceeds.

4. ADDITIONAL RISKS OF MANAGED INVESTMENT SCHEMES

The following risks are of a general nature and apply generally to investments in managed funds. You must also read the significant risks specific to the Fund in which you wish to invest. These are disclosed in each Fund's PDS.

FUND RISK

As with all managed funds, there are risks particular to the Fund, including the possibility it could terminate or that the fees and expenses could change. There is also a risk that investing in the Fund may give different results than investing directly in the securities.

INFLATION RISK

Inflation risk is the risk that returns will not be sufficiently higher than inflation to enable an investor to meet their financial goals.

INTEREST RATE RISK

Changes in official interest rates can directly and indirectly impact on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on a company's value as increased borrowing costs may cause earnings to decline. As a result, the company's share price may fall.

ISSUER RISK

The value of investments can vary because of changes to an issuer's management, product distribution or business environment.

LEGAL RISK

There is a risk that laws, including tax laws, might change or become difficult to enforce.

LIQUIDITY RISK

There may be times when securities may not be readily sold (for example, in a falling market where some traded securities may become less liquid). However, trading volumes of stock are generally sufficient to satisfy liquidity requirements when necessary. The Investment Manager has attempted to mitigate the liquidity risk factor by ensuring the Fund has sufficient cash exposure to meet liquidity requirements. Note that neither the Responsible Entity nor the Investment Manager guarantees the liquidity of the investments of the Fund.

MANAGEMENT RISK

Each Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Funds, but there can be no guarantee that these will produce the desired results.

MARKET RISK

Changes in legal and economic policy, political events, technology failure, economic cycles, investor sentiment and social climate can all directly or indirectly create an environment that may influence (negatively or positively) the value of your investment in the Fund. In addition, a downward move in the general level of the equity market can have a negative influence on the performance of the Fund.

5. ADDITIONAL INFORMATION ON FEES AND COSTS

INDIRECT COSTS

Indirect costs include any amount, not already disclosed as a fee or cost, which reduces (directly or indirectly) the performance return of a product. Indirect costs are reflected in the unit price of your investment in the Fund and include any underlying (indirect) management costs, underlying (indirect) performance fees and other indirect costs. The indirect costs may vary from year to year, including to the extent that they rely on estimates.

These indirect costs include:

Other indirect costs - In managing the assets of the Fund, the manager(s) may engage in trading activity in certain types of derivative financial products which are not used for hedging purposes but rather to gain or reduce market exposure e.g. derivatives such as forwards, over-the-counter (OTC) options and swap arrangements. Engaging in trade activity of these types of products may give rise to other indirect costs.

PERFORMANCE FEES

Important note: The PDS for each Fund explains whether a performance fee is applicable to that Fund. Not all Funds charge a performance fee. Units in the SGH ICE - Professional Investor are subject to the performance fee detailed in section 6. Fees and costs of the SGH ICE - Professional Investor PDS.

Equity Trustees does not consider there is any reasonable basis on which it may estimate performance fee expenses for the Fund. To estimate performance fee expenses would involve speculation about the return of the Fund against the Fund's performance hurdle. Equity Trustees therefore considers that to estimate performance fee expenses may potentially be misleading.

5. ADDITIONAL INFORMATION ON FEES AND COSTS (CONTINUED)

SGH ICE Fund - Professional Investor

The performance fee is 15.375% of the amount by which the Fund exceeds the S&P/ASX300 Accumulation Index plus 1.20%, calculated daily and paid annually in arrears and is calculated based on the daily NAV of the Fund (with distributions reinvested). The performance fees are subject to a high-watermark (that is, no performance fees are payable until any accrued underperformance (in dollar terms) from prior periods has been made up).

Calculation periods end at 30 June each year although the performance fees may not be payable.

The example below is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

The following is an example of the performance fee expense for a 12 month period ending 30 June ("Performance Fee Period") payable on units of the SGH ICE Fund. Terms referred to below have the same meaning as detailed in section 6. Fees and costs of the PDS for the Fund.

Assumptions:

- The percentage movement in the S&P/ASX 300 Accumulation Index from the start of the Performance Fee Period to the end of the Performance Fee Period is 6%;
- the Fund's performance hurdle for the Performance Fee Period is 7.2%;
- the Fund's 'investment return' for the Performance Fee Period is 8%;
- the Fund's 'investment return' for the Performance Fee Period is assumed to accrue evenly over the course of the Performance Fee Period;
- the Fund's 'investment return' with reference to which the performance fee is calculated is a return prior to any deduction for Management costs; and
- there is no negative performance fee amounts for previous Performance Fee Periods to be carried forward.

On the basis of the above assumptions and if you had an investment in the Fund of \$50,000 at the beginning of the Performance Fee Period and no withdrawals were effected during the Performance Fee Period, your investment would bear a performance fee expense of approximately \$61.50 (Based on outperformance of 0.80% above 'Performance Hurdle' x Performance Fee 15.375% x \$50,000 investment = \$61.50) for the Performance Fee Period.

Please note that the 'investment return' specified in this example:

- is only an example to assist investors to understand the effect of the performance fee expense on the investment return of the Fund; and
- is not a forecast of the expected investment return for the Fund.

ADDITIONAL EXPLANATION OF PERFORMANCE FEES

Where the aggregate amount of the daily performance fee amounts is negative, no performance fee will be reflected in the daily unit price and no performance fee will accrue until the total of the aggregate amount of the daily performance fee amount for the current Performance Fee Period and the negative balance carried forward from previous Performance Fee Periods is a positive amount. If the aggregate of the daily performance fee amounts at the end of a Performance Fee Period is a positive amount, this positive amount is accrued as an expense and is deducted from the assets of the Fund at the end of each Performance Fee Period. The amount of the performance fee expense is paid to the Investment Manager.

Where the aggregate daily performance fee amount for a Performance Fee Period is negative, no performance fee expense will be paid to the Investment Manager, and the negative balance will be carried forward to the next Performance Fee Period.

6. ENQUIRIES AND COMPLAINTS

KEEPING IN TOUCH

If you have an enquiry regarding the management of a Fund that you have invested in, please contact:

Mainstream Fund Services Pty Ltd
 Unit Registry
 GPO Box 4968
 Sydney, NSW, 2001
 Phone: 1300 133 451
 Fax: 02 9251 3525
 Email: SGHinvestorservices@mainstreamgroup.com
 Website: www.mainstreamgroup.com

MAKING A FORMAL COMPLAINT

If you are not completely satisfied with any aspect of the services regarding the management of the relevant Fund, please contact Equity Trustees. Equity Trustees seeks to resolve potential and actual complaints over the management of the Fund to the satisfaction of investors. If you wish to lodge a formal complaint please write to:

Compliance Team
 Equity Trustees Limited
 GPO Box 2307
 Melbourne VIC 3001
 Email: compliance@eqt.com.au
 Telephone: +613 8623 5000

Equity Trustees will seek to resolve any complaint and will respond as soon as possible and in any case will respond within 14 days of receiving the letter. We will seek to resolve your complaint as soon as practicable but not longer than 45 days after receiving the complaint.

THE FINANCIAL OMBUDSMAN SERVICE (FOS)

If we are unable to resolve your complaint, you may be able to seek assistance from FOS.

Financial Ombudsman Services
GPO Box 3
Melbourne Vic 3001
Telephone: 1300 780 808 (Australia) or +613 9613 7366
Email: info@fos.org.au

Please include the Equity Trustees FOS membership number with your enquiry: 10395.

FOS is an independent body that may be able to assist you if Equity Trustees cannot. FOS may not consider a dispute where the value of a person's claim exceeds \$500,000 (unless all parties to the dispute and FOS agree otherwise). The maximum total value of the remedy that may be decided upon by FOS is \$309,000 per managed investment claim (excluding compensation for costs and interest payments).

7. OTHER IMPORTANT INFORMATION

YOUR PRIVACY

The Privacy Act 1988 (Privacy Act) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing each Fund, including the Investment Manager, the administrator, custodian,

auditors, or those that provide mailing or printing services;

- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to "opt out" by contacting Equity Trustees.

Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees' Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email privacy@eqt.com.au to request a copy.

THE CONSTITUTION

Each Fund is governed by a constitution ("Constitution") that sets out how the Fund must operate, and together with the PDS, the Corporations Act and other laws, regulates the Responsible Entity's legal relationship with investors. If you invest in a Fund, you agree to be bound by the terms of the PDS and the Constitution. You can request a copy of the Constitution, free of charge. Please consider these documents before investing in the Fund.

We may amend the Constitutions from time to time in accordance with the provisions in the Constitutions and the Corporations Act.

ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING ("AML/CTF")

Australia's AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF program. A fundamental part of the AML/CTF program is that Equity Trustees knows certain information about investors in the Funds.

To meet this legal requirement, we need to collect certain identification information and documentation (KYC Documents) from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications will be delayed or refused if investors do not provide the KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees may be required to submit reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

Neither Equity Trustees nor the Investment Manager for the Fund you are investing in are liable for any loss you may suffer because of compliance with the AML/CTF laws.

INFORMATION ON UNDERLYING INVESTMENTS

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

In April 2014, the Australian Government signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("ATO"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in a Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If a Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate unitholders for any such withholding and the effect of the amounts withheld will be reflected in the returns of a Fund.

COMMON REPORTING STANDARD ("CRS")

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. From 1 July 2017, Australian financial institutions will need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

ATTRIBUTION MANAGED INVESTMENT TRUSTS ("AMITs")

The Constitution provides, where separate classes of units are on issue in respect of a Fund, for income allocation to take into account any impact of the currency overlay that may be in place for the respective classes. The quantum of the distribution is sought to be determined on a standalone basis. Prior to the AMIT multi-class election being made (as described below), the Fund is treated as a single taxpayer. As any separate classes of units would not currently be treated as separate taxpayers, it is possible under the current taxation regime that the tax character of distributions made to a particular class may be impacted by transactions associated with another class. The Constitution provides a mechanism to seek to minimise this outcome. Insofar as possible, where separate classes of units are on issue, the Constitution seeks to quarantine the income associated with a particular class to that class.

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for AMITs. Trusts that meet the eligibility criteria to be an AMIT may elect into the AMIT rules. Where eligible, Equity Trustees is intending that an election into AMIT be made in respect of the Fund and thereafter the following will apply:

Fair and reasonable attribution: Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

Unders or overs adjustments: Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments: Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of cost base adjustment will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (AMMA).

Large redemptions: In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming investor.

Multi-class AMITs: A choice is available to elect to treat separate classes of units as separate AMITs.

Penalties: In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors.

8. GLOSSARY

ATO

Australian Taxation Office

AUSTRAC

Australian Transaction Reports and Analysis Centre

Business Day

A day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne, or if the administrator of the Fund primarily performs its administrative functions in respect of the Fund in a city other than Melbourne, the city in which the administrator performs such functions.

Corporations Act

The Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth) and as amended from time to time

Fund

Means SGH ICE - Professional Investor, SGH20 - Professional Investor, SGH Property Income Fund - Professional Investor, SGH Emerging Companies Fund - Professional Investor.

FATCA

US Foreign Account Tax Compliance Act

GST

Goods and Services Tax

NAV

Net Asset Value. The value of the assets of the Fund less the value of the liabilities of the Fund

RITC

Reduced input tax credit. Equity Trustees will apply for reduced input tax credits where applicable to reduce the cost of GST to a Fund

US Person

A person so classified under securities or tax law in the United States of America ("US") including, in broad terms, the following persons:

- (a) any citizen of, or natural person resident in, the US, its territories or possessions; or
- (b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

- (c) any agency or branch of a foreign entity located in the US; or
- (d) a pension plan primarily for US employees of a US Person; or
- (e) a US collective investment vehicle unless not offered to US Persons; or
- (f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or
- (g) any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or
- (h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or
- (i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

We, us

Refers to Equity Trustees

Wholesale Client and Retail Client

Persons or entities defined as such under section 761G of the Corporations Act

You, Your

Refers to an investor