

18 September 2020

Dear Investor,

## **PROPOSED CHANGES TO THE LOFTUS PEAK GLOBAL DISRUPTION FUND - ARSN 098 764 080; APIR MMC0110AU**

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 ("RE"), the Responsible Entity, in conjunction with Loftus Peak Pty Limited ABN 84 167 859 332 AFSL 503571 ("Loftus Peak"), the Investment Manager for the Loftus Peak Global Disruption Fund ("the Fund"), is pleased, subject to approval from the Australian Securities Exchange ("ASX") and the Australian Securities & Investments Commission ("ASIC"), to share some potential forthcoming changes to the Fund. In addition to its status of an unlisted registered managed investment scheme, we are proposing to transition the Fund to become a quoted managed fund on the ASX as an Active Exchange Traded Fund ("Active ETF"). An application has been made to the ASX to admit the Units in the Fund to be quoted on the ASX.

Once the Fund has been accepted by the ASX, its Units will be able to be traded on the ASX like any other listed security. When a firm launch date is known, we will communicate with you again and advise where the new Product Disclosure Statement that outlines the changes can be downloaded.

### **What do you need to do?**

There is no action required by you. Your investment and Unitholding will not be impacted by the Fund becoming an Active ETF.

It is important to note that there will be no change to the fees, objective or strategy of the Fund. There are, however, some significant differences in how investors can transact in the Fund. We have highlighted these in Appendix 1, noting that these changes will only apply should ASX and ASIC approval be given.

### **Can I transact interchangeably either directly with the Fund administrator or via my broker on the ASX?**

If your Units are held directly with the Fund on the issuer sponsored sub-register (SRN) and you wish to convert or transfer your Units to a CHESS sub-register (HIN), you will need to provide your broker with your SRN. Investors will be sent their SRN details from the Registry via their preferred correspondence method before listing date. You are only able to convert or transfer whole Units and any residual Units will be cancelled and become assets of the Fund.

If your Units are held in an account with your broker on the CHESS sub-register (HIN) you may wish to transfer your Units to another HIN or to transfer or to convert your Units to an account directly with the Fund on the issuer sponsored sub-register (SRN). The Registry will process transfer of Units for investors on receipt of a completed original standard transfer form.

### **mFund Settlement Service**

It is intended that when the Fund is quoted on the ASX as an Active ETF, it will be removed from the mFund Settlement Service. This will mean that the Fund will no longer accept new investors who apply for Units using this method.

It is proposed that existing mFund investors will be contacted separately on how to sell their mFund holdings, should they wish to do so.



### **Will there be a difference in Unit prices depending on the method I choose to transact?**

The method in which you elect to enter and exit the Fund is likely to mean that the Unit price applied to your instruction may differ and this may result in a different return from your investment in the Fund.

Importantly, and consistent with securities listed on the ASX, investors do not have cooling-off rights in respect of Units in the Fund (regardless of whether they were purchased on the ASX or applied for directly with the Administrator).

### **What is an iNAV and a market making agent?**

An indicative net asset value ("iNAV") is a measure of an intraday net asset value of the Fund. The RE will publish an iNAV throughout the ASX Trading Day in at least 15 second intervals. The iNAV will be updated using a real time fair value methodology that seeks to ensure that the iNAV reflects movements in share markets and currencies during the ASX Trading Day and, for securities not trading during the ASX Trading Day, listed proxy instruments selected based on correlations with the underlying investments. The proxies and their correlations with underlying instruments are reviewed regularly and updated as required.

A market making agent provides liquidity to investors on the ASX by acting as a buyer and seller of Units in the Fund on behalf of the Fund and to facilitate settlement. At the end of each day the RE, through its agent, will create or cancel Units by applying for or redeeming its position in Units bought or sold on the ASX. The price of the Units bought or sold will reflect the iNAV and the supply and demand for Units during the ASX Trading Day.

Subject to ASX approval, Loftus Peak will be responsible for providing the instructions to the market making agent to transact in the Fund. The Fund will bear the risk of this market making activity which may result in either a cost or a benefit to the Fund. For example, there is a risk that the Fund could suffer material costs as a result of an error in the execution of market making activities or in the price at which Units are transacted on the ASX. The Fund will bear the next day pricing risk for any net Units it has traded on the ASX. To mitigate this risk, Loftus Peak and the RE will have the discretion through its market making agent to increase the spread at which it makes a market and has the right to cease making a market subject to its obligations under the AQUA Operating Rules. Also, Loftus Peak may use financial instruments to hedge purchases and sales of Fund Units, in order to manage any share market and currency risk that might result from Unit transactions through the ASX Trading Day.

Should you have any questions regarding this letter, please do not hesitate to contact Loftus Peak on +61 2 9163 3333 (Monday - Friday 9.00 am – 5.30 pm EST) or email: [enquiry@loftuspeak.com.au](mailto:enquiry@loftuspeak.com.au).

Yours sincerely,

Russell Beasley  
Executive General Manager  
Corporate Trustee Services, Australia



## APPENDIX 1

See below key differences between Units transacted on the ASX and Units transacted directly with the Administrator. The differences are provided on the assumption that the ASX approves the trading of the Fund's units on the ASX in the form currently awaiting approval.

	BUYING UNITS ON THE SECURITIES EXCHANGE	APPLYING FOR UNITS DIRECTLY WITH THE RESPONSIBLE ENTITY
<b>How do I make an investment in the Fund?</b>	<p>Once the Units are quoted on a Securities Exchange, investors can invest in the Fund by purchasing Units via their trading platform or stockbroker.</p> <p>An application form is not required to be completed by investors as they will settle the purchase of their Units in the same way they would settle purchases of listed securities via the Securities Exchange settlement service.</p>	<p>Units may be acquired by completing the Application Form that accompanies this PDS.</p> <p>Your application for Units will be accepted if we receive a correctly completed Application Form, identification documents (if applicable) and cleared application money before or at 2pm (Sydney time) on a Business Day. You will generally receive the Application Price calculated for that Business Day.</p>
<b>What is my entry price when I make an investment in the Fund?</b>	<p>The price at which an investor purchases Units on a Securities Exchange will be their entry price.</p> <p>Stockbrokers will provide transaction confirmations for Units bought or sold on a Securities Exchange.</p> <p>Brokerage fees and commissions will apply when buying and selling the Units on a Securities Exchange. Investors should consult their stockbroker for more information in relation to these costs.</p>	<p>The price at which Units are acquired is determined in accordance with the Constitution ("Application Price").</p> <p>The Application Price on a Business Day is generally equal to the NAV divided by the number of Units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this PDS, the Buy Spread is 0.25%.</p> <p>The Application Price will vary as the market value of assets in the Fund rises or falls.</p>
<b>Is there a minimum number of Units I need to purchase?</b>	<p>There is no minimum number of Units investors can buy on a Securities Exchange</p>	<p>The minimum initial investment amount to invest in for the Fund directly is \$5,000.</p> <p>There is no minimum additional investment amount.</p>



	<b>BUYING UNITS ON THE SECURITIES EXCHANGE</b>	<b>APPLYING FOR UNITS DIRECTLY WITH THE RESPONSIBLE ENTITY</b>
<b>How do I withdraw my investment?</b>	<p>Investors can withdraw from the Fund by selling Units on a Securities Exchange through their stockbroker. A withdrawal form is not required to sell Units on a Securities Exchange and investors will receive the proceeds from the sale of their Units in the same way they would receive proceeds from the sale of listed securities via the Securities Exchange settlement service</p>	<p>Investor's in the Fund can generally withdraw their investment by completing a written request to withdraw from the Fund. You must hold your Units on the Fund's issuer sponsored sub-register and provide your SRN.</p> <p>Your withdrawal request will be accepted if we receive a withdrawal request before or at 2pm (Sydney time) on a Business Day. You will generally receive the Withdrawal Price calculated for that Business Day.</p>
<b>At what price can I sell my Units in the Fund?</b>	<p>The price at which an investor sells Units on a Securities Exchange will be their exit price.</p> <p>Brokerage fees and commissions will apply when buying and selling the Units on a Securities Exchange. Investors should consult their stockbroker for more information in relation to these costs.</p>	<p>The price at which Units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price").</p> <p>The Withdrawal Price on a Business Day is generally equal to the NAV of the Fund divided by the number of Units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.25%.</p> <p>The Withdrawal Price will vary as the market value of assets in the Fund rises or falls</p>
<b>Is there a minimum number of Units I need to withdraw?</b>	<p>There is no minimum number of Units investors can buy or sell on a Securities Exchange.</p>	<p>There is no minimum number of units investors can buy or sell directly with the Administrator.</p>