

# Pzena Emerging Markets Value Fund

## Product Disclosure Statement

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### About this PDS

This Product Disclosure Statement ("PDS") has been prepared and issued by Equity Trustees Limited ("Equity Trustees", "we" or "Responsible Entity") and is a summary of the significant information relating to an investment in the Pzena Emerging Markets Value Fund (the "Fund"). It contains a number of references to important information (including a glossary of terms) contained in the Pzena Reference Guide ("Reference Guide"), which forms part of this PDS. You should consider both the information in this PDS, and the information in the Reference Guide, before making a decision about investing in the Fund.

The offer to which this PDS relates is only available to Wholesale Clients (as defined in the Reference Guide) receiving this PDS (electronically or otherwise) in Australia and Wholesale Investors (as defined in the Reference Guide) receiving this PDS (electronically or otherwise) in New Zealand who have completed a Wholesale Investor Certificate attached to the Application Form. New Zealand investors must read the Pzena Emerging Markets Value Fund New Zealand Wholesale Investors Fact Sheet. All references to dollars or "\$" in this PDS are to Australian dollars.

This PDS 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 Financial Markets Conduct Act 2013 (NZ). 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 PDS 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"). Equity Trustees may vary this position and offers may be accepted on merit at Equity Trustees' discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise approved by Equity Trustees and may not be offered or sold in the US to, or for, the account of any US Person except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

The information provided in this PDS is general information only and does not take account of your personal objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances and consider whether the information in this PDS is appropriate for you in light of those circumstances.

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### The Reference Guide

Throughout the PDS, there are references to additional information contained in the Reference Guide. You can obtain a copy by emailing the Investment Manager at [PIMAustralia@pzena.com](mailto:PIMAustralia@pzena.com), or calling +61 (0)3 8676 0617.

The information contained in the Reference Guide may change between the day you receive this PDS and the day you acquire the product. You must therefore ensure that you have read the Reference Guide current at the date of your application.

### Updated information

Information in this PDS is subject to change. We will notify you of any changes that have a materially adverse impact on you or other significant events that affect the information contained in this PDS. Any information that is not materially adverse is subject to change from time to time and may be updated and obtained by emailing the Investment Manager at [PIMAustralia@pzena.com](mailto:PIMAustralia@pzena.com), or calling +61 (0)3 8676 0617. A paper copy of the updated information will be provided free of charge on request.

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# 1. About Equity Trustees Limited

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

## The Investment Manager

### Pzena Investment Management, LLC

Pzena Investment Management, LLC ("Pzena") is an institutional investment manager based in New York with a strict focus on long-term classic value investing. The firm was founded in late 1995 and began managing assets on January 1, 1996. The firm's solid return record and reputation for business integrity, research excellence, and devotion to the investment philosophy has led to significant growth in the business. Pzena has business development/client service offices in Melbourne, Australia and London, England. Pzena is majority-owned by its employees.

# 2. How the Pzena Emerging Markets Value Fund works

The Fund is a registered managed investment scheme. The Fund is governed by the Constitution. The Fund comprises assets which are acquired in accordance with the Fund's investment strategy. Direct investors receive units in the Fund when they invest. In general, each unit represents an equal interest in the assets of the Fund subject to liabilities; however it does not give investors an interest in any particular asset of the Fund.

If you invest in the Fund through an IDPS (as defined in the Reference Guide) you will not become a unitholder in the Fund. The operator or custodian of the IDPS will be the unitholder entered in the Fund's register and will be the only person who is able to exercise the rights and receive benefits of a unitholder. Please direct any queries and requests relating to your investment to your IDPS Operator. Unless otherwise stated, the following explanation applies to direct investors.

## Applying for units

You can acquire units by completing the Application Form that accompanies this PDS. The minimum initial investment amount for the Fund is \$5,000,000.

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

Pzena Investment Management Unit Registry  
GPO Box 804  
Melbourne VIC 3001

Please note that cash and cheques cannot be accepted.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day (as defined in the Reference Guide) is, in general terms, equal to the Net Asset Value ("NAV") of the Fund, 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 0.50%.

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

## Making additional investments

You can make additional investments into the Fund at any time by sending us your additional investment amount together with a completed Application Form. The minimum additional investment into the Fund is \$500,000.

## 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 Fund usually distributes income annually at the end of June. Distributions are calculated effective the last day of each accounting period and are normally paid to investors as soon as practicable after the distribution calculation date.

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

- reinvested back into the Fund; 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 prior to the next valuation time after the relevant distribution period. There is no Buy Spread on distributions that are reinvested.

In some circumstances, where an investor makes a large withdrawal request (i.e. the withdrawal request is in respect of 5% or more of the total units on issue), their withdrawal proceeds may be taken to include a component of distributable income.

Indirect Investors should review their IDPS guide for information on how and when they receive any income distribution.

New Zealand investors can only have their distribution paid in cash if an AUD Australian domiciled bank account is provided, otherwise it must be reinvested (refer to the Pzena Emerging Markets Value Fund New Zealand Wholesale Investor Fact Sheet/ New Zealand investors Information Sheet)

## Access to your money

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

Pzena Investment Management Unit Registry  
GPO Box 804  
Melbourne VIC 3001

Or by sending it by fax to +613 8672 7741

The minimum withdrawal amount is \$50,000. 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).

Equity Trustees will generally allow an investor to access their investment within 14 days of receipt of a withdrawal request by transferring the withdrawal proceeds to such investors' nominated bank account. However, the Constitution allows Equity Trustees to reject withdrawal requests and also to make payment up to 51 days after acceptance of a request (which may be extended in certain circumstances).

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 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 0.50%. The Withdrawal Price will vary as the market value of assets in the Fund rises or falls.

Equity Trustees reserves the right to fully redeem your investment if your investment balance in the Fund falls below \$400,000 as a result of processing your withdrawal request. Equity Trustees can deny a withdrawal request or suspend consideration of a withdrawal request in certain circumstances, including where accepting the request is not in the best interests of investors in the Fund or where the Fund is not liquid (as defined in the Corporations Act). When the Fund 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.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator.

### 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.

### Additional information

If and when the Fund has 100 or more direct investors, it will be classified by the Corporations Act as a 'disclosing entity'. As a disclosing entity the Fund will be subject to regular reporting and disclosure obligations. Investors would have a right to obtain a copy, free of charge, of any of the following documents:

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

Equity Trustees will comply with any continuous disclosure obligation by lodging documents with ASIC as and when required.

Copies of these documents lodged with ASIC in relation to the Fund may be obtained from ASIC through ASIC's website.

### Further reading...

You should read the important information in the Reference Guide under "Investing in the Pzena Emerging Markets Value Fund", "Managing your investment" and "Withdrawing your investment" about:

- application cut-off times;
- authorised signatories;
- reports;
- withdrawal cut-off times;
- withdrawal terms; and
- withdrawal restrictions,

before making an investment decision. Go to the Reference Guide which is available at [www.pzenafunds.com](http://www.pzenafunds.com). The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

## 3. Benefits of investing in the Pzena Emerging Markets Value Fund

### 3.1. Significant features

The Pzena Emerging Markets Value Fund invests in shares of the 750 largest companies located in non-developed countries based on market capitalization. This includes companies located in, or primarily operating from, countries in the Morgan Stanley International Emerging Markets Index ("MSCI Frontier Markets") and Morgan Stanley Capital International Frontier Markets Index ("MSCI Frontier Markets"). The Funds portfolio will generally consist of 30 to 60 companies identified through a research-driven, bottom-up security selection process based on thorough fundamental research. The Pzena Emerging Markets Value Fund seeks to invest in shares that sell at a substantial discount to their intrinsic value but have solid long-term prospects. In evaluating an investment by the Pzena Emerging Markets Value Fund, Pzena focuses on the company's underlying financial condition and business prospects considering estimated earnings, economic conditions, degree of competitive or pricing pressures, and the experience and competence of management, among other factors.

### 3.2. Significant benefits

There are many benefits of investing in the Fund.

**Some of the significant benefits include:**

- Access to a premiere value investor, Pzena Investment Management.
- Exposure to investment opportunities that individual investors may not have access to.
- Access to an emerging markets portfolio that may provide diversification to your overall portfolio.
- Potential returns driven by a fundamental research process and deep value style.

## 4. Risks of managed investment schemes

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 significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. 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 Responsible Entity and the Investment Manager do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments will vary. Returns are not guaranteed and you may lose money by investing in the Fund. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may change in the future. The structure and administration of the Fund is also subject to change.

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.

## General

There can be no assurance that the Fund will achieve its investment objectives. The Investment Manager's assessment of the short-term or long-term prospects of investments may not prove accurate. No assurance can be given that any investment or trading strategy implemented by the Investment Manager on behalf of the Fund will be successful and, because of the speculative nature of the Fund's investment and trading strategy, there is a risk that investors may suffer a significant loss of their invested capital. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read this entire document and consult with their own advisers before subscribing for shares. Shares should only be purchased as a supplement to an overall investment program and only by investors able to undertake the risks involved.

### Investment in Equity risk

Ordinary shares and similar equity securities are generally on the bottom of the priority ladder in the event of the liquidation of a company. They will generally only entitle holders to an interest in the assets of the company, if any, remaining after bond holders, preferred shareholders or other debt holders have been paid in full. Ordinary shareholders are generally entitled to dividends only if and to the extent declared by the company board out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the company.

### Market risk

Economic, technological, political or legal conditions, interest rates and even market sentiment, can (and do) change, and changes in the value of investment markets can affect the value of the investments in the Fund. The price of the Fund's investments or the unit price of the Fund itself may go up and down by a material amount over a short period of time.

### Value Investing risk

The Fund focuses its investments shareholdings in companies that the Investment Manager believes are undervalued or inexpensive relative to other investments. These types of shares may present risks in addition to the general risk of investing in equity securities. These shares generally are selected on the basis of an issuer's fundamentals relative to current market price. Such shares are subject to the risk of misestimation of certain fundamental factors. In addition, during certain time period market dynamics may favor "growth" shares of issuers that do not display strong fundamentals relative to market price based upon positive price momentum and other factors. Disciplined adherence to a "value" investment mandate during such periods can result in significant underperformance relative to overall market indices and other managed investments that pursue growth style investments and/or flexible equity style mandates.

### Limited Capitalisation risk

Although the Fund has a bias toward large capitalisation companies, it may at times invest a significant portion of its assets in company securities with limited market capitalisations. While the Investment Manager believes these companies often provide significant potential for appreciation, these securities involve higher risks in some respects than do investments in securities of larger companies. Due to thin trading in some small-capitalisation securities, such investments may be illiquid and more volatile.

## International Investment risk

Investment in companies or securities traded in various parts of the world may involve certain special risks due to various economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalisation, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of securities in some countries are subject to different, often less comprehensive accounting reporting and disclosure requirements. There are also special tax considerations that apply to securities of certain companies and securities traded in certain jurisdictions.

### Emerging Markets risk

Emerging Markets are markets in certain countries which may not be as developed, efficient or liquid as Australian markets. Therefore, the value of securities in these markets may often be more volatile. Emerging Markets risk is also caused by exposure to economic structures that are less diverse and mature, and to political systems that are less stable, than those of developed countries. In addition, companies in Emerging Markets may experience a greater degree of change in earnings and business prospects than would companies in developed markets.

### Concentration of Investments risk

At times, if a Fund invests up to the maximum permitted under the investment restrictions in the securities of single issuers and/or in economic sectors this concentration and lack of diversification relative to the Fund's capital could mean that a loss in any one such position or a downturn in a sector in which the Fund is invested could materially reduce the Fund's performance.

### Fund risk

Risks particular to the Fund include that it could terminate (for example, at a date we decide), the fees and expenses could change (although we would always give you at least 30 days' notice if fees were to increase), we could be replaced as responsible entity and our management and staff could change. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of Fund investments and withdrawals.

### Liquidity risk

There are circumstances under which access to your money may be delayed (see Section 2 "How the Fund works" and "Delays" of this PDS). Further, the level of overall market liquidity is an important factor that may contribute to the profitability of the Fund and access to your money. Illiquid markets can make it difficult to trade profitably and to realise assets in a timely fashion to meet withdrawal requests. Also, note that units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.

### Currency risk & Interest rate risk

There is a risk that fluctuations in exchange rates between the Australian dollar and foreign currencies that the Fund is exposed to may impact the value of the Fund's investments. This risk exists for investments providing exposure to securities which are listed on foreign stock exchanges, as well as investments in Australian securities which derive a portion of their income from outside of Australia. The Investment Manager will not hedge this foreign currency exposure. The capital value or income of a security may be adversely affected when interest rates rise or fall.

## Regulatory risk

This is the risk that the value or tax treatment of either the Fund itself or investments of the Fund, or the effectiveness of a Fund's trading or investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods.

## Selection risk

The Investment Manager may select investments for the Fund in part on the basis of information and data filed by the issuers of such securities with various government regulators or made directly available to the Investment Manager by the issuers of securities or through sources other than the issuers. Although the Investment Manager will evaluate all such information and data and seeks independent corroboration when the Investment Manager considers it appropriate and when it is reasonably available, the Investment Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available.

## Loan of securities

The Fund may lend its securities to one or more counterparties. By doing so, the Fund attempts to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the counterparty to a securities loan, the relevant Fund could experience delays in recovering the loaned securities. To the extent that the value of the securities the Fund has lent has increased, the Fund could experience a loss if such securities are not recovered.

## Cyber security risk

Cyber security breaches may occur allowing an unauthorized party to gain access to assets of the Fund, shareholder data, or proprietary information, or may cause the Investment Manager, the Responsible Entity, the Administrator, or the Custodian to suffer data corruption or lose operational functionality.

## Counterparty risk

Counterparty risk is the risk that the counterparty to a transaction or contract (such as a broker or other agent of Equity Trustees), may default on their obligations and that the Fund may, as a result, experience an adverse investment outcome or liability.

# 5. How we invest your money

**Warning:** Before choosing to invest in the Fund you should consider the likely investment returns, the risks of investing and your investment time frame.

## Investment objective

The Fund aims to achieve long-term growth of capital by investing directly or indirectly in a portfolio of equity securities of companies in non-developed countries located throughout the world, often referred to as Emerging Markets or Frontier Markets. The Fund seeks to provide 2% in excess return gross-of-fees over the Benchmark over a full market cycle.

## Benchmark

MSCI Emerging Markets Index, with net dividends reinvested

## Minimum suggested time frame

The minimum suggested investment time frame for the Fund is 5 years.

## Risk level of the Fund

The risk level of the Fund is high.

## Investor suitability

The Fund is generally suited for persons seeking long term capital appreciation through an investment in non-developed countries. Investors should have a good understanding of financial markets and the particular risks of investing in non-developed countries. Investors should not expect any income from their investment.

## Investment style and approach

The Investment Manager is a bottom-up, value-oriented equity manager that seeks to invest in good businesses at low prices, focusing exclusively on companies that are underperforming their historically demonstrated earnings power. The Investment Manager will follow a classic value strategy and conduct fundamental securities analysis. In the Investment Managers opinion, normal earnings provide the most accurate measure for evaluating a company's prospects by smoothing out extreme high and low periods of performance, and thus this is the measure on which the Investment Manager focuses. Securities considered for investment will typically include companies undergoing temporary stress in the present business environment but where the Investment Manager judges there is a management plan or other mechanism by which earnings can be restored to the normal level. Furthermore, the Investment Manager seeks companies with attributes – e.g., trough levels of cash flow, liquidation value – that provide downside valuation protection.

In choosing individual securities, the Investment Manager will screen companies from a universe generally consisting of the largest 750 companies from non-developed markets. Companies from non-developed markets include, but are not limited to, companies located in, or primarily operating from, countries in the MSCI Emerging Markets and the MSCI Frontier Markets indices. Using fundamental research and proprietary computer models, the Investment Manager ranks these companies from the least to the most expensive on the basis of current share price to normal long-term earning power. The Investment Manager will generally consider investing only in those companies that rank among the cheapest 20% of the universe, and systematically rule out companies whose share price is not among the most attractive. Before investing, the Investment Manager will consider the value of an entire business relative to its price. The Investment Manager views itself as a long-term business investor, rather than a stock buyer. This systematic process is intended to ensure that the Funds portfolio avoids the emotional

## Asset allocation

The Investment Manager will construct a portfolio generally consisting of 30 to 60 companies that it believes are in the most undervalued portion of the screening universe. There is no limitation on the countries or geographic regions in which the Fund may invest, though under normal circumstances the Fund will generally aim to invest at least 80% of its assets in countries included in the MSCI Emerging Markets and MSCI Frontier Markets indices. A company is considered to be located in an emerging market country if it is organized under the laws of, or has a principal office in an emerging country; if it has a class of securities whose principal securities market is in an emerging country; if it derives 50% or more of its total revenue from goods produced, sales made, or services provided in one or more emerging countries; or if it maintains 50% or more of its assets in one or more emerging countries. The Investment Manager has discretion to determine which countries are regarded as emerging markets, although those classified by MSCI as emerging will typically be included, together with other countries having similar characteristics. The maximum exposure to Frontier Markets shall be 20%. The Fund may also invest up to a maximum of 10% in securities considered to be developed markets, and a maximum of 10% in cash and cash equivalents. Furthermore, (i) no one position shall be greater than 5% at the time of purchase; (ii) no one economic sector shall exceed the greater of (a) 20% of the total portfolio or (b) 150% of the sectors weight in the MSCI Emerging Markets Index; and (iii) no one country shall exceed the greater of (a) 20% of the total portfolio or (b) 150% of the country's weight in the greater of the MSCI Emerging Markets Index or MSCI Frontier Markets Index.

## Changing the investment strategy

The investment strategy and asset allocation parameters may be changed. If a change is to be made, investors in the Fund will be notified in accordance with the Corporations Act.

## Labour, environmental, social and ethical considerations

Equity Trustees and the Investment Manager take into account various governance standards including; environmental, social, and ethical considerations to the extent they are deemed to have an economic impact on the valuation of the portfolio company. The fund will prohibit the purchase of (i) companies identified by Pzena, using selected social screening services, as cluster munitions manufacturers and (ii) companies that are categorized by the Benchmark as belonging to the tobacco industry.

## Fund performance

Up to date information on the performance of the Fund can be obtained by emailing a request to [PIMAustralia@pzena.com](mailto:PIMAustralia@pzena.com). A free of charge paper copy of the information will also be available on request.

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The information in the following table can be used to compare costs between this and other simple managed investment schemes. Fees and costs are deducted from the assets of the Fund and reduce the investment return to investors. For information on tax please see Section 7 of this PDS.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment <sup>1</sup>	<b>Management fees:</b> 0.95% p.a. of NAV of the Fund <sup>2</sup>

<sup>1</sup> All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how management costs are calculated.

<sup>2</sup> Management fees can be negotiated. See "Differential fees" below.

## Additional Explanation of fees and costs

### What do the management costs pay for?

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than by investing directly in the assets.

The management fees of 0.95% p.a. of the NAV of the Fund is payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears and reflected in the unit price. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

The management costs shown above do not include extraordinary expenses (if they are incurred in future), including litigation costs and the costs of convening unitholder meetings.

In addition, management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through Buy/Sell Spreads).

### Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold. This generally happens when the assets of the Fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of the Fund.

The Buy/Sell Spread reflects the estimated transaction costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The Buy/Sell Spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The Buy/Sell Spread is paid into the Fund and not paid to Equity Trustees or the Investment Manager. The estimated Buy/Sell Spread is 0.50% upon entry and 0.50% upon exit. The dollar value of these costs based on an application or a withdrawal of \$50,000 is \$250 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Transactional costs which are incurred other than in connection with applications and withdrawals arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's unit price. As these costs are factored into the NAV of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to securities traded by the Fund. Liquid securities generally have a lower bid-offer spread while less liquid assets have a higher bid-offer spread.

During the financial year ended 30 June 2017, the total transaction costs for the Fund were estimated to be 0.51% of the NAV of the Fund, of which 18.50% of these transaction costs were recouped via the Buy/Sell Spread, resulting in a net transactional cost to the Fund of 0.42% p.a. However, such costs for future years may differ.

### Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. Equity Trustees has the right to recover all proper and reasonable expenses incurred in managing the Fund 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 management costs. In most circumstances, the Constitution defines the maximum fees that can be charged for fees described in this PDS. Expense recoveries may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law.

### Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its management fees and is not an additional cost to the investor. If the payment of annual fees to IDPS Operators is limited or prohibited by the law, Equity Trustees will ensure the payment of such fees is reduced or ceased.

### Differential fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients or New Zealand Wholesale Investors.

## Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Pzena Emerging Markets Value Fund		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
Plus Management costs	0.95% p.a.	And, for every \$50,000 you have in the Fund you will be charged \$475.00 each year
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, then you would be charged fees of: \$475.00 * <b>What it costs you will depend on the fees you negotiate.</b>

\*This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread. If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on [www.moneysmart.gov.au](http://www.moneysmart.gov.au), which you may use to calculate the effects of fees and costs on your investment in the Fund.

## 7. How managed investment schemes are taxed

**Warning:** Investing in a registered managed investment scheme (such as the Fund) is likely to have tax consequences. You are strongly advised to seek your own professional tax advice about the applicable Australian tax (including income tax, GST and duty) consequences and, if appropriate, foreign tax consequences which may apply to you based on your particular circumstances before investing in the Fund.

The Fund is an Australian resident for tax purposes and does not pay tax on behalf of its investors. Australian resident investors are assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled or, where the Fund has made a choice to be an Attribution Managed Investment Trust ("AMIT"), are attributed to them.

## 8. How to apply

To invest please complete the Application Form accompanying this PDS, send funds (see details in the Application Form) and send your completed Application Form to:

Pzena Investment Management Unit Registry  
GPO Box 804  
Melbourne VIC 3001

Please note that cash and cheques cannot be accepted and all applications must be made in Australian dollars.

## Who can invest?

Direct investors must be Wholesale Clients in Australia or Wholesale Investors in New Zealand and individual investors must be 18 years of age or over.

Investors investing through an IDPS should use the Application Form provided by the operator of the IDPS.

## Cooling-off period

No cooling off period applies to the offer made in the PDS, as the units offered under this PDS are only available in Australia to Wholesale Clients and in New Zealand to Wholesale Investors.

Indirect Investors should seek advice from their IDPS operator as to whether cooling off rights apply. The right to cool off may not apply if you are an Indirect Investor, even if you are a Retail Client. The terms and conditions of the IDPS Guide or similar type document will govern your investment in relation to the Fund and any rights you may have in this regard.

## Enquiries and complaints

If you have any questions regarding the management of the Fund, you can contact the Investment Manager on +1212 355 1600. If you are not completely satisfied with any aspect of our services regarding the management of the Fund, please contact Equity Trustees. Equity Trustees seeks to resolve potential and actual complaints over the management of the Fund to the satisfaction of investors. If you wish to lodge a formal complaint please write to:

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

Equity Trustees will respond within 14 days of receiving the complaint and will seek to resolve your complaint as soon as practicable but not longer than 45 days after receiving the complaint. If we are unable to resolve your complaint, you may be able to seek assistance from the Financial Ombudsman Service ("FOS"). To find out whether you are eligible (and if so, to make a complaint) contact FOS on 1800 367 287 (Australia) or +61 3 9613 7366, [info@fos.org.au](mailto:info@fos.org.au) or GPO Box 3, Melbourne VIC 3001.

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

FOS can assist you if Equity Trustees cannot. FOS may not consider a dispute where the value of a person's claim exceeds \$500,000. FOS is only able to make a determination of up to \$309,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and the FOS terms of reference do change from time to time. Current details can be obtained from the FOS website ([www.fos.org.au](http://www.fos.org.au)).

# 9. Other information

## Consent

The Investment Manager has given and, as at the date of this PDS, has not withdrawn:

- its written consent to be named in this PDS as the Investment Manager of the Fund; and
- its written consent to the inclusion of the statements made about it which are specifically attributed to it, in the form and context in which they appear.

The Investment Manager and the Custodian have not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. Neither the Investment Manager, the Custodian nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which it has provided its written consent to Equity Trustees for inclusion in this PDS.

## Further reading

You should read the important information in the Reference Guide "Other important information" section about:

- your privacy;
- the Constitution for the Fund;
- the Anti-Money Laundering and Counter-Terrorism Financing laws ("AML/CTF laws");
- Indirect Investors;
- Information on underlying investments;
- Foreign Account Tax Compliance Act ("FATCA"); and
- Common Reporting Standards ("CRS"),

before making a decision to invest. Go to the Reference Guide which is available at [www.pzenafunds.com](http://www.pzenafunds.com). The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.