

# COOPER INVESTORS GLOBAL EQUITIES FUND (HEDGED) REFERENCE GUIDE

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## ABOUT THIS REFERENCE GUIDE

This Reference Guide (“RG”) has been prepared and issued by Equity Trustees Limited (“Equity Trustees”, “we” or “Responsible Entity”). The information in this document forms part of the Product Disclosure Statement (“PDS”) for the Cooper Investors Global Equities Fund (Hedged), dated 1 April 2019.

The information provided in this RG is general information only and does not take into account your individual objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

## UPDATED INFORMATION

Information in the PDS and this RG is subject to change. Before making an investment in the Fund, you should ensure that you have read the PDS and RG current as at the day you acquire the product.

An up to date RG can be obtained by visiting [www.eqt.com.au/insto](http://www.eqt.com.au/insto) or calling the Investment Manager on +613 9660 2600. An electronic copy of the updated information will be provided free of charge on request. No paper copy will be provided.

### INVESTMENT MANAGER

Cooper Investors Pty Limited  
ABN 26 100 409 890  
AFS Licence Number 221794  
Level 1, 60 Collins Street  
Melbourne, VIC 3000, Australia  
Phone: +613 9660 2600 Fax: +613 9660 2699  
Web: [www.cooperinvestors.com](http://www.cooperinvestors.com)

### ADMINISTRATOR AND CUSTODIAN

National Australia Bank Limited  
Level 12, 500 Bourke Street  
Melbourne, Victoria 3000

### RESPONSIBLE ENTITY

Equity Trustees Limited  
Level 2, 575 Bourke Street  
Melbourne VIC 3001  
ABN 46 004 031 298, AFSL 240975  
Phone: +613 8623 5000 Fax +613 8623 5200  
Web: [www.eqt.com.au/insto](http://www.eqt.com.au/insto)

# 1. INVESTING IN THE COOPER INVESTORS GLOBAL EQUITIES FUND (HEDGED)

## HOW TO INVEST

To invest in the Fund, please complete the Application Form that accompanies the PDS and make payment via electronic bank transfer (see details in the Application Form).

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

Cooper Investors Pty Ltd  
GPO Box 804, Melbourne VIC 3001  
Please note that cash cannot be accepted.

## APPLICATION CUT-OFF TIMES

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

- before 1pm (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
- on or after 1pm (Melbourne time) on a Business Day, the application will generally 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.

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 Fund's investors.

## MFUND

For investors who apply via mFund, we will only start processing an application if:

- we receive an application for units via mFund; and
- we receive the relevant application money (in cleared funds).

We will not investigate whether an application for units received by Equity Trustees via mFund has been made with the authority of the applicant and we are not liable for any losses, liabilities, actions, proceedings, claims and demands arising from applications received via mFund.

## REGULAR SAVINGS PLAN

The regular savings plan enables unitholders to invest in the Fund each month via direct debit from a nominated account. To start a regular savings plan, simply complete the relevant sections of the Application Form or complete the Direct Debit Request Service Agreement which can also be found at [www.eqt.com.au/insto](http://www.eqt.com.au/insto).

Your nominated account will be debited for the specified amount on or around the 15th day of each month or, if not a Business Day, the next Business Day (RSP Date). Your application to commence a regular savings plan must be received at least three Business Days before the RSP Date on which you wish your instructions to take effect.

Units will be issued on the basis of information contained in the PDS and this document current at the time the contributions are made.

Should a replacement PDS or Reference Guide be issued, we will notify you and inform you of any changes or updates if you continue to participate in the regular savings plan.

You may change, stop or defer a debit payment, or terminate the Direct Debit Request Service Agreement at any time with at least seven days' notification by writing to us. You should ensure that we receive your instructions to change, stop or defer a debit payment, or terminate the Direct Debit Request Service Agreement at least seven days before the RSP Date on which you wish your instructions to take effect.

If two consecutive debits are dishonoured due to insufficient funds, we may suspend your regular savings plan.

## 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 of 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 unit holder in a fund during the 14 day period. This could include selling part of your investment or switching it to another product.

Indirect investors should seek advice from their IDPS Operator as to whether cooling off rights apply to an investment in a fund by the IDPS. The right to cool off in relation to a fund are not directly available to an indirect investor. This is because an indirect investor does not acquire the rights of a unit holder in a fund. Rather, an indirect investor directs the IDPS Operator to arrange for their monies to be invested in a fund on their behalf. The terms and conditions of the IDPS Guide or similar type document will govern an indirect investor's investment in relation to a fund and any rights an indirect investor may have in this regard.



## 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 you wish to apply or have applied for units via mFund, please contact National Australia Bank Limited for the appropriate form that your authorised signatories will need to sign. 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; and
- enquiring and obtaining copies of the status of your investment.

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 our acting on any instructions received from your authorised representative shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

### REPORTS

We will make the following statements available to all investors in the Fund:

- A transaction confirmation statement, showing a change in the investor's holding. Such statement shall be provided when a transaction occurs; it may also be provided on request.
- The Fund's half-yearly financial accounts (if applicable).
- The Fund's annual audited accounts for the relevant financial year.
- Annual distribution, tax and confirmation of holdings statements for the relevant financial year.

### UNIT PRICE AND VALUATIONS

Your investment is represented by the number of units you are allocated at the time of investment.

The NAV of units in the Fund is generally calculated on each Business Day, and is calculated by deducting the value of the liabilities of the Fund from the value of its gross assets. The unit price may rise or fall.

The Application Price of a unit in the Fund is based on the NAV divided by the number of units on issue adjusted for the Buy Spread.

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The Application Price of a unit in the Fund is based on the NAV divided by the number of units on issue adjusted for the Buy Spread.

### 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 to investors free of charge on request to Equity Trustees.

### ADDITIONAL INFORMATION

The Fund is not currently a disclosing entity as defined by the Corporations Act. If the Fund becomes a disclosing entity, it will be subject to regular reporting and disclosure obligations. Investors (but not Indirect Investors) will have a right then to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report ("Annual Report");
- any subsequent half yearly financial report lodged with ASIC after the lodgment of the Annual Report; and
- any continuous disclosure notices lodged with ASIC after the Annual Report but before the date of this PDS.

These documents can also be obtained from or inspected at an ASIC office. Equity Trustees will comply with its continuous disclosure obligations by lodging documents with ASIC as and when required.

## 3. WITHDRAWING YOUR INVESTMENT

### WITHDRAWALS CUT-OFF TIMES

All withdrawal requests must be received before 1pm (Melbourne time) on a Business Day for processing that day and will generally receive the Withdrawal Price for that Business Day. Any withdrawal request received after that time will be treated as having been received the following Business Day.

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

Please see the PDS for information regarding how to request a withdrawal.

### PAYMENT OF WITHDRAWALS

Generally, we will instruct that your withdrawal proceeds be transferred to your nominated bank account within 7 days from the time we receive your withdrawal request.

However, the Constitution allows Equity Trustees 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). This could include circumstances where it is not possible or not in the best interest of investors for Equity Trustees to process withdrawal requests or pay the withdrawal price in respect of a withdrawal request it has accepted. Such circumstances may include but are not necessarily limited to:

- restricted or suspended trading;
- extreme price fluctuation; and
- uncertainty in the market for an asset of the Fund

Where we receive a large withdrawal request, we have discretion to determine that the withdrawal price applicable to that withdrawal request will be the first withdrawal price calculated following the expiry of five Business Days after the Business Day on which we have received and accepted the withdrawal request.

For these purposes, a large withdrawal request is a request that is:

- in respect of 5% or more of the Gross Asset Value (GAV) of the Fund at the time the withdrawal request is received and accepted by us; or
- received on a day on which we receive aggregate withdrawal requests for 5% or more of the GAV of the Fund on that day.

We may contact you to check your details before processing your withdrawal request. 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.

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.

### WITHDRAWALS TERMS

Once we receive 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).

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

- We reserve the right to fully redeem your investment if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set out in the PDS.
- If we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal 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, courier or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms you, and any person claiming on your behalf, shall have no claim against us with regards to such payment.

### MFUND

Alternatively, you can make a withdrawal request through mFund by placing a sell order for units with your licensed broker. We will not investigate whether a withdrawal request received via mFund has been made with the authority of the investor and we are not liable for any losses, liabilities, actions, proceedings, claims and demands arising from withdrawal requests received via mFund.

### WITHDRAWAL RESTRICTIONS

Under the Corporations Act, you do not have a right to redeem from the Fund if the Fund is illiquid. In such circumstances, you will only be able to redeem your investment if Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The Fund will be deemed 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. FEES & COSTS

### MANAGEMENT FEE

The Responsible Entity intends to charge a management fee of 1.2% per annum of the Net Asset Value plus GST. The Investment Manager may pay, from its fee, a rebate of a part of the fee or other payment to one or more unit holders. Under the Constitution, the Investment Manager is entitled to receive the management fee (calculated on the last Business Day of each calendar month) within 14 days of the end of each calendar month.

### EXPENSES

The Investment Manager is entitled to be reimbursed from the Fund in respect of a range of costs and expenses in relation to the proper performance of its duties which include, but are not limited to, costs associated with the Constitution (including amendments), custodial fees, unit holder meetings, audit fees, government duties and taxes, brokerage, paid independent research, performance attribution and consultancies relating to the Fund. The Investment Manager has elected not to be reimbursed for these costs and expenses.

### INDIRECT COSTS

The management cost figure disclosed in the table of fees and costs in Section 6 of the PDS incorporates the estimated indirect costs incurred in connection with managing the underlying investment assets of the Fund based on figures for the previous financial year of the Fund. These indirect costs are reflected in the unit price of your investment in the Fund and include any underlying (indirect) management costs 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 may include:

- Indirect management costs (of any underlying funds): Managers of underlying funds will typically charge management fees and other costs and these fees and other costs are deducted from the underlying funds and the impact is included as part of their unit price. To the extent such underlying funds are managed by an affiliate of the Investment Manager, we will typically offset the management fee in the Fund to ensure it is not an additional cost to you.
- Indirect performance fees (of any underlying funds): Managers in underlying funds may also receive performance fees and if they apply, they will reduce the unit price of the underlying funds. These indirect performance fees will be an indirect cost to you.
- Other indirect costs: In managing the assets of the Fund, the Investment Manager 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 trading activity relating to these types of products may give rise to other indirect costs.

### PERFORMANCE FEE

The performance fee is 10% of the Fund's outperformance of the Benchmark plus GST. The performance fee is calculated daily in arrears and paid six monthly in arrears directly from the Fund.

If accrued, the performance fee will generally be paid within 30 days of the end of every half financial year in arrears. The performance fee is deducted from the assets of the Fund in the daily unit price.

Set out below is a description of the workings of the performance fee formula. Sample workings and the complete formula may be obtained from the Investment Manager.

For these purposes:

"Benchmark" means the MSCI All Countries World net dividends in local currency.

"Opening Fund Value" means the dollar value of the Fund at the beginning of the day.

"Performance Period" means the period from the Starting Date to the last day of the six month period for which the performance fee is being calculated.

"Starting Date" for a Performance Period means the first day after the Performance Period for which the last performance fee was paid or became payable (notwithstanding that it may have been waived) or, if none was paid then the inception date.

### OUTLINE OF THE PERFORMANCE FEE FORMULA

1. The performance fee will be calculated daily on the Opening Fund Value. If the Investment Manager is entitled to a performance fee it will be paid six monthly directly from the Fund.
2. A performance fee will be accrued daily and paid in any Performance Period if the accumulated performance (after the management fee and management expenses but before the performance fee) of the Fund from the Starting Date until the end of the current Performance Period exceeds the accumulated performance of the Benchmark over the same time. In effect, the dollar value of under-performance relative to the Benchmark since a performance fee was last taken must be made up before further performance fees are taken.

### DETAILS OF THE PERFORMANCE FEE FORMULA

1. Performance is calculated on the Net Asset Value ("NAV") per unit before accrued performance fees. The NAV will not accrue negative performance fees. However, performance fees which have accrued will be paid to the Investment Manager six monthly.
2. Valuations occur each business day to enable unit allotments or redemptions to occur at the time of any cash movements in or out of the Fund.

## 5. ADDITIONAL RISKS

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The section below highlights the significant risks you should consider when deciding whether to invest in the Fund. You may want to consider these risks in light of your risk profile. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

The value of investments will vary. You may lose money by investing in the Fund and your investment in the Fund may not meet your objectives. The level of returns are not guaranteed and will vary. Future returns may differ from past returns. Laws affecting managed investment schemes may also change in the future.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial advice, you should contact a licensed financial adviser.

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

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

In addition, unitholders should consider the following specific risks:

### **Market risk**

This is the risk that an entire market, country or economy (such as Australia) changes in value or becomes more volatile, including the risk that the purchasing power of the currency changes (either through inflation or deflation), potentially causing a reduction in the value of the Fund and increasing its volatility. Reasons can be many, and include changes in economic, financial, technological, political or legal conditions, natural and man-made disasters, conflicts and changes in market sentiment.

### **Exchange rate risk**

Where the Fund purchases assets denominated in a foreign currency, currency movements between the Australian dollar and the relevant foreign currency might lead to gains or losses in the value of the assets. The manager will generally hedge its exposure to foreign currency movements in respect of such assets, but has the ability to reduce the level of hedging hedge to not less than 70% of its exposure.

### **Derivatives risk**

The Fund can use derivatives, including Exchange Traded Options, to gain exposure to underlying assets or currencies. The Fund can suffer losses in excess of the amounts committed to relevant derivatives. The Fund will also be exposed to the risk that a derivative may not necessarily reflect the performance of the underlying asset or currency to which it is exposed. In addition, the Fund will be exposed to the counterparty risk that the other party to the derivative may not perform its obligations under the derivative.

### **Foreign Investment risk**

When the Fund holds assets in another jurisdiction it will be exposed to different legal systems, foreign currency controls, different economic and political systems, foreign legislation and foreign taxation all of which may adversely impact on the Fund.

### **Tax risk**

The Fund or an investment in the Fund 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.



## 6. ENQUIRIES AND COMPLAINTS

### KEEPING IN TOUCH

If you have an enquiry regarding the management of the Fund please contact the Investment Manager on (03) 9660 2600.

### MAKING A FORMAL COMPLAINT

Equity Trustees seeks to resolve potential and actual complaints to the satisfaction of investors. If an investor wishes to lodge a formal complaint please write to:

Compliance Team  
Equity Trustees Limited  
GPO Box 2307  
Melbourne Vic 3001  
Email: [compliance@eqt.com.au](mailto:compliance@eqt.com.au)

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

## 7. OTHER IMPORTANT INFORMATION

### TAXATION

The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund 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 Fund 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 Fund.

#### General

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund 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 Fund (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 Fund and the Fund is not a public trading trust, the Fund should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Fund's net taxable income or the amount attributed to them, and the Fund should not be subject to Australian income tax.

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

#### Attribution Managed Investment Trust ("AMIT") – core rules

The Fund may qualify as an eligible Attribution Managed Investment Trust (AMIT), and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby Equity Trustees as the Responsible Entity of the Fund attributes amounts of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the Fund's Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, 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 adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement ("AMMA").

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

**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. Where the Fund does not elect into the AMIT regime, or has made the election but the election is not effective for the income year (e.g. the Fund does not satisfy the requirements to be a managed investment trust for the income year), the Tax Law applicable to non-AMITs should be relevant. In particular, the Fund should not generally pay tax on behalf of its investors and instead, investors should be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

#### **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 Fund 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 Fund 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 Fund 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 Fund 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 Fund. 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 PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS, 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 Fund 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 Fund.

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

The Fund may be required to pay GST included in management and other fees, charges costs and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The Fund 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 Fund, 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 Fund. 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 Fund attributed to them by Equity Trustees as the Responsible Entity of the Fund.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-

assessable non-exempt income and tax offsets (i.e. credits) of the Fund 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 Fund (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund, 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 Fund 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 Fund 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 Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Fund 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 Fund 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 Fund, the Fund 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 Fund should seek advice on this issue.

## **AUSTRALIAN TAXATION OF NON-RESIDENT INVESTORS**

### **Tax on Income**

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by Equity Trustees as the Responsible Entity of the Fund 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 Fund 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 Fund’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 Fund 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 Fund 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.

## **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 the 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](http://www.eqt.com.au). You can contact Equity Trustees’ Privacy Officer on +61 3 8623 5000, or email [privacy@eqt.com.au](mailto:privacy@eqt.com.au) to request a copy.

## THE CONSTITUTION

The Fund is governed by a constitution that sets out the Fund’s operation (the “Constitution”). This Constitution, together with the Fund’s PDS, this RG, the Corporations Act and other laws, regulate our legal relationship with investors in the Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund’s PDS, this RG and the Fund’s 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 Constitution from time to time in accordance with the provisions in the Constitution 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 Anti-Money Laundering and Counter Terrorism Financing programme. A fundamental part of the AML/CTF programme is that Equity Trustees knows certain information about investors in the Fund.

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 AML/CTF laws. Processing of applications or withdrawals will be delayed or refused if investors do not provide the applicable KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs and, as a result, AUSTRAC may require Equity Trustees to deny you (on a temporary or permanent basis) access to your investment. This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment.

Equity Trustees shall not be liable for any loss you may suffer because of compliance with AML/CTF laws.

If you apply for units via mFund you may be required to provide the KYC documents to your broker (rather than the Administrator).

## INDIRECT INVESTORS

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator. This will mean that you are an Indirect Investor in the Fund and not a unitholder or member of the Fund. Indirect Investors do not acquire the rights of a unitholder as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from us and the IDPS Operator’s application and withdrawal conditions determine when you can direct the IDPS Operator to apply or redeem. Your rights as an Indirect Investor should be set out in the disclosure document issued by the IDPS Operator.

## ADDITIONAL INFORMATION FOR NEW ZEALAND INVESTORS

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and regulations made under that Act sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.



If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

### **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 and U.S. controlling persons 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 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 the 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 investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

### **COMMON REPORTING STANDARD (“CRS”)**

The CRS is developed by the Organisation of Economic Co-operation and Development and 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.

### **NET ASSET VALUE (“NAV”) FOR THE FUNDS**

The NAV for the Funds is available at <https://www.eqt.com.au/corporates-and-fund-managers/managed-fund/mfund-product-issuer>

## 8. GLOSSARY

<b>Application Form</b>	The application form that accompanies the PDS.
<b>ATO</b>	Australian Taxation Office
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>Business Day</b>	A day other than Saturday or Sunday on which banks are open for general banking business in Melbourne and Sydney.
<b>GICS</b>	Global Industry Classification Standard
<b>IDPS</b>	Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.
<b>IDPS Operator</b>	The entity responsible for operating an IDPS.
<b>Indirect investor</b>	A person who invests in the Fund through an IDPS.
<b>Investor</b>	Unless the context otherwise requires, a unit holder in the Fund. A unit holder is a member of the Fund.
<b>mFund</b>	The mFund Settlement Service
<b>Net Asset Value (NAV)</b>	The value of the assets of the Fund less the value of the liabilities of that Fund
<b>Retail Client</b>	Persons or entities defined as such under section 761G of the Corporations Act.
<b>US Person</b>	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.
<b>We, us</b>	Refers to Equity Trustees.
<b>Wholesale Client</b>	Persons or entities defined as such under section 761G of the Corporations Act.
<b>Wholesale Investor</b>	In the case of a New Zealand investor, has the meaning given in clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand).

## 9. DIRECT DEBIT REQUEST SERVICE AGREEMENT

This information applies only if you have indicated that you wish for your initial or additional investment amounts to be paid by direct debit. Please ensure you have provided the details of your financial institution and completed the direct debit request in the relevant sections of the Application Form.

The following is your Direct Debit Service Agreement with National Nominees Limited, **ABN 51004278899** & **User id 516260**. The agreement is designed to explain what your obligations are when undertaking a Direct Debit arrangement with us. 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 DDR 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 between *us* and *you*.
- **us** or **we** means National Nominees Limited, (the Debit User) *you* have authorised by signing a *direct debit request*.
- **you** means the customer who signed 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

By signing a *Direct Debit Request*, 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*.

We will only arrange for funds to be debited from *your account* as authorised in the *Direct Debit Request*. 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. Amendments by us

We may vary any details of this *agreement* or a *Direct Debit Request* at any time by giving you at least fourteen **(14 days)** written notice.

### 3. Amendments by you

*You* may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen **(14 days)** notification by writing to: **Level 11, 500 Bourke St, Melbourne 3000** **or** by telephoning us on **(03) 86411313** during business hours **or** arranging it through your own financial institution.

### 4. Your obligations

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*.

If there are insufficient clear funds in your account to meet a *debit payment*:

- (a) *you* may be charged a fee and/or interest by *your financial institution*;
- (b) *you* may also incur fees or charges imposed or incurred by *us*; and
- (c) *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*.

*You* should check *your account* statement to verify that the amounts debited from *your account* are correct.

If **National Nominees Limited** is liable to pay goods and services tax ("GST") on a supply made in connection with this *agreement*, then *you* agree to pay **National Nominees Limited** on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

### 5. Dispute

If *you* believe that there has been an error in debiting *your account*, you should notify us directly on **(03) 86411313** 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.

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.

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.

## 6. Accounts

You should check:

- (a) 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.
- (b) *your account* details which you have provided to us are correct by checking them against a recent *account* statement;  
and
- (c) with *your financial institution* before completing the *Direct Debit Request* if you have any queries about how to complete the *Direct Debit Request*.

## 7. Confidentiality

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.

We will only disclose information that we have about *you*:

- (a) to the extent specifically required by law; or
- (b) for the purposes of this *agreement* (including disclosing information in connection with any query or claim).

## 8. Notice

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

**Level 11, 500 Bourke St, Melbourne 3000**

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.