



# HARVEST LANE

## ASSET MANAGEMENT

### ABSOLUTE PLUS FUND

## Information Memorandum (IM)

JULY 2017

(APIR FHT6993 AU)

FUNDHOST LTD  
ABN 69 092 517 087

Australian Financial Services Licence  
(AFSL) 233 045

HARVEST LANE ASSET MANAGEMENT PTY LTD  
ABN 83 158 314 697

CAR No. 433046 of Harvest Lane Capital Pty Ltd  
AFSL 425 334

# Important Information

Fundhost Ltd (Fundhost, we or us) is the trustee of the Harvest Lane Asset Management Absolute Plus Fund (the Fund) and issuer of this IM. This IM is not a product disclosure statement under the *Corporations Act 2001* and has been prepared for use only by Eligible Investors. It has not been lodged with the Australian Securities & Investments Commission (ASIC) and is not required to be so lodged. ASIC takes no responsibility for the contents of this IM.

This IM is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. All references to \$ or amounts are to Australian dollars.

Neither Fundhost nor Harvest Lane Asset Management Pty Ltd (Harvest Lane or the Manager) promise that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Fundhost and Harvest Lane makes any statement or representation in this IM.

This IM has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the Fund having regard to your own objectives, financial situation and needs. You should read the entire IM, and consider speaking to a financial adviser, before proceeding to acquire or dispose of units in the Fund.

This IM is intended to provide a guide to the principal features of the Fund. An investment in the Fund is subject to the terms of the Fund's trust deed. The IM is not a comprehensive statement of the trust deed or of all of the terms applicable to an investment in the Fund. A copy of the Fund's trust deed can be obtained by contacting us. This IM may not contain all of the information that a prospective investor or their advisers may expect or require in order to make an informed decision as to whether to subscribe for units in the Fund.

This IM supersedes all preliminary information and other previous communications about this offer and the Fund. All such preliminary information and previous communications should be disregarded. Any information or representation not contained in this IM may not be relied on as having been authorised by Fundhost or Harvest Lane in connection with the offer.

## Eligibility

This IM can only be used by wholesale investors (as defined in sections 761G or 761GA of the *Corporations Act 2001*) who receive the IM (electronically or otherwise) and respond to this offer in Australia ("Eligible Investors").

Other than as permitted by law, units in the Fund offered in this IM will only be issued on receipt of an application form issued with this IM together with evidence that the investor qualifies as an Eligible Investor. For information on this refer to the "Eligible Investor" section or contact Fundhost on +61 (0)2 8223 5400.

## Updated information

Information in this IM is subject to change from time to time. If it is not materially adverse information this may be updated by us. Updated information (such as performance information for the Fund) can be obtained by contacting Fundhost on +61 (0)2 8223 5400. We intend to issue a supplementary or replacement IM where any changes are, in our view, materially adverse to unitholders.

## Changes to Fund details

We have the right to change the Fund's objective and investment strategy (including the benchmark), asset allocation and range and currency strategy (if any), without prior notice. We will inform investors of any significant change to the Fund's details in their next regular communication.

## Scheme registration

The Fund is not registered with ASIC pursuant to Chapter 5C of the *Corporations Act 2001*. At some stage in the future, Fundhost, in consultation with Harvest Lane, may choose to register the Fund with ASIC. By investing in the Fund, you agree to us applying for registration with ASIC at some time in the future. Please see the application form. If the Fund does become a registered managed scheme the level of fees may change from those shown in this IM. If the fees do change we will write to you to notify you of the changes prior to the change becoming effective and give you sufficient time to withdraw from the Fund should you so choose.

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# What's in this IM?

We hope you find this IM easy to use. We encourage you to read it all before you make any investment decision.

WHAT'S COVERED?	WHAT'S THIS ABOUT?	WHERE IS IT?
<b>Fund Snapshot</b>	A snapshot of the features	<b>Page 3</b>
<b>About the Fund</b>	Investment strategy, the investment team, use of leverage and derivatives	<b>Page 5</b>
<b>What kind of fund is it and how is my money protected?</b>	Basic information about the Fund and its strategy generally	<b>Page 10</b>
<b>What are the benefits of investing in the Fund?</b>	This explains what benefits you can look for	<b>Page 11</b>
<b>What are the significant risks?</b>	This explains what risks you must accept	<b>Page 12</b>
<b>Fees and other costs</b>	This explains what you must pay	<b>Page 15</b>
<b>What about Fund performance?</b>	How has the Fund performed in the past	<b>Page 17</b>
<b>How the Fund works</b>	About unit trusts and this fund's investment minimums	<b>Page 17</b>
<b>How to invest</b>	Just use the application form	<b>Page 18</b>
<b>Withdrawing your investment</b>	How you can get to your money	<b>Page 19</b>
<b>Distributions</b>	Adding to your investment and receiving income (when available)	<b>Page 20</b>
<b>Keeping you informed</b>	We will send you reports on your investment	<b>Page 21</b>
<b>What about tax?</b>	You will probably need to pay tax on this investment	<b>Page 21</b>
<b>Fundhost's responsibilities to you</b>	There are some limits on our responsibilities	<b>Page 22</b>
<b>Enquiries and complaints</b>	Happy or unhappy - contact us	<b>Page 22</b>
<b>Privacy</b>	We respect what you tell us about you	<b>Page 23</b>
<b>Anti-money laundering and counter-terrorism financing</b>	You will need to provide us with documents so that we can identify you	<b>Page 24</b>
<b>Eligible investor</b>	This explains the criteria you must satisfy	<b>Page 24</b>
<b>Custodian</b>	Information about the role of the Custodian in holding fund assets	<b>Page 25</b>
<b>Related party transactions and conflicts of interest</b>	Dealing with related companies	<b>Page 25</b>

# Fund Snapshot

FEATURE	SUMMARY
<b>Fund Name</b>	Harvest Lane Asset Management Absolute Plus Fund
<b>What the Fund invests in</b>	The Fund invests in securities listed predominantly on the Australian Securities Exchange (ASX) as well as contracts for difference (CFDs), other derivatives and cash.
<b>Investment Manager of the Fund</b>	Harvest Lane Asset Management Pty Ltd
<b>Trustee of the Fund</b>	Fundhost Ltd
<b>Custodian</b>	National Australia Bank Ltd
<b>Investment Objective<sup>1</sup></b>	<p>The Fund aims to deliver consistent positive rates of return, with low or no correlation to equity markets. It aims to achieve this regardless of underlying market and economic conditions.</p> <p>The Fund invests selectively when the potential exists to generate outsized rewards relative to the risk being incurred.</p> <p>The Fund does not track an index and nor is the Fund compelled to be fully or partially invested in the event that Harvest Lane is unable to identify sufficiently attractive opportunities.</p> <p>Returns are not guaranteed.</p>
<b>Risk</b>	High
<b>Suggested investment period<sup>2</sup></b>	At least 5 years
<b>Labour and environmental, social or ethical consideration</b>	Believing these factors to be subjective and extremely personal, Harvest Lane does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments of the Fund.
<b>Fund inception</b>	<p>30 January 2013</p> <p>Note that the investment strategy outlined in this IM has been applied since 1 September 2016.</p>
<b>Entry Fees</b>	Nil
<b>Exit Fees</b>	Nil
<b>Fund management costs</b>	Up to 1.00% per annum in management fees and ordinary recoverable expenses. The Fund fees are based on the value of the net assets of the Fund, are deducted monthly in arrears from the Fund and are reflected in your overall returns. Please note Harvest Lane does not receive any of these fees. The management fee and ordinary recoverable expenses are used to pay Fundhost, the custodian and other Fund expenses such as the Fund's audit costs. Harvest Lane pays all of its own expenses (i.e. staff, rent, IT infrastructure and so on) out of its own monies.

<sup>1</sup> There is no guarantee that the Fund's investment objective will be achieved. The investment objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

<sup>2</sup> This suggested investment period may not be appropriate for you at all times or suit your particular needs. You should regularly review all aspects of your investments.

FEATURE	SUMMARY
<b>Performance fee</b>	<p>25% of the amount by which the Fund outperforms its benchmark (being the RBA Cash Rate), after management fees and expenses have been deducted, and positive performance is achieved. The first calculation period ends on 30 June 2017, and semi-annually thereafter. This fee is paid to Harvest Lane.</p> <p>When the total return of the Fund is less than the corresponding return of the benchmark, no performance fee is payable. No performance fee is payable until any previous period(s) of underperformance have been made up.</p> <p>Please refer to "<a href="#">Fees and other costs</a>" for details about the performance fee.</p> <p>The performance fees are not paid directly by you but are accrued monthly, deducted semi-annually in arrears from the Fund, and are reflected in your overall returns.</p>
<b>Buy / sell spread</b>	+0.25%/-0.25%
<b>Minimum initial investment</b>	\$50,000
<b>Minimum additional investment</b>	\$10,000
<b>Minimum withdrawal</b>	\$10,000
<b>Minimum balance</b>	\$10,000
<b>Unit pricing frequency</b>	Monthly
<b>Application processing</b>	Monthly
<b>Redemption processing</b>	Monthly
<b>Income distribution frequency</b>	The Fund will distribute any available income annually (as at 30 June). However, distributions may vary significantly from year to year, and in some years no distribution may be paid. An investment in the Fund may therefore not be suitable for investors seeking a regular income stream for financial or tax planning purposes. Please refer to " <a href="#">What about tax?</a> " for more information.

# About the Fund

## The investment strategy

The Manager is focused on generating superior risk adjusted returns for its investors. It does this by investing in situations whereby it perceives that the reward on offer is outsized relative to the risk involved in establishing a position.

Historically, the Manager has found many such opportunities have existed within the 'event' space and as such regularly invests in merger arbitrage situations, along with select capital raisings and other corporate actions.

The Fund utilises a variety of instruments to achieve its investment outcomes including Australian and international equities, derivatives and CFDs. Derivative instruments (including CFDs) are used primarily for hedging purposes as opposed to outright speculation.

## Generating returns

Rather than employing a particular style (deep value, growth etc.) Harvest Lane employs a variety of styles to achieve the Fund's stated objective, namely to generate a positive return on capital employed regardless of underlying market and economic conditions.

The Fund does not track an index and nor is it required to be fully or partially invested in the event that Harvest Lane is unable to identify sufficiently attractive opportunities. Returns are not guaranteed.

## Managing and mitigating market risk

The Fund manages market risk by aiming to be relatively market-neutral at all times.

This is done by choosing, or in some instances manufacturing, positions whose value is affected by something other than movements in the broader market. Put another way, the Fund will have low correlation with the broader market index (as well as typically having low sensitivity to market movements).

An example of a position where low correlation is naturally occurring would be when a stock is the subject of an unconditional takeover offer which market participants are expecting will successfully complete in the coming weeks. In such an instance, the stock that is being acquired should trade at (or close to) the price at which the takeover has been agreed irrespective of the performance of the broader market, as the stock's future value is already known and is no longer influenced by external factors.

On occasion the Fund can manufacture 'low correlation' by entering into one or more offsetting (or hedge) transactions against existing positions that would otherwise be highly dependent on market movements ('high correlation'). This would generally involve the Fund taking a short position by way of a CFD.

## Portfolio leverage

When the Fund acquires a derivative position, the notional exposure of the derivative is generally a multiple of the amount paid for it. Having a number of derivative positions leverages the initial investment made by the investor. At times the Fund may borrow money to increase the amount that can be invested.

For example, if the Fund holds \$100 of investor capital, and invests \$100 in shares and acquires derivatives with aggregate exposure of \$100, it would have the following characteristics:

- investor capital and net assets of \$100
- gross exposure of \$200 (\$100 shares + \$100 derivatives)
- net exposure of \$0 (\$100 shares - \$100 derivatives, assuming they are all short positions)
- gross leverage of 2.0x (gross exposure of \$200 / investor capital of \$100)

The Fund will typically operate with gross leverage of no more than 2.0x the net asset value of the Fund and Harvest Lane will seek to ensure that gross leverage remains below 3.0x the net asset value of the Fund at all times.

## Diversification and position limits

Harvest Lane seeks to ensure that:

- no one position (defined as exposure to the same group) risks more than 7% of the Fund's capital when the position is established. This can increase to no more than 15% over the life of the investment (although it will typically be much less than 15%)
- no more than 20% of the portfolio will be invested in any one position
- net exposure of the Fund (long positions less short positions) is generally between 50% and 150% of the net asset value of the Fund and
- the Fund will generally hold 12-15 long positions and 5-10 short positions at all times

Note that at times the Fund may be fully invested in cash.

The above position limits are generally measured at the time of acquisition of an investment by the Fund.

The Fund will invest in listed equities and derivatives, as well as cash. Harvest Lane may, in its discretion, invest in derivatives to gain an intended exposure or manage a particular risk.

The investment strategy, and the other limits set out in this IM, should be viewed as objectives only and not absolute limits. Should they be exceeded for any reason, for example due to market movements or cash flows, Harvest Lane will endeavour to effect such adjustments as are necessary to meet the limits set out in this IM.

If the investment program changes significantly, you will be given at least 30 days' notice where practicable.

## Risks

Please refer to the "[What are the significant risks?](#)" section for details about risks of investing in the Fund.

## Investment manager

Harvest Lane is the investment manager for the Fund. Harvest Lane is an Australian incorporated company owned by its staff.

Fundhost and Harvest Lane have signed an investment management agreement, which is in an industry standard format and provides for termination of the Manager in a number of circumstances including insolvency, adverse regulatory findings and breach of duty of care. There are no penalty payouts in the event the investment management agreement is terminated. There are no unusual or onerous (from an investor's perspective) terms in the investment management agreement. There have been no adverse regulatory findings against Harvest Lane or its personnel.

The key investment personnel who have day to day responsibility for the running of the Fund are:

### **Luke Cummings, Chief Investment Officer & Managing Director**

Luke is Lead Portfolio Manager at Harvest Lane Asset Management. Luke has 17 years' experience trading Australian and international equity markets on both a proprietary basis and on behalf of retail and wholesale clients.

In 2006, Luke co-founded and was Managing Director of successful private client broking and advisory firm HC Securities. Under Luke's leadership, HC Securities championed performance based brokerage, developed numerous successful trading strategies, and reviewed and underwrote select corporate offerings. Luke and his team successfully advised a client base of 1500 investors and grew the business to \$4.5 million in revenue and 15 staff in 3 years.

Luke previously worked at ETRADE Australia (since acquired by ANZ) where he was appointed the company's youngest ever equities dealing manager. In this role, Luke was responsible for the entire retail dealing function. Luke commenced his career at Platinum Asset Management.

Luke has a Bachelor of Commerce from Macquarie University and numerous industry qualifications.

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### **Andrew Salvestrin, Portfolio Manager**

At Harvest Lane Asset Management, Andrew develops and manages the firm's proprietary trading systems. Andrew has 14 years' experience trading international equity and derivative markets on both a proprietary basis and on behalf of retail and wholesale clients.

In 2006, Andrew co-founded and was a Director and Senior Private Client Advisor at HC Securities. Andrew helped develop and educate clients on numerous successful trading strategies and reviewed corporate offerings.

Andrew subsequently worked as a successful proprietary trader for four years before joining Harvest Lane Asset Management in 2013.

Andrew was formerly an Information Systems Technician. He has numerous industry qualifications in financial services including being an Accredited Derivatives Advisor.

### **Rod Harper, Portfolio Manager**

Rod co-founded Harvest Lane Asset Management and is responsible for developing and managing the firm's proprietary trading systems and assisting with the management of operations. Rod has 18 years' experience trading Australian and international equities and derivatives on both a proprietary basis and on behalf of retail and wholesale clients.

In 2006, Rod co-founded and was a Director and Senior Private Client Advisor at HC Securities. Rod oversaw the firm's policies and procedures and helped develop and educate clients on numerous successful trading strategies, including reviewing select corporate offerings.

Rod has a Bachelor of Commerce from Macquarie University and numerous industry qualifications.

### **Chad Burgess, Operations Manager**

Chad is responsible for the day-to-day operations of Harvest Lane Asset Management. Chad has over 10 years' experience in both Australian and international financial markets.

Chad started his career at OptionsXpress providing trading support and execution services to retail and wholesale clients. Chad subsequently worked at HC Securities as a Private Client Advisor where he continued to mentor and support new and existing clients. Chad was instrumental in creating a night desk where he provided trade execution for various trading strategies targeted at the US Equity, FX and Futures markets.

Having met the founders of Harvest Lane Asset Management during his time at HC Securities, Chad joined the Harvest Lane team in 2014.

As a former Designated Trading Representative, Chad holds a number of industry qualifications as well as a Bachelor of Finance from Newcastle University.

### **Tim Clydesdale, Head of IT**

Tim has been an IT Professional for over 15 years, 10 of which he has spent in the financial services industry. In 2007, Tim joined HC Securities where he worked closely with the founders to improve the firm's IT operations and software development processes. Prior to this, Tim worked as a Systems Analyst in logistics and distribution where he managed systems for one of the world's largest privately held companies.

Tim has a broad technical background, and when not investigating new technologies to support Harvest Lane Asset Management's strategic goals, he specialises in; architecture and design of cloud services, information security and assurance, and the development of tools that identify, notify and react to trading strategies for the firm.

Tim holds many prestigious industry qualifications including multiple Microsoft Certified Systems Engineer certifications (MCSE & MCITP), as well as (ISC)<sup>2</sup> highly coveted CISSP certification.

### **Fund structure**

The Fund is structured as an unregistered managed investment scheme and a unit trust.

The trustee of the Fund is Fundhost.

The investment manager of the Fund is Harvest Lane.



The custodian of the Fund is National Australian Bank Ltd (ABN 12 004 044 937) (NAB).

All key service providers of the Fund are appointed on arms' length commercial terms. Service providers are all based in Australia.

Fundhost ensures compliance of its service providers with their obligations under the relevant service agreements and applicable laws by monitoring performance, and by conducting on-site visits where practicable. Fundhost retains an independent research specialist to undertake initial and ongoing evaluations of Harvest Lane. Evaluations focus on investment process as well as the business strength of Harvest Lane, and its people, systems and processes including compliance and risk management.

There are risks of holding assets through third party service providers such as CFD counterparties. These risks are outlined in the section "[What are the significant risks?](#)" and "[Counterparty risk](#)".

For information on fees and costs associated with an investment in the Fund, please refer to the "[Fees and other costs](#)" section.

## Valuation, location and custody of assets

Below is a table summarising the Fund's assets, location of assets and custody arrangements.

ASSETS	LOCATION OF ASSETS	CUSTODY
Listed equities, some derivatives and some cash	Australia and some assets in the UK and USA from time to time	NAB, CFD counterparties may hold cash as collateral for derivative positions

Units in the Fund are valued monthly and the net asset value is established as per the trust deed of the Fund and in accordance with industry standards. Exchange traded assets are valued using their market price. For over the counter derivatives, the counterparty calculates their price.

## Liquidity

The Fund permits redemptions monthly.

Ultimate liquidity will depend on the securities and derivatives which the Fund will hold. It is expected that the Fund will be able to meet redemptions in normal market conditions. In a rapidly moving market investors could experience a deferral or scaling back to a partial payment of their redemption plus a deferral of the outstanding amount.

The trust deed of the Fund and the Corporations Act permit deferral of redemptions in certain circumstances. Please refer to the section "[Withdrawing your investment](#)" for further information. If redemptions are deferred, Fundhost may in its discretion pro rata each redemption request to ensure that only 20% of the net asset value of the Fund is redeemed and may defer the residual redemption requests in excess of that amount by treating them as though they were received for the next relevant redemption period (subject again to the 20% restriction for that redemption date).

Please refer to the section "[What are the significant risks?](#)" and "[Liquidity risk](#)" for more information on liquidity.

## Leverage

The Fund will be leveraged through the use of derivatives and some borrowing. The Fund will typically operate with gross leverage of 2.0x the net asset value of the Fund and Harvest Lane seeks to ensure that gross leverage remains below 3.0x of net asset value at all times.

The investment management agreement between Harvest Lane and Fundhost Limited imposes a set of gross and net exposure, concentration and individual position limits. These are monitored by Fundhost.

The counterparty to any derivative transactions (e.g. CFDs) may hold some assets of the Fund as collateral for those transactions. Fundhost has done a credit and risk analysis of the CFD counterparties.

Please refer to the section "[What are the significant risks?](#)" for more information on leverage.

The following table provides examples of two different scenarios of the Fund's performance and their theoretical outcome if the Fund was at its maximum gross market exposure (3.0x) with no protection through short selling. Note that this example does not take into account borrowing or trading costs. The example uses the minimum investment of \$50,000:

RETURN ON SECURITIES	TOTAL GROSS PORTFOLIO EXPOSURE	TOTAL PORTFOLIO GAIN/ (LOSS)	TOTAL PORTFOLIO VALUE
<b>Portfolio return +10%</b>	\$150,000	\$15,000	\$65,000
<b>Portfolio return -10%</b>	\$150,000	(\$15,000)	\$35,000

## Derivatives

The Fund will invest in derivatives to gain an intended exposure or manage a particular risk.

Derivatives (both exchange traded and over the counter) may be used in the management of the Fund for purposes including the following:

- creating short exposure to a stock, security or market where permitted
- managing investment risk and volatility of a stock, security or market
- achieving asset exposures without buying or selling the underlying securities
- generating additional income
- adding to the Fund's gearing levels
- managing strategic and tactical asset allocation strategies and
- taking advantage of price differences (known as arbitrage).

Please refer to the section "[What are the significant risks?](#)" and "[What kind of fund is it and how is my money protected?](#)" for more information on the use of derivatives.

## Short selling

The Fund does not currently engage in short selling physical securities but may do so in future. Presently, short positions are obtained synthetically using CFDs.

## Withdrawals

The Fund processes withdrawals on a monthly basis. Withdrawal requests are required to be received by Fundhost by 4.00 p.m. Sydney time, 3 business days prior to month end, for processing that month.

The process for making withdrawals and limitations in relation to withdrawals are set out in the section "[Withdrawing your investment](#)". In some circumstances, such as when the Fund is illiquid, investors will not be able to withdraw from the Fund. If the withdrawal requirements are altered, you will be notified in writing. Please also refer to the section "[What are the significant risks?](#)" and "[Liquidity risk](#)" for more information on liquidity.

## Valuation of assets

Non-exchange traded assets (such as over the counter derivatives) are valued by the provider of the asset, who is unrelated to the Fund.

## Periodic reporting

The following information will be provided to unit holders in the Fund on a monthly basis:

- any changes to key service providers including any change in related party status in respect of the Fund
- any material changes to the risk profile and strategy of the Fund and
- any material changes related to the primary investment personnel responsible for the Fund.

The following information will be made available to unit holders in the Fund on an annual basis:

- asset allocation to each asset type
- liquidity profile at the end of the relevant period
- maturity profile of liabilities at the end of the relevant period
- the gross exposure as a measure of the leverage ratio at the end of the relevant period
- details on derivative counterparties engaged
- monthly returns and
- any changes to key service providers including any change in related party status.

These reports are available by contacting Fundhost, or at [www.fundhost.com.au/](http://www.fundhost.com.au/).

# What kind of fund is it and how is my money protected?

## Who manages the Fund

Harvest Lane is a Sydney based investment manager whose sole focus is to generate superior risk adjusted returns for its investors on an absolute basis. Harvest Lane is wholly owned by its staff and is appointed as the investment manager of the Fund.

## Is the Fund suitable for me?

Investment in the Fund is suited to persons who want exposure to an investment strategy whose returns will reflect the stock selection skills of the Manager, and will be largely uncorrelated with movements in the broader equity market.

Although no one promises that you will make money – or that your original capital will be returned – the strategy employed by the Fund is intended to generate capital growth and income irrespective of market direction. An investment in the Fund is speculative and should only be made by investors who have a broader, diverse investment portfolio and who can bear

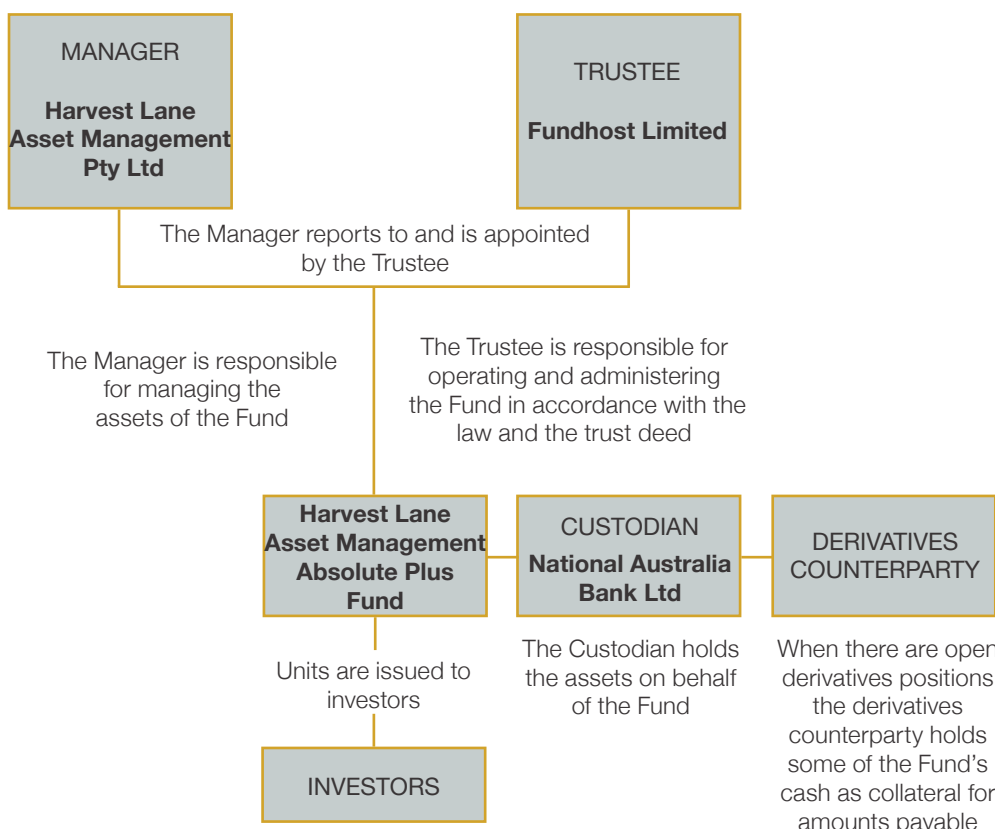
the risk of loss of some or all of their investment. We recommend that you obtain professional advice before investing in the Fund (from an appropriately licensed financial adviser and/or tax adviser).

## What corporate governance processes are in place to manage my investment?

Under the Fund documents, investors are provided with several layers of independent oversight providing a robust and appropriate corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

The Fund is operated and administered by a trustee that holds an appropriate Australian financial services licence. The trustee is Fundhost. Fundhost has appointed Harvest Lane as investment manager of the Fund and NAB as custodian of the Fund.

The following diagram summarises the management and governance structure of the Fund.



# What are the benefits of investing in the Fund?

## Access to Harvest Lane's investment expertise

Managed funds pool investor money in one place, and the professionals who manage the Fund use their resources, experience and expertise to make the investment decisions. Harvest Lane is the investment manager of the Fund, and when you invest in the Fund you may benefit from its investing experience and expertise.

## Long term horizon

Because returns may be volatile and some positions illiquid, the Fund wishes to attract investors with a long investment horizon (we recommend a minimum investment horizon of five years). If you are an investor with a long term horizon this approach may benefit you.

## Recommended to be part of a diverse portfolio

The Fund may at times be invested in a small number of select opportunities. Returns could be volatile and we therefore recommend an investment in the Fund forms part of a wider diverse portfolio.

As part of a wider portfolio the Fund may offer diversification benefits through its exposure to short positions and specific trading opportunities.

## Fee structure

Managed funds can often invest for less cost than ordinary investors. The Fund charges a management fee and ordinary recoverable expenses of up to 1.00% pa. Note that Harvest Lane does not receive any of this fee. A 25% performance fee is payable when performance is above the benchmark (being the RBA Cash Rate). Fees can have a significant impact on your investment returns over time, please see the section "[Fees and other costs](#)" for details.

Investing in the Fund may deliver additional benefits that cannot solely be captured by the increase in the Fund's unit price. In certain circumstances, the Fund may invest in situations whereby it is entitled to tax (or franking credits) that will ultimately be available for distribution to investors in the Fund. Subject to the individual circumstance of each investor, these franking credits may have the effect of boosting an investor's after tax returns (either by reducing tax payable or increasing the amount of any tax refund). Investors do not pay any additional fees in conjunction with the receipt of these credits.

Please note, returns are not guaranteed, but will reflect Harvest Lane's success in identifying and taking advantage of market opportunities.

# What are the significant risks?

## About risk and return

There are many risks associated with investing and some that are specific to the types of investments the Fund will make. It is important that you understand all the risks associated with investing.

All investments are subject to varying risks and the value of your investment can increase as well as decrease (i.e. you can experience investment losses or investment gains). Investment returns are affected by many factors including market volatility, interest rates and economic cycles. Changes in value can be significant and they can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in several different types of investments (often called diversification).

The significant risks associated with investing in the Fund are discussed below. We can't eliminate all risks and can't promise that the ways we manage them will always be successful.

Performance will be influenced by many factors, some of which are outside the control of Fundhost and Harvest Lane.

If these risks materialise, your distributions may be lower than expected or there may be none. The value of your investment could fall and you could lose money.

## Concentration risk

The Fund will have holdings in ASX listed equities across a range of market sectors. The Fund may also invest in international equities. However, the Fund intends to typically hold 12 to 15 long positions and offset these with 5 to 10 short positions. The Fund's portfolio therefore will be more concentrated in its holdings than other managed funds. This may cause the value of the investments to be more affected by any single adverse economic, political or regulatory event or the outcome of any particular situation or transaction affecting the company, such as a takeover than the investments of a more diversified investment portfolio.

## Individual investment risk

Investments made by the Fund, like shares on the ASX and derivatives positions can (and do) rise and fall in value for many reasons; such as changes in a company's internal operations or management, or in its business environment. Harvest Lane manages the Fund in order to profit from particular circumstances such as a takeover offer and as noted above, the portfolio is relatively concentrated. The Fund can borrow and use derivatives. All these factors can increase individual investment risk for a period of time.

## 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 unpredictable ways.

## Investment manager risk

Investment managers can be wound up or liquidated, they can cease to manage the relevant fund and be replaced, their investment methodology can change, they can poorly manage operational risks and their funds can perform poorly.

Further, only a small number of investment professionals are responsible for managing the Fund and their personal circumstances can change.

If any of these events occurred in respect of Harvest Lane, Fundhost would do all things reasonably practicable to recover the value of the investments and seek a new investment manager or program, with a similar investment profile if thought appropriate. If the investment program changed significantly, you would be given at least 30 days' notice where practicable.

Fundhost aims to reduce risk in relation to the Manager by having additional investment resources available through Fundhost.

## 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 trustee of the Fund 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 investment and withdrawal by other investors.

## Liquidity risk

There are circumstances under which access to your money may be delayed – these are discussed under the heading "[Payments can be delayed](#)". 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.

## Interest rate risk

This is the risk that capital value or income of a security may be adversely affected when interest rates rise or fall.

## Currency risk

This is the risk that investments can fall in value due to adverse currency movements. The Fund will have some exposure to currency risk when it holds international investments and domestic investments that are impacted by currency movements.

## Counterparty risk

The Fund is subject to the risk that the counterparty to a transaction or contract (such as the issuer of CFDs) may default on their obligations and as a result, experience an adverse investment outcome or liability.

The Fund will trade CFDs with various counterparties and will deposit cash from the Fund with them to fund margin calls. Therefore, there is a risk that if a CFD counterparty becomes insolvent whilst the Fund remains indebted to it, the assets of the Fund may not be returned in full. We manage this risk by limiting the amount of the Fund's assets that can be deposited as margin and having limits on gross and net exposure and leverage within the Fund as well as on individual position size limits.

## Regulatory risk

Changes in applicable laws and policies (including taxation policies, regulations and laws affecting managed investment schemes or changes in generally accepted accounting policies or valuation methods) in Australia or in any jurisdiction in which the Fund invests may adversely affect the Fund. Changes in political situations and changes to foreign and domestic tax positions can also impact on the Fund.

The Australian taxation consequences of an investment in the Fund, detailed in the "[What about tax?](#)" section, have been based on taxation legislation as at the date of this IM.

Future changes in Australian tax legislation or in the interpretation of that legislation may adversely affect the tax treatment of the Fund, or of the investors or the tax treatment of a specific investment of the Fund. To the extent the Fund invests in international equities, then future changes in non-Australian tax legislation may affect the tax treatment of the Fund, its investments and the distributions of profits. Such changes may have an impact on the value of your investment in the Fund.

## Distribution risk

The Fund will distribute available income annually (as at 30 June). However, the amount of any distribution may vary significantly from year to year, and no distribution may be paid in years when the Fund does not have available income. An investment in the Fund may therefore not be suitable for investors seeking a regular income stream for financial or tax planning purposes. Further information regarding taxation matters can be found in the "[What about tax?](#)" section of this IM.

## CFD risk

The Fund will often use CFDs in lieu of short-selling. A short CFD position allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs. A short CFD creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. Closing out CFDs depends on the counterparty agreeing to enter into an offsetting transaction. Although to date counterparties generally agree to do so, there is a possibility that in a very volatile market they may not. The Manager can reduce or eliminate this risk by purchasing shares (in the case of shorts) or entering into an offsetting transaction with another provider in the case of other types of CFDs.

## Derivatives risk

The Fund will from time to time use other derivative instruments in addition to CFDs (see above). The use of derivative instruments involves a variety of material risks including the high degree of leverage often embedded in such instruments. Other risks include the possibility that a derivative position is difficult or costly to close out, there is an adverse movement in the asset or the index underlying a derivative, and the risk that the counterparty to a derivative contract fails to perform its obligations under the contract.

Derivative risks include:

- derivative valuations may not move in line with the underlying asset
- potential illiquidity of the derivative
- lack of capacity of the Fund to meet payment obligations as they arise and
- counterparties not meeting their obligations.

Although not all of these risks can be eliminated, Harvest Lane manages these risks as far as practicable by:

- monitoring the Fund's derivative exposures
- ensuring the Fund can meet all of its derivative obligations
- using reputable counterparties and
- limiting the Fund's gross and net exposure, as well as its leverage and having individual position limits.

## Leverage risk

Harvest Lane will use leverage with derivatives which will enable it to make investments with a face value in excess of its equity. It will also borrow money and gear the Fund in order to purchase shares when a market opportunity arises. The use of leverage increases both investment opportunity and investment risk. For example, as a result of using leverage, the net asset value of the Fund will increase more when the Fund's assets increase in value, and decrease more when the Fund's assets decrease in value, than would otherwise be the case if leverage was not used.

The use of leverage levels is strictly controlled by limiting the Fund's gross and net exposure, as well as its leverage in absolute terms and by having individual position limits.

Fundhost performs regular analysis of the Fund's positions to ensure that they are operating within their prescribed limits at all times.

When CFDs and other derivatives are traded, they may be entered into by depositing only a percentage of the CFD or derivative's face value and borrowing the remainder (margin). As a result, a relatively small adverse price movement in a CFD or a derivative's value may result in immediate and substantial losses to the investor. Like other leveraged investments, any purchase or sale of a CFD or other derivative on margin may result in losses in excess of the amount invested.

The interest expense and other costs incurred in connection with any borrowing may not be recovered by appreciation in the investments purchased. The Fund may be subject to additional risks, including the possibility of a "margin call", pursuant to which the Fund must either deposit additional funds with the counterparty or lender or suffer mandatory liquidation of the position to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. Such an event would adversely affect the Fund's investments.

# Fees and other costs

MANAGEMENT COSTS	AMOUNT	HOW AND WHEN PAID
Management costs - the fees and costs for managing your investment		
<b>Management fees and ordinary recoverable expenses</b>	Up to 1.00% per annum in management fees and ordinary recoverable expenses	The management fees are based on the value of the net assets of the Fund, are deducted monthly in arrears from the Fund and are reflected in your overall returns. Abnormal expenses may be recovered from the Fund as and when they occur.
<b>Performance fee</b>	<p>25% of the amount by which the Fund outperforms its benchmark (being the RBA Cash Rate), after management fees and expenses have been deducted, and positive performance is achieved. The first calculation period ends on 30 June 2017, and semi-annually thereafter.</p> <p>When the total return of the Fund is less than the corresponding return of the benchmark, no performance fee is payable. No performance fee is payable until any previous period(s) of underperformance have been made up.</p>	Performance fees are not paid directly by you but are accrued monthly, deducted semi-annually in arrears from the Fund and are reflected in your overall returns.

## Contribution fees

No contribution fee is charged when you make an initial investment or additional investments into the Fund.

## Additional service fees

If you ask us to do something special for you, Fundhost may charge you a fee. These special fees vary depending on what you ask us to do. Currently, our fee to transmit funds via a telegraphic transfer is \$50.

## Management costs (other than performance fees)

Up to 1.00% per annum in management fees and ordinary recoverable expenses are payable in relation to your investment in the Fund. This includes all fees and

costs (apart from performance fees and any abnormal expenses – discussed below) associated with an investment in the Fund. Fees are based on the value of the net assets of the Fund, are deducted monthly in arrears from the Fund and are reflected in your overall returns.

It is worth noting that it is very much the intention of the Manager that management costs as a percentage of Fund assets will decrease through time as the value of Fund assets increases. This is because Harvest Lane intends to continue to be compensated solely by its performance fees. To this end, management costs will be used to pay Fundhost's fees and externally incurred expenses (such as legal, custody, and audit fees). Harvest Lane will not use Fund assets to pay for expenses such as rent, salaries, phone and internet and so on. Harvest Lane does this to ensure that it is remunerated only in line with performance and not simply for accumulating assets.



## Recoverable expenses

All ordinary expenses for the Fund are included in the maximum 1.00% per annum management costs quoted above. These are the ordinary and every day expenses incurred in operating the Fund. The trust deed for the Fund provides that expenses incurred by us in relation to the proper performance of our duties in respect of the Fund are payable or reimbursable out of the assets of the Fund and are unlimited. While ordinary and every day expenses are included in the maximum 1.00% per annum management costs quoted above, we reserve the right to recover abnormal expenses. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund and termination and wind up costs. If abnormal expenses are incurred, they will be deducted from the assets of the Fund as and when they are incurred.

## Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. The trust deed for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund's trust deed, we would need the approval of investors.

We will give you 30 days' written notice of any proposed change to these fees. We also provide you with notice of any proposed changes to fees in the Fund more generally.

## What about the costs of investing and withdrawing from the Fund?

When you invest in the Fund, Harvest Lane will buy (and sell) investments, and this costs money (for example brokerage and custody costs are incurred).

When you withdraw, Harvest Lane will sell investments so we can pay your cash to you, and this costs money too. We call this the buy-sell spread.

A buy-sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the issue/withdrawal of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/withdrawing units from the Fund. The buy-sell spread is reflected in the issue/withdrawal price.

Currently, our buy-sell spread is estimated to be 0.50% of the unit price (that is +0.25% on the entry price and -0.25% on the exit price). So if the net asset value of each unit is \$1.00, on entry we adjust the unit price up approximately 0.25% (up 0.25 cents) and on exit we adjust the unit price down approximately 0.25% (down 0.25 cents). We are not paid any of this money.

Because the spread is reflected in the issue/withdrawal price, you won't see transaction costs such as the buy-sell spread on any account statement we send you.

## Government charges and taxation

Government taxes such as GST are applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

The fees outlined in the tables above take into account any GST and reduced input tax credits which may be available. Further information regarding taxation matters can be found in the "[What about tax?](#)" section of this IM.

# What about Fund performance?

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If you are interested in:

- up to date Fund performance or
- current unit prices

then ask your financial adviser, call Funhost on +61 (0)2 8223 5400, or go to [www.fundhost.com.au](http://www.fundhost.com.au)

Up to date information is always free of charge. Don't forget that any past returns are just that, just because they happened doesn't mean they will happen again. Returns are volatile and may go up and down significantly and sometimes quickly.

## How the Fund works

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When you invest in the Fund your money (together with all other investors' monies) is gathered in one place and invested in assets. We have appointed Harvest Lane to manage the Fund. Harvest Lane uses its resources, experience and expertise to make the investment decisions.

We have appointed NAB as the independent custodian to hold the assets of the Fund.

### Units

The Fund is a unit trust. This means your interests in the Fund are represented by units. Certain rights (such as the right to any income and a right to vote) attach to your units. You may also have obligations in respect of your units.

Each unit has a value which we calculate. When you invest, we issue you a number of units depending on the amount you invest. Similarly, when you withdraw from the Fund, we calculate your withdrawal proceeds by reference to the number and value of units you hold at the time of withdrawal. Generally, the price of units will vary as the market value of assets in the Fund rises or falls.

# How to invest

## Investing and withdrawing

To invest in the Fund, use the application form accompanying this IM. The following minimum transactions, balance requirements and processing rules generally apply (although we may vary them at our discretion and without notice):

TRANSACTION	DETAILS
<b>Minimum initial investment</b>	\$50,000
<b>Minimum additional investment</b>	\$10,000
<b>Minimum withdrawal</b>	\$10,000 or remaining balance
<b>Minimum balance</b>	\$10,000
<b>Unit pricing frequency</b>	Monthly

## Applications and withdrawals processing

Application requests will be processed monthly. If your application request and investment is received before 4pm Sydney time, 3 business days prior to month end, it will be processed using the unit price effective for that month. If it is received after 4pm, it will be processed effective for the following month.

We generally process redemption requests monthly. If your redemption request is received before 4pm Sydney time, 3 business days prior to month end, it will be processed using the unit price effective for that month. If it is received after 4pm, it will be processed effective for the following month.

Please note that both application and redemption prices effective on a particular month are not the same as the current prices shown on our website.

Additional investments can be made at any time in writing using the additional investment form.

You may make investments into the Fund with an initial amount of at least \$50,000.

To apply, use the application form accompanying this IM.

The application form contains detailed instructions and will ask you to provide the identification documents required under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML CTF Act).

We do not earn interest, nor do we pay you interest, on application monies held prior to the time we issue units to you.

We accept signed application forms and certified copies of documents required to identify applicants (Application Documents) by email or fax as well as paper. Provided we receive clear and legible copies of your Application Documents by the cut off time, together with your application monies, we will process your application using the unit price effective for the month we receive your application monies and Application Documents. Applications via email need to be sent to [admin@fundhost.com.au](mailto:admin@fundhost.com.au) or by fax to +61 (0)2 9232 8600.

To apply for units in the Fund using electronic means, you must accept full responsibility (to the extent permitted by law) for any loss arising from us acting upon Application Documents received by email or fax. You agree to release and indemnify Fundhost in respect of any liabilities arising from us acting on Application Documents received by email or fax, even if those documents are ultimately found to not be genuine. You also agree that neither you nor any other person has any claim against Fundhost in relation to a payment processed, units issued or other action taken by us if we rely on Application Documents received by email or fax.

# Withdrawing your investment

Units in the Fund are not listed on any stock exchange like the ASX, so you cannot sell your units through a stockbroker.

If you want to withdraw your money, simply contact us in writing and tell us how much you need to withdraw. This is called a redemption request.

We accept scanned or faxed redemption requests on the following conditions:

- all instructions must be legible
- instructions must bear your investor number and signature and
- redemption proceeds will only be transferred to the financial institution account previously nominated on the application form or otherwise notified to us in writing (we need an original signed by the account signatories to effect such a change).

To use this service, you will need to accept full responsibility (to the extent permitted by law) for loss arising from us acting upon faxed or scanned instructions which comply with these security processes and you also agree to release and indemnify us in respect of any liabilities arising from us acting on faxed or scanned instructions (including future instructions), even if those instructions are not genuine. Also you agree that neither you nor any other person has any claim against us in relation to a payment made or action taken under the facsimile or scanned instruction service if the payment is made in accordance with these conditions. These terms and conditions are additional to any other requirements for giving redemption instructions.

The amount of money you receive is determined by the unit price applicable to your redemption request. We can withhold from amounts we pay you any amount you owe us or we owe someone else relating to you (for example, the tax office).

We generally pay all redemption proceeds in cash, but we are permitted under the trust deed for the Fund to pay proceeds in kind (i.e. in specie share transfer).

## Payments can be delayed

In certain circumstances we may need to delay withdrawal of your money. We can delay withdrawal of your money for up to 180 days or such period as considered appropriate in our view in all the circumstances if:

- there are not enough investments which we can easily turn into cash. We don't anticipate the Fund would ever become illiquid but if it did, we can (if we wish) make some money available, and requires us to allocate it on a pro rata basis amongst those wanting to exit or
- we receive a quantity of withdrawal requests representing more than 20% of the value of the investments of the Fund. In this case we can stagger withdrawal payments.

In certain circumstances we can also delay withdrawal of your money for so long as the relevant event continues. The trust deed sets out the full range of circumstances in which we can delay withdrawal of your money and these include (among others) if:

- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash)
- a portion of the Fund's assets comprise illiquid assets (that is, assets not readily converted to cash). In this case Fundhost can redeem such number of units that correspond to the portion of the Fund's liquid assets (that is, assets readily converted to cash). For example, if an investor requests redemption of all of their units and the Fund's assets comprise 10% of illiquid assets, Fundhost may determine to redeem only 90% of the investor's units. Fundhost may redeem the remaining units at such future time, or at times over such period, as it determines
- an emergency or similar state of affairs occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors
- there is a closure or material restriction on trading on the major global stock exchanges or realisation of the assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market or
- we otherwise consider it is in the best interests of the investors to delay withdrawal of units.

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## We can give you back your invested money without you asking

In certain circumstances we can, or may be required to, also redeem some or all of your units without you asking. These circumstances include:

- if you breach your obligations to us (for example, you provide misleading information in your unit application form)
- to satisfy any amount of money due to us (as trustee or in any other capacity relevant to the Fund) by you
- to satisfy any amount of money we (as trustee or in any other capacity relevant to the Fund) owe someone else relating to you (for example, to the tax office)
- where we suspect that law prohibits you from legally being an investor or
- such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

## How we calculate unit prices

We calculate unit prices in three steps:

- we calculate the value of the investments of the Fund and take away the value of the liabilities as defined in the Fund's trust deed
- we divide this result by the number of units we have on issue to obtain the unit mid-price
- we then make an adjustment (up for the entry price, to take account of the costs of buying investments or down for the exit price to take account of the costs of realising investments) called a buy-sell spread. The buy-sell spread does not represent a fee to Fundhost or Harvest Lane and is discussed in more detail in the section "[What about the costs of investing and withdrawing from the Fund?](#)".

These steps give us a price per unit.

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## Distributions

The Fund will distribute its available income annually (as at 30 June). However, distributions can vary and may be zero in some years. An investment in the Fund may therefore not be suitable for investors seeking a regular income stream for financial or tax planning purposes.

Investors can elect to receive distributions as cash, or to reinvest distributions back into the Fund at the relevant unit price at that time. Distributions will generally be paid within 65 days of the distribution date. Further information regarding taxation matters can be found in the section "[What about tax?](#)".

# Keeping you informed

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We will:

- confirm every transaction you make
- soon after June each year send you a report to help you with your tax return
- each year (around September) make the accounts of the Fund available to you on our website
- send you your annual statement
- notify you of any material changes to this IM and any other significant event as required by law and
- provide you with the monthly and annual reports referred to in the “[Periodic reporting](#)” section of this IM. These reports are available by contacting Fundhost, or at [www.fundhost.com.au/](http://www.fundhost.com.au/).

## What about tax?

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Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident. So it's important that you seek professional advice before you invest or deal with your investment.

In all likelihood you will need to pay tax in relation to your investment in this Fund. Generally you will pay income or capital gains tax, but you might be able to claim some tax credits or have the benefit of some concessions.

We will send you the information you need each year to help you to complete your tax return.

We will generally distribute any income and realised gains, if any, shortly after 30 June each year. Distributions could comprise:

- income (like dividends and interest) and
- net taxable capital gains (from the sale of the Fund's investments).

Additionally, Australian residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

If you choose not to provide us with your tax file number (TFN) or Australian business number (ABN) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

You should seek your own tax advice to ensure the Fund is appropriate for you. Neither Fundhost nor Harvest Lane provide any tax advice.

A new taxation regime for managed investment trusts has been introduced called the Attribution Managed Investment Trust (AMIT) regime. Subject to the fund being eligible, Fundhost can elect to operate the Fund under this new regime. As an AMIT the Fund can attribute amounts of income and tax offsets to investors on a fair and reasonable basis. There is also an ability to adjust the cost base of an investor's interest in a Fund upwards or downwards. Should Fundhost make this election investors will be advised on our website.

# Fundhost's responsibilities to you

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The trust deed establishes the Fund and sets out the rules. Together with this IM and the law from time to time, it governs your relationship with Fundhost. It gives Fundhost rights to be paid fees and expenses and be indemnified from the Fund. It governs (amongst other things) Fundhost's powers (which are very broad), investor meetings and unit issue, pricing and withdrawal, as well as what happens if the Fund terminates.

The trust deed limits Fundhost's need to compensate you if things go wrong. Generally, Fundhost is not liable. The trust deed also contains a provision that it alone is the source of the relationship between you and Fundhost and not any other laws (except, of course, those laws that can't be excluded).

Fundhost must have investor approval to make changes to the trust deed which are adverse to the rights of investors.

You can obtain a free copy of the Fund's trust deed by calling Fundhost on + 61 (0)2 8223 5400.

## Enquiries and complaints

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### Contact Fundhost

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TELEPHONE	+ 61 (0)2 8223 5400
FAX	+ 61 (0)2 9232 8600
EMAIL	<a href="mailto:admin@fundhost.com.au">admin@fundhost.com.au</a>
MAIL	PO Box N561 Grosvenor Place NSW 1220

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It helps us if you have your investor number handy when you contact Fundhost. Business hours are 9.00am – 5:00pm Sydney time on business days.

If you have a complaint, it is better it be made in writing although you can always call us of course. Complaints will always be acknowledged and responded to within 45 days.

# Privacy

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We collect and use personal information about you to administer your investment and also to conduct research.

By applying for units in the Fund you consent and agree to information about you being obtained and used by us. Fundhost will collect and use your information in accordance with our Privacy Policy, a copy of which is available from Fundhost free of charge.

If you fail to provide us with the required information or if you provide us with incomplete or inaccurate information Fundhost may not be able to provide you with the products or services you are seeking within the time periods contemplated in this IM.

Your information will not be disclosed unless:

- the law requires
- your financial adviser needs the information
- it is in keeping with our Privacy Policy and may be provided to external service providers including Harvest Lane, the auditors, taxation and legal advisers, and information technology consultants; or
- Fundhost needs it to send you promotional material. If you don't want this, indicate on the application form or contact Fundhost anytime.

Fundhost will disclose information if required by law to do so (including under anti-money laundering and counter-terrorism financing legislation).

If you think any of the details that Fundhost holds are wrong or out of date contact Fundhost and they will correct the details. You can always access the personal information held about you by contacting Fundhost on +61 (0)2 8223 5400.



# Anti-money laundering and counter-terrorism financing

In order to meet our obligations under anti-money laundering and counter-terrorism financing legislation (AML CTF Act), taxation legislation (including the Foreign Account Tax Compliance Act) or other legislation, we may require further information from you as to identity, the source of your funds and similar matters. Fundhost may be required to verify that information by sighting appropriate documentation. Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential.

By applying for units in the Fund, you also agree that Fundhost may in its absolute discretion determine not to issue units to you, may cancel units which have been issued to you or may redeem any units issued to you if Fundhost believe such action to be necessary or desirable in light of its obligations under the AML CTF Act or other legislation and Fundhost will not be liable to you for any resulting loss.

## Eligible Investor

To be an eligible investor, you must satisfy one of these criteria:

- Invest at least A\$500,000 at one time (excluding superannuation sourced monies<sup>3</sup>);
- Provide us with an accountant certificate (in form annexed) which is not less than 24 months old indicating that the applicant has either net assets of least \$2.5 million or a gross income for each of the last 2 financial years of at least \$250,000 a year<sup>4</sup>;
- Be a company or trust controlled by someone who has a certificate from a qualified accountant (such certificate referred to in the category immediately above);
- Be a business that is not a small business (that is, companies that employ more than 20 people or 100 people if they are a manufacturer);
- Hold an Australian Financial Services Licence;
- Control at least A\$10 million (including any amount held by an associate or under a trust that the applicant(s) manages);
- Be regulated by the Australian Prudential Regulatory Authority other than a trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme;
- Be the trustee of an Australian superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme with assets of at least A\$10 million;
- Be a body registered under the *Financial Corporations Act 1974 of the Commonwealth of Australia*;
- Be an exempt public authority;
- Be a listed entity or a related body corporate of a listed entity;
- Be a related body corporate of a wholesale client;
- Carry on a business of investment in financial products, interests in land or other investments and invest funds received (directly or indirectly) following an offer or invitation to the public, the terms of which provided for the funds subscribed to be invested for those purposes;
- Be a foreign entity that, if established or incorporated in Australia, would be covered by one of the preceding paragraphs; or An Australian financial services licensee (or its representative) considers the investor has requisite experience to invest in the Fund.

<sup>3</sup>Superannuation sourced monies are monies which the applicant knows the superannuation trustee will pay to a person as a superannuation lump sum or has been paid as an eligible termination payment or lump sum.

<sup>4</sup>In calculating the \$2.5 million or \$250,000 the person can include the net assets or gross income (as relevant) of any company or trust the person controls.

# Custodian

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Fundhost has appointed NAB as custodian of this fund. NAB's role as custodian is limited to holding the assets of the Fund as Fundhost's agent. NAB has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. NAB has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. NAB makes no statement in the IM and has not authorised or caused the issue of it. Investments of the Fund do not represent investments in, deposits with, or other liabilities of, NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any other member of NAB Group, in any way stands behind the capital value, nor do they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of Fundhost or its related entities.

## Related party transactions and conflicts of interest

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Fundhost does not engage in any related party transactions with any person. All dealings with other parties are at commercial, arms' length terms.

Fundhost has a conflicts of interest policy and register which it maintains in accordance with the law. It seeks to address any conflicts that may arise as part of Fundhost's business and that relate to the Fund and the Fund specifically.