

# DMP Australian Small Companies Trust



DMP ASSET MANAGEMENT

## Information Memorandum

ABN 19 441 476 403  
ARSN 609 023 654  
APIR DMP6133AU  
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This Information Memorandum ("IM") was issued on 1 March 2021. This IM is for the offer of units in the DMP Australian Small Companies Trust (referred throughout this IM as the "Trust" or "Fund").

This IM has been prepared and issued by Equity Trustees Limited ABN 46 004 031 298 Australian Financial Services Licence ("AFSL") No. 240975 in its capacity as the Responsible Entity of the Fund (referred throughout this IM as the "Responsible Entity", "Equity Trustees", "us" or "we").

The offer to which this IM relates is only available to Wholesale Clients (as defined in the Glossary) receiving this IM (electronically or otherwise) in Australia and Wholesale Investors (as defined in the Glossary) receiving this IM (electronically or otherwise) in New Zealand who have completed a Wholesale Investor Certificate attached to the Application Form. All references to dollars or "\$" in this IM are to Australian dollars.

The offer is not to be treated as an offer to, and is not capable of acceptance by, any person in New Zealand who is not a Wholesale Investor. This IM has not been, and will not be, lodged with the Registrar of Financial Service Providers in New Zealand, and is not a product disclosure statement under the FMCA. New Zealand Wholesale Investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

This IM does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended ("US Securities Act"). The units in the Fund have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the US to, or for, the account of any US Person (as defined) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

This IM is prepared for your general information only. It is not intended to be a recommendation by Equity Trustees or SG Hiscock & Company Limited ("SGH" or "Investment Manager"), or any other person to invest in the Fund. This IM does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Fund solely on the information in this IM. You should consider the suitability of the Fund in view of your financial position and investment objectives and needs and you may want to seek professional advice before making an investment decision. Unless otherwise stated, all fees quoted in the IM are inclusive of GST after allowing for an estimate for Reduced Input Tax Credits ("RITCs"). All amounts are in Australian dollars ("AUD") unless otherwise specified.

Units in the Fund are offered and issued by Equity Trustees subject to the constitution of the Fund (referred to as the "Constitution"), and on the terms and conditions described in

this IM. You should read this IM because you will become bound by it if you become an investor of the Fund ("Investor"). This IM including the application form, should be read together with the Constitution for the Fund.

The Responsible Entity, the Investment Manager and the Sub-Investment Manager and their respective employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or investment performance of the Fund.

## New Zealand Investors: Selling Restriction

The offer made to New Zealand investors in this IM is only available to, and is only capable of acceptance by, a Wholesale Investor who has completed a wholesale investor certification. This offer is accordingly not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (New Zealand) ("FMCA") and the Fund is not registered in New Zealand.

Each New Zealand investor acknowledges and agrees that:

- (a) he, she or it has not offered sold or transferred, and will not offer, sell or transfer, directly or indirectly, any units in the Fund;
- (b) he, she or it has not granted, issued or transferred, and will not grant, issue or transfer, any interests in or options over, directly or indirectly, any units in the Fund;
- (c) he, she or it has not distributed and will not distribute, directly or indirectly, this IM or any other offering materials or advertisement in relation to any offer of any units in the Fund, in each case in New Zealand other than to a person who is a Wholesale Investor; and
- (d) he, she or it will notify Equity Trustees Limited if he, she or it ceases to be a Wholesale Investor.

All references to Wholesale Investor in this document are a reference to an investor who is both a Wholesale Client under the Australian Corporations Act 2001 and a Wholesale Investor in terms of clause 3(2) of Schedule 1 of the FMCA.

## Receiving updated information

Certain information in this IM relating to the Fund is subject to change. Where considered appropriate by Equity Trustees, we will notify you in writing of any changes. Any updated information may be obtained by:

- calling DMP on + 613 9981 3300; or
- email enquiries@dmpam.com.au; or
- visit the website: [www.sghiscock.com.au](http://www.sghiscock.com.au)

A paper copy of any updated information will be provided free of charge on request.

If you received this IM electronically a paper copy will be provided free upon request by calling DMP on +61 3 9981 3300.

## 1. Fund at a glance

Name of the Trust	DMP Australian Small Companies Trust
APIR	DMP6133AU
ARSN	609 023 654
Investment Manager	SG Hiscock & Company Limited
Sub-Investment Manager	DMP Asset Management Ltd
Investment objective	Designed to provide medium to long term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3 to 5 years.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Investments	Invests in securities listed on the ASX that are outside the S&P/ASX 100.
Structure	A Fund which is an Australian resident managed investment scheme that is registered with the Australian regulator, ASIC.
Qualifying investors	Wholesale Clients (Australia); Wholesale Investors (NZ)
Recommended investment time frame	3 to 5 years.
Minimum investment	Initial: \$25,000 Additional: \$5,000 or \$500 if paying by BPAY®
Minimum redemption	\$5,000
Minimum balance	\$25,000
Valuation	Generally daily
Access to funds	Investors may apply to redeem from the Fund daily. If the application is accepted, payments will generally be made within 7 Business Days.
Cut-off times for processing transactions	If we receive all required application or redemption documents before or at 2pm (Melbourne time) on a Business day, and your request is accepted by Mainstream Fund Services, we will process the transaction using that day's application or redemption price. Requests received after 2pm (Melbourne time) on a Business day or non-Business day will generally be treated as having been received before the cut-off time on the next Business day.
Income distribution	Annual (Equity Trustees may amend the distribution frequency without notice).
Management costs <sup>1</sup>	1.03% p.a.
Performance fee <sup>1</sup>	20.50% of the amount by which the Fund's performance exceeds the performance hurdle. Any underperformance from a prior period must be recouped before a fee can be taken (we call this the High-Water Mark).
Buy/Sell Spread	0.35%/0.35%
Note:	This information sets out some of the key information you can find in this Information Memorandum, but it is not a complete summary. Before making an investment you should read the whole Information Memorandum and seek any professional advice you need.
<sup>1</sup> All costs and fees quoted are inclusive of Goods and Services (GST) and net of any Reduced Input Tax Credits (RITC).	

## 2. Who is managing the Trust?

### About the Responsible Entity

#### Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 ("Equity Trustees"), a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Trust's Responsible Entity and issuer of this IM. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Trust's Responsible Entity are governed by the Trust's Constitution ("Constitution"), the Corporations Act and general trust law. Equity Trustees has appointed SGH as the Investment Manager of the Trust. Equity Trustees has appointed a Custodian to hold the assets of the Trust. The Custodian has no supervisory role in relation to the operation of the Trust and is not responsible for protecting your interests.

### The Investment Manager

#### SG Hiscock & Company Limited

SG Hiscock & Company ABN 51 097 263 628 AFSL 240679 ("SGH") is a boutique investment manager specialising in high conviction, actively managed investment strategies and Managed Discretionary Portfolios.

SGH was established in Melbourne in 2001 by six of its principals and is entirely owned by directors, staff and associates.

### The Sub-Investment Manager

#### DMP Asset Management Ltd

DMP Asset Management Ltd ABN 77 145 590 316 AFSL 383580 ("DMP") was established in 1991 and became a subsidiary of SG Hiscock & Company Limited in 2019. Since 1991, DMP's philosophy is underpinned in the belief that investing in superior companies with growth attributes should result in strong risk adjusted returns for investors. DMP has been successfully managing portfolios for clients with this tested and proven approach.

DMP combines detailed bottom up research with considerations of macroeconomic data, the business cycle and thematic factors to build diversified portfolios of listed Australian securities.

## 3. About the DMP Australian Small Companies Trust

### Investment objective

Designed to provide medium to long term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3 to 5 year periods. Please note the investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.

### Benchmark

S&P/ASX Small Ordinaries Accumulation Index

### Suggested investment time frame

3 to 5 years.

### Risk level of the Fund

High

There is a risk investors may lose some or all of their initial investment. Higher risk investments tend to fluctuate in the short-term but can produce higher returns than lower risk investments over the long-term.

### Investments held

Invests in securities listed on the ASX that are outside the S&P/ASX 100 or unlisted securities which have line of sight to listing within 12 months.

The portfolio will generally hold 60 to 80 stocks with a minimum of 40 stocks that are outside the S&P/ASX 100.

### Investment Strategy

DMP's investment strategy is based on the belief that the equity market is inefficient when pricing small and emerging companies and that a disciplined investment which combines valuation with 'Fundamental Analysis' and 'Sentiment Analysis' will exploit these inefficiencies. Fundamental Analysis is an analysis of share values by considering factors (e.g. sales, earnings and assets) that are 'fundamental' to the enterprise of the company in question in light of current share prices. Sentiment Analysis is an analysis of the market sentiment towards a security, index or market and mainly relates to analysing share market price trends and other price trends including those relating to securities markets, commodities, interest rates, and foreign exchange. DMP considers that this size related mispricing occurs because of limited research, lower liquidity, limited history and increased volatility occurring in respect of small and emerging companies. DMP also spends considerable time researching the Environmental, Social and Governance (ESG) practices of a company to assess risks of its long-term sustainability. Although company research is the foundation of the DMP investment process, DMP believes that industry structure and the quality of management drive long-term profitability and expected returns. To assess the nature of the industry DMP uses a Porter framework for competitive market analysis. This framework concentrates on: barriers to entry; power of buyers; power of suppliers; threat of substitute products; and level of competition. In judging management, DMP seeks to ascertain the quality and integrity of the people involved and the strength of the strategies for implementing the business plan. To assess the quality of management DMP generally looks at the following:

- Accounting & management systems
- Management accessibility
- History of success
- Remuneration policies
- Staff turnover
- Succession planning
- Structure (& composition) of board of directors
- Level (& number) of staff share ownership

### Investment guidelines

The Sub-Investment Manager will use the following guidelines when selecting investments for the Fund:

- The portfolio will generally hold 60 to 80 stocks with a minimum of 40 stocks that are outside the S&P/ASX 100;
- Cash maximum 0-20%; equities 80-100 %;
- The Fund will be permitted to invest up to 10% of the Fund's assets in unlisted securities – but those unlisted securities must be expected to be quoted on the ASX within a 12 month period.
- The investment in any one company will not be more than 10% of the market value of the Fund's assets.
- Maximum shareholding in any one company is 10% of its total shares on issue.

- the Fund may use derivatives for risk management purposes, as substitutes for physical securities; and
- the Fund will not be geared.

All stocks on initial purchase will be outside the S&P/ASX 100. Should a stock, via growth be included in the S&P/ASX 100 Index, the Fund is able to hold this stock for a period of no greater than twelve months to enable DMP to maximise the exit value for investors. DMP will immediately develop an exit plan for any stock that reaches the S&P/ASX 50.

On occasion, a domestic listed security may de-list from Australia and then list on an international stock exchange. In this circumstance, DMP will seek to maximise value for investors in exiting the stock, within a reasonable time frame of it delisting from the Australian Securities Exchange.

#### Diversification

DMP does not give specific consideration to sector diversification, however it ensures that the portfolio is appropriately diversified at all times.

#### Labour, Environmental, Social and Ethical considerations

DMP has an environmental, social and governance ("ESG") investment policy. This incorporates the guidelines from the Australian Council of Superannuation Investors, as well as the framework provided under the Principles for Responsible Investment.

DMP regards itself as a socially responsible investor and takes an active approach to integrating and embedding ESG considerations into its investment making process, and actively engaging with company board's and management on ESG issues.

DMP believes effective ESG structures and processes helps reduce company risk and that socially responsible companies command a premium investment rating over time.

DMP employs the following negative company screens:

##### Environmental

- No coal mining
- No direct uranium

##### Social

- No tobacco
- No direct gambling
- No predatory or pay day lending
- No weapons manufacturing
- No live animal export
- No adult industries

##### Governance

- No poor occupational health and safety records
- No undisclosed related party transactions
- No excessive use of non-executive options

In addition to the above negative screens, DMP conducts in depth analysis of the ESG policies of companies in which it invests. DMP does this by asking the following questions of such policies:

- Does the company's policy focus on the key ESG risks to which their activities expose them too?
- Does the ESG policy cover the full range of issues (including labour and employment practices, supply chain or other third parties) and clearly articulate standards that the company seeks to achieve?
- What are the accountabilities for implementation and oversight of policy implementation
- Has the policy been sufficiently communicated to employees and other investors and stakeholders?

- Is the policy public and are there commitments in place to report on progress?

#### Fund Performance

Up to date information on the performance of the Fund will be available by visiting [www.sghiscock.com.au](http://www.sghiscock.com.au); emailing [enquiries@dmpam.com.au](mailto:enquiries@dmpam.com.au) or calling DMP on +61 3 99813300.

## 4. Managing risk

When making any investment, the potential risks, and how they can affect the investor, need to be considered carefully. The Trust, as a result of its strategies, will deviate materially from broader stock indices. Every investment is influenced by many factors that can affect both its value and the income it produces and the investment can decline as well as increase in value. As a Trust that invests in the stock market, market risk is significant.

In evaluating the Trust and its prospects, investors should also consider the following:

- the success and profitability of the Trust will depend on the ability of the Manager to make investments which will increase in value over time;
- the value of the assets of the Trust may be affected by the general economic environment, legislation or government policy or other factors beyond the control of the Sub-Investment Manager. As a result, no guarantee can be given in respect of the future earnings of the Trust or the earnings or capital appreciation of the Trust's investments; and
- the past performance of this Trust and other funds and portfolios managed by SGH or DMP are not necessarily a guide to future performance of the Trust.

In addition, unit holders should consider the following specific risks.

- Tax risk – The Trust or an investment in the Trust can also be subject to tax risk on the basis that tax laws and relevant administrative practices are subject to change, possibly with retrospective effect.

## 5. Investing and redeeming

### Applying for units

You can acquire units by completing the Application Form that accompanies this IM or completing the application process online (new investors only). The minimum initial investment amount for the Trust is \$25,000.

For Australian investors if the initial investment is below \$500,000, the application must be supported with an Accountant's certificate specifying that the investor meets the criteria of a Wholesale Client.

New Zealand Investors must complete the Wholesale Investor Certification provided; and specify their initial or additional investment amounts in Australian dollars. Application amounts quoted in New Zealand dollars are unable to be accepted.

Please note that cash cannot be accepted. You can apply using BPAY<sup>®</sup> (online application only), direct credit and direct debit payment options.

Please note that all monies deposited by direct credit, direct debit or cheque must match the amount specified on the Application Form for an application to be valid.

If completing the application process online, please go to [www.sghiscock.com.au](http://www.sghiscock.com.au) for further instructions.

Completed Application Forms should be sent along with your identification documents (if applicable) to:

Mainstream Trust Services Pty Ltd  
Unit Registry  
GPO Box 4968  
Sydney, NSW, 2001

You can also email:  
SGHinvestorservices@mainstreamgroup.com.

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Trust's investors.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day is, in general terms, equal to the Net Asset Value ("NAV") of the Trust, divided by the number of units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this IM, the Buy Spread is 0.35%.

The Application Price will vary as the market value of assets in the Trust rises or falls.

### Making additional investments

You can make additional investments into the Trust at any time by sending us your additional investment amount together with a completed Additional Investment Form.

The minimum additional investment into the Trust is \$5,000 or \$500 if paying by BPAY<sup>®</sup>. Forms are available at [www.sghiscock.com.au](http://www.sghiscock.com.au).

### Distributions

An investor's share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by the investor at the end of the distribution period. The Trust usually distributes income yearly at the end of June, however, Equity Trustees may change the distribution frequency without notice. Distributions are calculated effective the last day of each distribution period and are normally paid to investors as soon as practicable after the distribution calculation date.

Investors in the Trust can indicate a preference to have their distribution:

- reinvested back into the Trust; or
- directly credited to their Australian domiciled bank account.

Investors who do not indicate a preference will have their distributions automatically reinvested. Applications for reinvestment will be taken to be received immediately prior to the next Business Day after the relevant distribution period. There is no Buy Spread on distributions that are reinvested. In some circumstances, the Constitution may allow for an investor's withdrawal proceeds to be taken to include a component of distributable income.

If New Zealand Investors elect to have their distribution paid in cash, they will need to nominate a bank account held in their own name with an Australian domiciled bank otherwise it must be reinvested. Cash distributions will only be paid in Australian dollars to such an account.

When the distribution is reinvested, New Zealand Investors will be allotted units in accordance with the terms and conditions set out in this IM.

The distribution reinvestment plan described in this IM is offered to New Zealand Investors on the following basis:

- At the time the price of the units allotted pursuant to the distribution reinvestment plan is set, the Responsible Entity

will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.

- The right to acquire, or require the Responsible Entity to issue, units will be offered to all Investors of the same class, other than those resident outside New Zealand who are excluded so as to avoid breaching overseas laws.
- Units will be issued on the terms disclosed to you, and will be subject to the same rights as units issued to all Investors of the same class as you.

There is available from the Responsible Entity, on request and free of charge, a copy of the most recent annual report of the Fund, the most recent financial statements of the Fund, the auditor's report on those financial statements, the IM, and the Constitution for the Fund (including any amendments). These documents may be obtained electronically upon request to the Responsible Entity or (other than the Constitution) at [www.eqt.com.au/insto](http://www.eqt.com.au/insto).

### Access to your money

Investors in the Trust can generally withdraw their investment by completing a written request to withdraw from the Trust and mailing it to:

Mainstream Trust Services Pty Ltd  
Unit Registry  
GPO Box 4968  
Sydney, NSW, 2001

You can also email:  
SGHinvestorservices@mainstreamgroup.com  
or sending it by fax to +61 2 9251 3525

The minimum withdrawal amount is \$5,000.

Withdrawal forms are available at [www.sghiscock.com.au](http://www.sghiscock.com.au). Once we receive and accept your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

Equity Trustees will generally allow an investor to access their investment within 7 days of acceptance of a withdrawal request by transferring the withdrawal proceeds to such investor's nominated bank account. However, Equity Trustees is allowed to reject withdrawal requests, and also to make payment up to 30 days after acceptance of a request (which may be extended in certain circumstances) as outlined in the Constitution.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion.

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price on a Business Day is, in general terms, equal to the NAV of the Trust, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this IM, the Sell Spread is 0.35%.

The Withdrawal Price will vary as the market value of assets in the Trust rises or falls.

Equity Trustees reserves the right to fully redeem your investment if your investment balance in the Trust falls below \$25,000 as a result of processing your withdrawal request. In certain circumstances, for example, when there is a freeze on withdrawals, where accepting a withdrawal is not in the best interests of investors in the Trust including due to one or more circumstances outside its control or where the Trust is not liquid (as defined in the Corporations Act), Equity Trustees can deny or suspend a withdrawal request and you may not be able to withdraw your funds in the usual processing times or at all. When

the Trust is not liquid, an investor can only withdraw when Equity Trustees makes a withdrawal offer to investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

Redemption requests received from New Zealand Investors must specify:

- the redemption amount in Australian dollars; or
- the number of units to be redeemed.

We are unable to accept redemption amounts quoted in New Zealand dollars. Please note that the redemption amount paid to you will be in Australian dollars and may differ from the amount you receive in New Zealand dollars due to:

- Foreign exchange spreads between Australian and New Zealand dollars (currency rate differs daily); and
- Overseas Telegraphic Transfer (“OTT”) costs.

Redemptions will only be paid directly to the Unitholder’s bank account held in the name of the Unitholder with an Australian domiciled bank. Redemption payments will not be made to third parties.

### Unit pricing discretions policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of the assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy will be made available free of charge on request.

### Online applications

In addition to completing the hard copy Application Form that accompanies the Information Memorandum, New Investors also have the option of completing an online version of the Application Form (please go to [www.sghiscock.com.au](http://www.sghiscock.com.au) for further instructions). The Online Application Form allows New Investors to complete the AML and KYC requirements online and to submit the application using an electronic signature. Please note that the Online Application Form is only available for New Investors and cannot be used for additional investments.

### BPay®

BPay® is available as a method of payment in the online banking portals of most Australian banks and financial institutions. We recommend that you contact your bank or financial institution to confirm that you can use BPay® to make a payment from your account, or if you are unable to locate BPay® in your online banking portal.

To facilitate the use of this service you will need to use your online banking service from your participating Australian financial institution.

You will be given your Customer Reference Number (CRN) when making an Online Application or after your initial application to allow you to make additional investments by using BPay®. Please take note that the BPay® facility is only available to:

- New Investors making an Online application or
- Existing investors

When making the payment via BPay®, you do not need to complete an Additional Investment Form. Please take note that the Biller Code is different for each fund.

You can obtain further information about your CRN from your managed fund online portal and the Fund Biller Codes by contacting SGH Investor Services directly on 1300 133 451 (Australia) or +61 2 8259 8888.

### Direct Debit (for initial investment)

The Direct Debit facility is only available for initial investments. Your investment will receive value for the day that the funds clear. See the “Direct Debit Request Service Agreement below:

### Direct Debit Service Agreement

The following is your Direct Debit Service Agreement with Mainstream Fund Services Pty Ltd ABN 81 118 902 891 (Mainstream) who acts as the unit registry provider of the Fund. The agreement is designed to explain what your obligations are when undertaking a direct debit arrangement with us for your initial investment. It also details what our obligations are to you as your direct debit provider.

We recommend you keep this agreement in a safe place for future reference. It forms part of the terms and conditions of your Direct Debit Request (DDR) and should be read in conjunction with your Direct Debit Request form.

### DEFINITIONS

#### Account

means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

#### Agreement

means this Direct Debit Request Service Agreement between you and us.

#### Banking day

means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

#### Debit day

means the day that payment by you to us is due.

#### Debit payment

means a particular transaction where a debit is made.

#### Direct debit request

means the Direct Debit Request in the application form or additional application form.

#### Us or we

means Mainstream Fund Services Pty Ltd, you have authorised by signing a Direct Debit Request.

#### You

means the customer who has signed or authorised by other means the Direct Debit Request.

#### Your financial institution

means the financial institution nominated by you on the DDR at which the account is maintained.

### 1. DEBITING YOUR ACCOUNT

a) By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between us and you.

b) We will only arrange for funds to be debited from your Account as authorised in the Direct Debit Request or we will only arrange for funds to be debited from your Account if we have sent to the address nominated by you in the Direct Debit Request, a billing advice which specifies the amount payable by you to us and when it is due.

c) If the Debit Day falls on a day that is not a Banking Day, we may direct Your Financial Institution to debit your Account on the following Banking Day. If you are unsure about which day your Account has or will be debited you should ask Your Financial Institution.

## 2. YOUR OBLIGATIONS

a) It is your responsibility to ensure that there are sufficient clear funds available in your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

b) If there are insufficient clear funds in your Account to meet a Debit Payment:

I. you may be charged a fee and/or interest by Your Financial Institution;

II. you may also incur fees or charges imposed or incurred by us; and

III. you must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in your Account by an agreed time so that we can process the Debit Payment.

c) You should check your Account statement to verify that the amounts debited from your Account are correct.

d) If Mainstream Fund Services Pty Ltd is liable to pay goods and services tax ("GST") on a supply made in connection with this Agreement, then you agree to pay Mainstream Fund Services Pty Ltd on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## 3. DISPUTE

a) If you believe that there has been an error in debiting your Account, you should notify us directly on 1300 133 451 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively, you can take it up with Your Financial Institution direct.

b) If we conclude as a result of our investigations that your Account has been incorrectly debited we will respond to your query by arranging for Your Financial Institution to adjust your Account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your Account has been adjusted.

c) If we conclude as a result of our investigations that your Account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

## 4. ACCOUNTS

You should check:

I. with Your Financial Institution whether direct debiting is available from your Account as direct debiting is not available on all Accounts offered by financial institutions.

II. your Account details which you have provided to us are correct by checking them against a recent Account statement; and

III. with Your Financial Institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

## 5. CONFIDENTIALITY

a) We will keep any information (including your Account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

b) We will only disclose information that we have about you:

I. to the extent specifically required by law; or

II. for the purposes of this Agreement (including disclosing information in connection with any query or claim).

## 6. NOTICE

a) If you wish to notify us in writing about anything relating to this agreement, you should write to

Mainstream Fund Services Pty Ltd

GPO Box 4968

Sydney NSW 2001

b) We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.

Any notice will be deemed to have been received on the third Banking Day after posting.

## 6. Keeping track of your investment

### Enquiries

For any enquiries regarding your investment or the management of the Trust please contact:

DMP Asset Management Ltd

Phone: +61 3 9981 3300

Email: [enquiries@dmpam.com.au](mailto:enquiries@dmpam.com.au)

### Reports

Regular, simple to read and complete reports are provided to Investors in the Trust. These reports comprise:

- Annual Report – including financial statements and auditor's report will be made available on the Equity Trustees website at [www.eqt.com.au/insto](http://www.eqt.com.au/insto) from 30 September each year.
- Transaction Reports – confirming all additional investments, redemptions, and payments (issued following transactions and on request).
- Monthly and quarterly portfolio commentary and review.
- Distribution Statements – issued in line with Distribution frequency, notifying you of the value of your investment, income from investments and confirming the reinvestment or payment to your nominated account.
- Tax Statements – issued annually, providing Investors with taxation information including a detailed summary of the components of any Distributions.

You can contact DMP on +61 3 99813300 or via email [enquiries@dmpam.com.au](mailto:enquiries@dmpam.com.au) or visit the website [www.sghiscock.com.au](http://www.sghiscock.com.au) for updated information on performance, unit prices, fund size and other general information about the Trust.

### Fund Performance and Fact Sheet

You can visit the website [www.sghiscock.com.au](http://www.sghiscock.com.au) or contact DMP on +61 3 99813300 or via email [enquiries@dmpam.com.au](mailto:enquiries@dmpam.com.au) for updated information on performance, unit prices, fund size and other general information about the Trust.

### Complaints resolution

Equity Trustees has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: 1300 133 472

Post: Equity Trustees Limited

GPO Box 2307, Melbourne VIC 3001

Email: [compliance@eqt.com.au](mailto:compliance@eqt.com.au)

We will acknowledge receipt of the complaint within 1 Business Day or as soon as possible after receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 30 calendar days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("AFCA").

Contact details are:

Online: [www.afca.org.au](http://www.afca.org.au)

Phone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it's important that you contact us first.

## 7. Fees and other costs

### Management cost

The management cost (includes investment management fees, responsible entity fees, custodian fees, administration fees, audit fees and other estimated expenses) is calculated and accrued daily based on the Net Asset Value ("NAV") of the Trust. The accrued fees are paid in arrears from the Trust assets at the end of each month. The management costs are reflected in the NAV and unit price of the Trust.

The management cost is currently 1.03 % p.a. Based on a constant investment of \$50,000 this amounts to \$515 p.a.

The management costs contain a component of the estimated expenses to be recovered from the Trust. However we have, the right to recover all proper and reasonable expenses from the Trust, and as such these figures may increase or decrease accordingly.

### Performance fees

Performance fees are payable to the Investment Manager where the investment performance (after fees) of the Trust exceeds the performance of the S&P/ASX Small Ordinaries Accumulation Index ("Performance Hurdle"). The performance fee is 20.50% of this excess, calculated daily and paid annually in arrears from the Trust and calculated based on the beginning NAV unit price of the Trust over the relevant period.

Performance fees are subject to a High Water Mark which means no performance fee is payable until any accrued underperformance, as against the Benchmark, from prior periods has been made up.

Note that the NAV price as at the end of the relevant performance fee period is adjusted for any change in the NAV price as a result of any distributions paid since the end of the last performance fee period for which a performance fee was paid.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Trust will be, but it will be reflected in the management costs for the Trust for the relevant year. Information on current performance fees will be updated from time to time and available at [www.eqt.com.au/insto](http://www.eqt.com.au/insto).

### Additional Information on Fees and Costs

Depending on how well a class of units in the Fund performs, SGH may be entitled to a performance fee, paid out of the assets attributed to that class of units in the Fund. Performance fees are calculated with reference to a performance hurdle applicable to a class of units in the Fund and are subject to a High Water Mark requirement. The details of the calculation methodology and the hurdles are set out below.

The daily unit price for each class of units in the Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a Calculation Period.

#### *Calculation Methodology*

The Fund's "total return" per unit for each unit class ("Total Return") is the dollar movement in its unit price during the Calculation Period (adjusted for any income or capital distributions and before any accrued performance fees during that Calculation Period). Adjustments will be made for any capital re-organisations such as unit divisions or consolidations. "Calculation Periods" are 12 months in duration ending on 30 June of each year. The Fund's excess return per unit for each unit class ("Excess Return") is its Total Return per unit less the hurdle return.

#### *Units issued during a Calculation Period*

Performance fees are paid on the Excess Return of each unit on issue at the end of a Calculation Period, less a class level equalisation reserve ("Equalisation Reserve"). The effect of the Equalisation Reserve is that we will only receive a performance fee in respect of a specific unit on performance generated after that unit is issued. The Equalisation Reserve accumulates over a Calculation Period. Each time a new unit is issued, the Equalisation Reserve is adjusted by an amount that represents the prevailing performance fee per unit accrued in the applicable entry price immediately prior to the issue of that new unit ("Equalisation Adjustment"). If the accrued performance fee per unit on the day a new unit is issued is nil, there will be no Equalisation Adjustment made to the Equalisation Reserve in respect of the issue of that new unit.

The Equalisation Reserve is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- a) the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- b) the number of new units issued during the Calculation Period multiplied by the prevailing performance fee per unit.

The exact impact of the performance fee on a particular investor will depend on the number of new units issued during a Calculation Period, the excess return achieved from the start of the Calculation Period to the date of issue of new units and the subsequent movement in the unit price to the end of the Calculation Period.

#### *Units withdrawn during a Calculation Period*

For units that are withdrawn during the Calculation Period, the day of withdrawal will be treated as the end of the Calculation Period with respect to those units and the performance fee will become payable to us.

The withdrawal proceeds will be net of any performance fees accrued on the day of withdrawal. Any switches will also be treated as if they were withdrawals for the purposes of calculating the performance fees.

### Performance Hurdles

The Fund is subject to a Performance Hurdle

#### **Fund's Index Relative Hurdles**

##### High Water Mark

We will only be entitled to a Performance Fee where the unit price at the end of the Calculation Period exceeds the High Water Mark. The High Water Mark is the unit price at the end of the most recent Calculation Period for which we were entitled to a performance fee, less any intervening income and capital distribution.

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 Trust.

Assumptions for this example:

- the percentage movement in the S&P/ASX Small Ordinaries Accumulation Index is 8%;
- the Trust's 'investment return' for the Performance Fee Period is 10%;
- the Trust's 'investment return' for the Performance Fee Period is assumed to accrue evenly over the course of the Performance Fee Period;
- the Trust's 'investment return' with reference to which the performance fee is calculated is a return after the 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 Trust 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 \$205.00 (Based on outperformance of 2% above 'Performance Hurdle' x Performance Fee 20.5% x \$50,000 investment = \$205.00) 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 Trust; and
- is not a forecast of the expected investment return for the Trust.

### 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.

### Differential fees

From time to time the Investment Manager may negotiate fees that differ from those above. This will generally relate to the size of the investment in the Trust. Please contact DMP if you wish to discuss the fees that may apply to your investment.

### Fees to the Investment Manager

SGH will receive fees (as a proportion of NAV) for its investment management services described in this IM. All fees paid to the Investment Manager will be paid by the Responsible Entity out of the management costs.

### Transaction and other costs

All government taxes such as stamp duty and GST will be deducted from the Trust as appropriate. RITCs will also be claimed by the Trust where appropriate to reduce the cost of GST to the Trust.

The Trust may incur transaction costs. These transaction costs include brokerage, settlement costs (including custody costs), clearing costs and stamp duty. Transaction costs include costs

incurred by the Trust when Investors invest in or redeem from the Trust and when transacting to meet investment objectives. These costs are an additional cost to the Investor but are generally reflected in the Unit price (through the Buy/Sell Spread) and not charged separately to the Investor. As at the date of this IM, the Buy/Sell Spread is 0.35%/0.35%.

Transaction costs which are not recovered through the Buy/Sell Spread are deducted from the assets of the Trust from time to time and as they are incurred and are reflected in the unit price of the Trust.

The exact amount of transaction costs is dependant on a number of different variables, including the level of trading undertaken by the Trust.

During the financial year ended 30 June 2019, the total transaction costs for the Fund were estimated to be 0.99% of the NAV of the Fund, of which 7.92% of these transaction costs were recouped via the Buy/Sell Spread, resulting in a net transactional cost to the Fund of 0.91% p.a.

However, actual transactional and operational costs for future years may differ.

### Abnormal expenses

We may additionally recover abnormal expenses (such as the costs of Investors meetings, legal advice/proceedings and other irregular expenses). The Constitution does not place any limit on the amount of the abnormal expenses that can be paid from the Trust.

### Can the fees change?

All fees can change without Investor consent, subject to the maximum fee amounts specified in the Constitution of the Trust. Reasons might include changing economic conditions and changes in regulation. We have the right to recover all proper expenses incurred in managing the Trust and as such these expenses may increase or decrease accordingly. We will generally provide Investors with at least 30 days notice of any proposed change to the responsible entity fee. Expense recoveries and Buy/Sell Spreads may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law. The Constitution in some circumstances defines the maximum fees that can be charged for some fees described in this IM.

The maximum responsible entity fee under the Constitution is 2% p.a. (including GST) of the GAV of the Trust. There are no maximum fee amounts defined for the other fee components which make up the management costs of the Trust.

## 8. Taxation

The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Trust and assumes that you hold your investment in the Trust on capital account and are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

A number of tax reform measures are currently under review by the Australian Government. These reforms may impact on the tax position of the Trust and its investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Trust.

## **General**

The Trust is an Australian resident trust for Australian tax purposes. Therefore, the Trust is required to determine its net income (taxable income) for the year of income. On the basis that investors are presently entitled (which is the intention of Equity Trustees) to the net income of the Trust (including net taxable capital gains) or will be attributed their share of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Trust and the Trust is not a public trading trust, the Trust should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Trust's net taxable income or the amount attributed to them, and the Trust should not be subject to Australian income tax.

In the case where the Trust makes a loss for Australian tax purposes, the Trust cannot distribute the tax loss to investors. However, the tax loss may be carried forward by the Trust for offset against taxable income of the Trust in subsequent years, subject to the operation of the trust loss rules.

### **Deemed Capital Gains Tax ("CGT") Election**

Eligible managed investment trusts ("MITs") may make an election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made the Trust should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses). Capital gains arising on the disposal of eligible investments held for 12 months or greater may be eligible to be treated as discount capital gains.

Where the CGT election is not made, the Trust should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

### **Controlled Foreign Company ("CFC") Provisions**

There are certain tax rules (i.e. the CFC provisions) which may result in assessable income arising in the Trust in relation to investments in foreign equities, where certain control thresholds are met. If such interests were to be held at the end of the income year, the taxable income of the Trust may include a share of net income and gains (i.e. CFC attributable income) from such investments.

### **Taxation of Financial Arrangements ("TOFA")**

The TOFA rules may apply to certain "financial arrangements" held by the Trust. In broad terms, the TOFA regime seeks to recognise "sufficiently certain" returns on certain financial arrangements on an accruals basis for tax purposes rather than on a realisation basis. Where returns from derivative instruments are not "sufficiently certain" they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

### **Taxation Reform**

The tax information included in this IM is based on the taxation legislation and administrative practice as at the issue date of this IM, together with proposed changes to the taxation legislation as announced by the Government. However, the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Trust and its investors. Accordingly, it will be

necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Trust.

### **Tax File Number ("TFN") and Australian Business Number ("ABN")**

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises Equity Trustees to apply it in respect of all the investor's investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

### **GST**

The Trust is registered for GST. The issue or withdrawal of units in the Trust and receipt of distributions are not subject to GST.

The Trust may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Trust. However, to the extent permissible, the Responsible Entity will claim on behalf of the Trust a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this IM are inclusive of GST and take into account any available reduced input tax credits. The Trust may be entitled to as yet undetermined additional input tax credits on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on behalf of the Trust, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The impact of GST payments and credits will be reflected in the unit price of the Trust. Investors should seek professional advice with respect to the GST consequences arising from their unit holding.

### **Australian Taxation of Australian Resident Investors**

#### **Distributions**

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Trust attributed to them by Equity Trustees as the Responsible Entity of the Trust.

The tax consequences for investors in the Trust depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Trust attributed to them.

Investors will receive an Annual Tax Statement (or an "AMMA" for an AMIT) detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset ("FITO") and franking credit entitlements, returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their units in the Trust (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Trust or net income in respect of distributions made during the year or where they have made a large withdrawal from the Trust, in which case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income,

non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Trust at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

#### *Foreign Income*

The Trust may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

#### *Disposal of Units by Australian Resident Investors*

If an Australian resident investor transfers or redeems their units in the Trust, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Trust on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 & 1/3% for complying Australian superannuation funds may be allowed where the units in the Trust have been held for 12 months or more. No CGT discount is available to corporate investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued units of the Trust, the Trust has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in the Trust should seek advice on this issue.

#### **Australian Taxation of Non-Resident Investors**

##### *Tax on Income*

The Trust expects to derive income which may be subject to Australian withholding tax when attributed by Equity Trustees as the Responsible Entity of the Trust to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Trust which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/ Exchange of Information Agreement ("EOI") between Australia and their country of residence.

##### *Disposal of Units by Non-Resident Investors*

Based on the Trust's investment profile, generally non-resident investors holding their units on capital account should not be subject to Australian capital gains tax on the disposal of units in the Trust unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the

non-resident holds their units on revenue account. CGT may also apply in some cases where the Trust has a direct or indirect interest in Australian real property. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

#### **New Zealand resident taxation**

If you are a New Zealand resident wishing to invest in Australia, we strongly recommend that you seek independent professional tax advice. New Zealand resident Investors will be taxed on their units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances. Australian tax will be withheld at prescribed rates from distributions to non-residents to the extent that the distributions comprise relevant Australian sourced income or gains.

## **9. Other important information**

### **Non-listing of units**

The units of the Trust are not listed on any stock exchange and no application will be made to list the units of the Trust on any stock exchange.

### **Termination of the Trust**

The Responsible Entity may resolve at any time to terminate and liquidate the Trust (if it provides Investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Trust into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among all Investors according to the number of units of which they are the registered holders on the date the Trust is wound up.

### **Our legal relationship with you**

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Trust, are governed by the Constitution of the Trust as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity, and Investors. Some of the provisions of the Constitution are discussed elsewhere in this IM. Copies of the Constitution are available, free of charge, on request from Equity Trustees.

### **Compliance plan**

Equity Trustees has prepared and lodged a compliance plan for the Trust with ASIC. The compliance plan describes the procedures used by Equity Trustees to comply with the Corporations Act and the Constitution of the Trust. Each year the compliance plan for the Trust is audited and the audit report is lodged with ASIC.

### **Unit pricing discretions policy**

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to Investors free of charge on request.

## Indemnity

Equity Trustees, as the Responsible Entity of the Trust, is indemnified out of the Trust against all liabilities incurred by it in performing or exercising any of its powers or duties in relation to the Trust. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Equity Trustees may retain and pay out any monies in its hands all sums necessary to affect such an indemnity.

## Investment Manager consent

SG Hiscock & Company Limited and DMP Asset Management Ltd have given, and at the date of this IM have not withdrawn, their written consent to be named in this IM respectively as the Investment Manager and Sub-Investment Manager of the Trust and to the inclusion of the statements made about it and the Trust in the form and context in which this information appears.

SG Hiscock & Company Limited or DMP Asset Management Ltd have not otherwise been involved in the preparation of this IM, nor have they caused or otherwise authorised the issue of this IM. Neither SG Hiscock & Company Limited nor their employees or officers accept any responsibility arising in any way for errors or omissions from this IM, other than in relation to the statements for which they have provided consent.

## Privacy Statement

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 the Trust, including the Investment Manager, Custodian and Administrator, 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, the Investment Manager or the Sub-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](http://www.eqt.com.au). You can contact Equity Trustees’ Privacy Officer on +61 3 8623 5000, or email to [privacy@eqt.com.au](mailto:privacy@eqt.com.au) to request a copy.

## Information on underlying investments

Information regarding the underlying investments of a Trust will be provided to a member of that Trust on request, to the extent Equity Trustees is satisfied that such information is required to enable the member to comply with its statutory reporting obligations. This information will be supplied up to 30 days after a satisfactory request has been received.

## 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 the Trust, 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 the Trust 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 the Trust.

## 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. Australian financial institutions 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.

## 10. Glossary

### ASIC

Australian Securities and Investments Commission.

### 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.

### Buy/Sell Spread

The difference between the application price and redemption price of units in the Trust, which reflects the estimated transaction costs associated with buying and selling the assets of the Trust, when investors invest in or redeem from the Trust.

### Constitution

The constitution of the Trust describes the rights, responsibilities and beneficial interests of both investors and the Responsible Entity in relation to the Trust.

### Corporations Act

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

### Derivative

A financial contract whose value is based on, or derived from, an Asset Class such as shares. Common derivatives include options, futures and forward exchange contracts.

### GST

Goods and Services Tax.

### Investor

A holder of a unit or units in the Trust.

### Income Distribution

The amount that is paid to unit holders after the end of a distribution period.

### Net Asset Value ("NAV")

The value of assets of the Trust, less the value of the liabilities of the Trust.

### RITC

Reduced Input Tax Credit. Equity Trustees will apply for RITCs on behalf of the Trust, where applicable, to reduce the GST cost to the Trust.

### 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.

### Wholesale Client

Persons or entities defined as wholesale clients under section 761G of the Corporations Act.

### Wholesale Investor

In the case of a New Zealand investor, means a Wholesale Client who also meets the definition of wholesale investor under clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand).