



THE ARA INVESTMENT FUND

Product Disclosure Statement (PDS)

16 December 2019

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FUNDHOST LTD
ABN 69 092 517 087

Australian Financial Services Licence
(AFSL) 233 045

ARA CONSULTANTS LIMITED
ABN 78 102 304 692

AFSL 224 150

Important information

Fundhost Ltd (**Fundhost, we or us**) is the responsible entity of The ARA Investment Fund (**Fund**) and issuer of this PDS. This PDS 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 PDS.

If you received this PDS electronically, Fundhost will provide you, free of charge, with a paper copy of this PDS (together with the application form) and any information it incorporates by reference upon request. Please phone Fundhost on +61 2 8223 5400. If you make this PDS available to another person, you must give them the entire PDS, including the application form.

This PDS 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.

This PDS is current as at 16 December 2019. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to investors, it may be updated by Fundhost posting a notice of the change on its website at www.fundhost.com.au. Fundhost will provide to investors, free of charge, a paper copy of the updated information upon request when they contact Fundhost on +61 2 8223 5400. If the change is materially adverse to investors, Fundhost will notify affected investors and replace this PDS.

Neither Fundhost nor ARA Consultants Limited (the **Investment Manager** or **ARA**) 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 ARA makes any statement or representation in this PDS.

Please note:

- you should consider the information contained in this PDS before making a decision about the Fund
- the information provided in this PDS is general information only and does not take account of your personal financial situation or needs and
- you should obtain financial advice tailored to your personal circumstances.

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1. Overview of ARA

ARA Consultants Limited (ABN 78 102 304 692, AFSL 224 150) is the investment manager of The ARA Investment Fund. The Fund was launched by ARA in 2003 and designed to be a simple, but flexible, investment vehicle.

ARA aims to provide a straightforward and understandable solution with a clear focus on quality of investment and flexibility to investors, and to accommodate risk takers and the risk averse, from the do-it-yourself self-managed superannuation fund to the passive wealth accumulator.

The Fund comprises three diversified investment portfolios, namely the Defensive Portfolio; the Growth Portfolio; the Equities Portfolio; and one sector specific portfolio designed for long term income investors, the Long Term Income Builder Portfolio (Investment Portfolios). Each has varying risk/return characteristics, and provides you, in conjunction with your planner, with the flexibility to tailor the appropriate combination to suit your investment objectives. You may invest in any or all of these Investment Portfolios in any combination.

The Fund is intended for the exclusive use of clients of ARA and its associates, and it is not intended to be marketed to the wider audience of financial planning firms, master fund operators or other institutions.

Investors who hold units in the Fund will have a legal relationship with the responsible entity (Fundhost). However, investors may choose to authorise ARA to communicate with, obtain documents from and send documents to Fundhost on their behalf.

2. Investment strategy and process

What is the Fund's investment strategy?

ARA aims to mitigate investment risks by spreading the assets of the Fund widely among different classes of asset and diversifying among several different investments within each of those classes. ARA has also adopted a clearly-defined strategy in the investment of the Fund's assets, with a rigorous risk management focus.

Central to ARA's process is that ARA actively monitors and alters the Investment Portfolios' exposure to investment markets in response to ARA's view on their current risk and return characteristics, which are subject to continual change.

What does the Fund invest in?

In accordance with the Fund's Constitution, ARA as the investment manager has wide discretion as to the selection of investments for the Fund.

The Fund provides exposure to the following types of assets:

- shares
- fixed interest securities and other income-producing investments
- cash or cash equivalents
- property
- infrastructure
- hedge funds and
- private equity.

The Fund may also invest in derivatives, such as futures and options, in order to gain exposure to investment markets and to manage the risks associated with market prices, interest rates, and currency fluctuations.

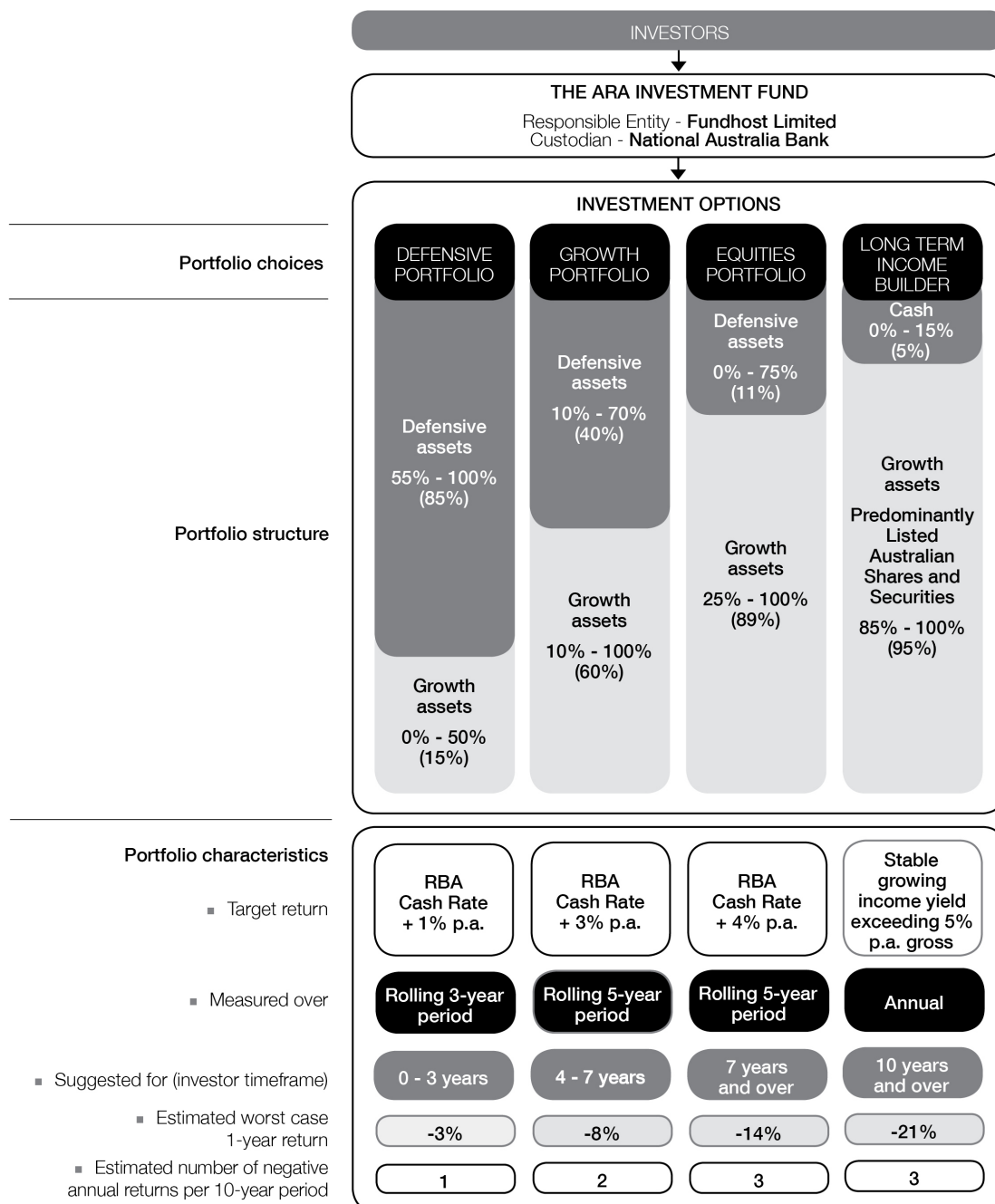
Derivatives will not be used to gear the Fund's assets or for speculative purposes, and the use of derivatives will be kept to a minimum. ARA will not use, or permit the use of derivatives, if to do so will conflict with the overall strategies and objectives for the investment of the assets of the Fund.

The Investment Manager does not take into account labour standards, environmental, social or ethical issues when making investment decisions except to the extent that these issues have a material impact on either investment risk or return.

3. How we invest your money

The Fund invests in a range of direct investments and engages a number of fund managers at wholesale or individually negotiated management fee rates where possible. Monies can be invested in, withdrawn from,

or transferred between the underlying investments of the Fund at the direction of ARA within the terms of the Fund's investment strategy, without notice.



Range of Investment Portfolios

The Fund offers four Investment Portfolios with different risk profiles and potential returns. You can invest in any of these Investment Portfolios or a combination of these Investment Portfolios.

Generally, the greater the potential return the greater the risk. This could perhaps be re-phrased by saying that investments offering a low rate of return generally fluctuate less in value, and carry a lesser probability of total and permanent loss of money, than do investments which offer a higher potential rate of return.

The lower risk, or “**Defensive**” investments in this context include bank deposits, fixed-term annuities supported by life office guarantees, and high-grade interest-bearing deposits and securities.

Higher risk, or “**Growth**” investments include shares in Australian or international businesses – including those listed on stock exchanges or those which are privately-owned (private equity) – as well as funds which hold property or infrastructure assets and hedge funds.

Astute investors can reduce the risk of outright loss by a variety of measures, including spreading their risk over many assets and investment markets, and by the techniques they employ to research their investments before committing hard-earned funds to them.

The Fund's Investment Portfolios vary in their relative exposure to Defensive and Growth assets (see above chart), and in so doing target varying characteristics of risk and potential return.

More detailed information about the strategy and objectives of each Investment Portfolio (including risks associated with each Investment Portfolio) is set out below. Refer to “Risks of the Fund” for more information on risks.

ARA regularly researches and reviews investment products and fund managers and their performance. The underlying investments of any particular Investment Portfolio therefore change from time to time in pursuit of the relevant investment objectives.

DEFENSIVE PORTFOLIO

This is a conservative investment portfolio that targets a return that exceeds the Reserve Bank of Australia cash rate by at least 1% p.a. over rolling periods of three years or more, with the risk of a negative annual return less than once in a 10 year period.

The majority of the portfolio's assets, typically around 85%, are invested in bank deposits or investments offering a high degree of security. The remainder may be invested in growth assets such as shares listed on stock exchanges, and may also include unlisted, interest bearing and international securities, direct property funds and hedge funds.

This Investment Portfolio is designed for investors whose timeframe is relatively short, say up to three years, or who have low tolerance to fluctuation in the value of their investment.

GROWTH PORTFOLIO

This is a balanced investment portfolio that aims to provide a return that exceeds the Reserve Bank of Australia cash rate by at least 3% p.a. over rolling periods of five years or more. There may be instances of negative annual returns from time to time, but instances of negative returns are expected to occur approximately twice in a 10 year period.

Typically, about 40% of the portfolio's assets will be invested in bank deposits or investments offering a high degree of security. The remainder may be invested in growth assets such as shares listed on stock exchanges, and may also include unlisted, interest bearing and international securities, infrastructure funds, private equity funds, direct property funds and hedge funds.

This Investment Portfolio is designed for investors with a medium-term timeframe, say four to seven years, and/or who have a moderate tolerance to fluctuation in the value of their investment.

EQUITIES

This portfolio is designed for long term investors, targeting a return that exceeds the Reserve Bank of Australia's cash rate by at least 4%. However, capital value may fluctuate considerably in the short term. There may be instances of negative annual returns from time to time, approximately three times in a 10 year period.

Typically, about 5-10% of the portfolio's assets will be invested in bank deposits or investments offering a high degree of security. The remainder may be invested in growth assets such as shares listed on stock exchanges, and may also include unlisted, interest bearing and international securities, infrastructure funds, private equity funds, direct property funds and hedge funds.

This Investment Portfolio is designed for investors with a long-term timeframe and a high tolerance to short-term fluctuation in the value of their portfolio, in the pursuit of an attractive long term return.

LONG TERM INCOME BUILDER

This portfolio is designed for long-term investors whose primary investment aim is a stable, growing income stream, sourced typically from dividends paid by high quality, cash-generative companies listed on the Australian sharemarket. There may be instances of negative annual returns from time to time, approximately three times in a 10 year period.

Capital value may fluctuate in the short-medium term although it is expected to grow in the long run. The portfolio is by design more concentrated in fewer asset classes than the other diversified portfolios.

This Investment Portfolio is designed for investors whose main concern is income yield and who can tolerate short-medium term volatility in capital value. While it is expected to be highly liquid – that is, can be redeemed at short notice – it is not suited to those with an investment timeframe of less than about ten years.

Summary

INVESTMENT PORTFOLIO	TARGET RETURN LEVEL	RISK	SUGGESTED TIMEFRAME
DEFENSIVE PORTFOLIO	Low	Low	0-3 years plus
GROWTH PORTFOLIO	Medium	Medium	4-7 years plus
EQUITIES PORTFOLIO	High	High	7 years plus
LONG TERM INCOME BUILDER PORTFOLIO	High	High	10 years plus

CHANGES TO THE INVESTMENT APPROACH

Subject to the Constitution and to the discretion of Fundhost, the investment approach for the Fund as referred to in this PDS may be changed from time to time, but reasonable notice will be given to you if the approach is to be altered materially.

Switching between Investment Portfolios

Investors can choose to invest their funds in any one or more or all of the four Investment Portfolios in any proportion, and are able to move funds between them at any time. There is no fee charged for switching between Investment Portfolios. In order to switch, you will need to advise ARA in writing of your desired change and your intended new portfolio structure. You should consider seeking advice from your financial adviser on any changes to your portfolio structure.

To effect the switch, we will withdraw sufficient units in the Investment Portfolio(s) you are switching from to make up the requested amount, based on the unit price which applies for withdrawals at the time. This amount will then be used to purchase units in the Investment Portfolio(s) you are switching to, based on the unit price for applications which applies on the same date.

Please note however that switching between Investment Portfolios constitutes a disposal of the units in the Investment Portfolio from which units are withdrawn, and depending upon your individual circumstances may result in you becoming liable to pay capital gains tax.

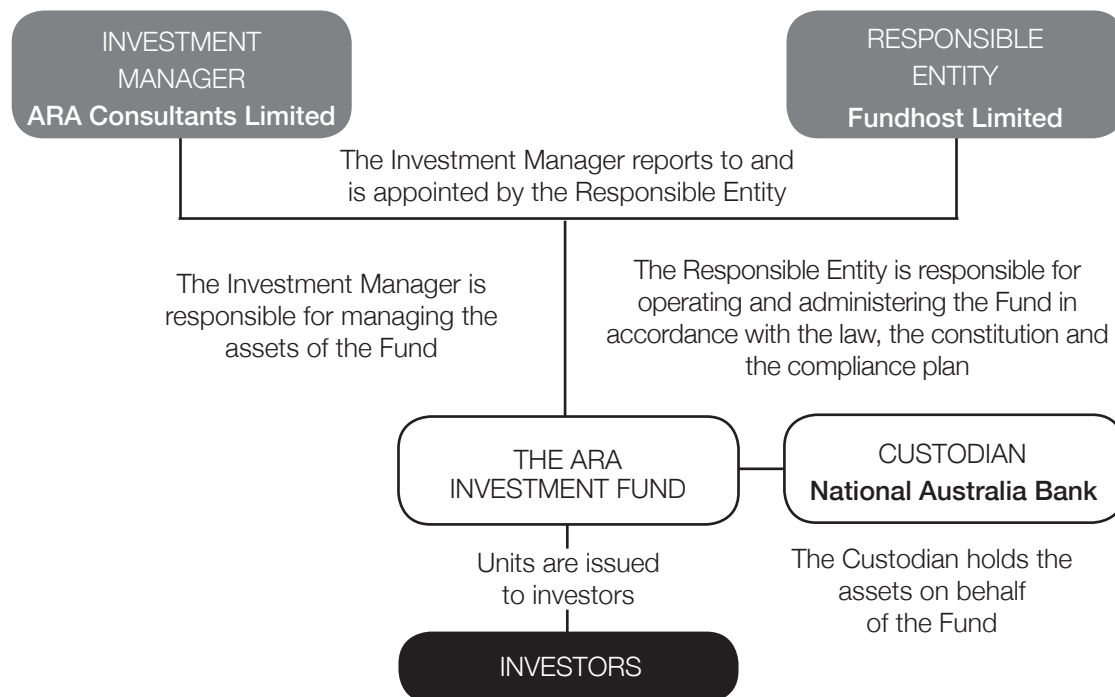
Fundhost reserves the right to refuse any request for a switch. Also, please note that occasionally certain underlying investments within our Investment Portfolios may freeze redemptions for various reasons and for varying timeframes. When this happens, we will not be able to action the portion of your switch request that relates to the frozen investment until redemptions in the relevant investment are no longer frozen.

Specific investments held in the various Investment Portfolios will frequently change as the Fund is actively and continuously managed on behalf of investors. The ranges shown in the above chart are the expected minimum and maximum allocations that have been set for each Investment Portfolio while the figures in brackets are the typical benchmarks.

You can obtain updated information about the asset allocations in writing, upon request to ARA, free of charge. See contact details in "Important Information".

4. Regulatory structure & service providers

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



Corporate Governance

Under the Australian Corporations Act and the Fund's 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 responsible entity (Fundhost) that holds an appropriate Australian financial services licence (AFSL). Fundhost has appointed an independent custodian to hold the assets of the Fund. ARA is appointed as the investment manager of the Fund.

The constitution establishes the Fund and sets out the rules. Together with the PDS and the law from time to time, it governs your relationship with Fundhost and provides you with your (and our) legal rights. For more information on your rights under the constitution see "Clear legal rights".

Fundhost

Fundhost is a public company that acts as the responsible entity and provides essential services to the Fund. Fundhost's core business is to operate registered

managed investment schemes and provide compliance, administration and registry services.

Custodian

National Australia Bank Limited ABN 12 004 044 937 (NAB) is appointed as the independent custodian to hold the assets of the 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 investors in the Fund for any act done or omission made in accordance with the terms of the Custody Agreement between NAB and Fundhost. NAB makes no statement in the PDS and has not authorised or caused the issue of it.

Units in 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.

5. How the Fund works

Mechanics

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

Features and benefits of the Fund

As an investor, you stand to benefit through:

- gaining exposure to a wider spread of assets than is usually available to an individual investor
- the expertise of the chosen fund managers and
- potential cost savings through savings on expenses such as brokerage and access to funds management at wholesale rates

which may apply through pooling your investments in the one vehicle.

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" in the Investment Portfolio you invest in. Certain rights (such as a 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 an Investment Portfolio rises or falls. For more information refer to the section "How we calculate unit prices".

The following minimum transactions, balance requirements and processing rules generally apply (although we may vary them at our discretion and without notice):

MINIMUM INITIAL INVESTMENT	\$1,000 or \$100 for monthly direct debit	MINIMUM BALANCE	\$1,000
MINIMUM ADDITIONAL INVESTMENT	\$1,000 or \$100 for monthly direct debit	UNIT PRICING FREQUENCY	Each Sydney business day
MINIMUM WITHDRAWAL	\$1,000	APPLICATIONS AND WITHDRAWALS PROCESSING	If we receive your correctly completed application and monies or a correctly completed withdrawal request, then we generally process these each business day using the unit price effective for that day. If your request is received before 4pm Sydney time it will be processed using the unit price effective for that day. If your request is received after this time, or on a non-business day, it is treated as having been received before 4pm Sydney time on the next business day. If you are making monthly direct debit contributions, refer to "How to Apply" for more information on direct debit savings plans.

Investing and withdrawing

To invest in the Fund, use the application form accompanying this PDS. You can increase your units by reinvesting distributions (this will be done automatically unless you or your ARA adviser tell Fundhost otherwise) or by making an additional investment (use the Additional Investment Form to do this), or you can decrease your units by requesting a withdrawal (you or your ARA adviser need to simply contact Fundhost in writing and tell them how much you wish to withdraw). We call this a withdrawal request. We accept scanned or faxed withdrawal requests on certain conditions, refer to the section "Scanned or faxed instructions".

Delays

If and when we accept your withdrawal request (usually this happens within 5 business days of receipt of your withdrawal request), we will generally process the request within 2 business days and pay the proceeds to your nominated account (although the constitution allows us 21 days to pay funds to you).

In certain circumstances when you have made a withdrawal request we may need to delay withdrawal of your units. We can delay withdrawal of your units for 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 (the law dictates this). We don't anticipate the Fund would ever become illiquid but if it did, the law says 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
- we receive a quantity of withdrawal requests representing more than 20% of the value of the investments in the Fund. In this case we can stagger withdrawal payments
- 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 we 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 10% of the Fund's assets comprise illiquid assets, we may determine to redeem only 90% of the investor's units.

We may redeem the remaining units at such future time, or at times over such period, as we determine if:

- 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.

The constitution sets out the full range of circumstances in which we can delay withdrawal of your units.

Compulsory redemptions

In certain circumstances we can, or may be required to, 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 responsible entity or in any other capacity relevant to the Fund) by you
- to satisfy any amount of money we (as responsible entity 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).

Distributions

Income distributions are generally paid quarterly, with the distribution periods ending as at 31 March, 30 June, 30 September and 31 December or in some quarters, not paid at all. They can be reinvested in full back into the Fund or paid out entirely to the financial institution account nominated on your application form. You can indicate your choice on the application form. If you do not make a choice, then distributions will be reinvested. Distribution payments are made typically within 10 business days after the end of the applicable distribution period for interim distributions and within 45 days for the end of financial year distribution. Distributions will not be paid by cheque.

We generally calculate and pay distributions for each Investment Portfolio based on the net taxable income for the Investment Portfolio at the end of the distribution period divided by the number of units in that Investment Portfolio on issue. Distributions may also carry imputation or other tax credits.

Any distributions reinvested are reinvested at the ex-distribution net asset value price for the relevant Investment Portfolio. The ex-distribution net asset value price is calculated by taking the value of the investments of the Investment Portfolio and taking away the value of the liabilities (as defined in the Fund's constitution) including a provision for the distribution. We divide the result of this by the number of units we have on issue in that Investment Portfolio to obtain the ex-distribution net asset value price for distribution reinvestments.

6. Risks of the Fund

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy.

Significant risks

The significant risks of investing in the Fund include:

CONCENTRATION RISK

Some investment funds may from time to time invest a relatively high proportion of assets in a limited number of investments or sectors or jurisdictions which may cause the value of the fund to be more affected by any single adverse economic, political or regulatory event than a more diversified investment.

We aim to mitigate this risk by spreading the assets of the Fund widely among different classes of asset and diversifying among several different investments within each of those classes.

COUNTERPARTY RISK

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

CYBER RISK

There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of Fundhost or other service providers.

FOREIGN EXCHANGE RISK

The Fund may invest in companies listed on global stock exchanges which will therefore give rise to foreign currency exposure. This means the value of foreign investments will vary as exchange rates change.

Fluctuations in foreign currency can have both a positive and negative impact on the investments of the Fund. ARA will not hedge the assets of the Fund against movements in the Australian dollar and other country exchange rates.

The default position is to remain unhedged. Investors should understand that the Fund is denominated in Australian dollars and so the value of your investment may go up and down according to changes in the exchange rate between Australian dollars and other currencies. These changes may be significant.

FUND RISK

Risks particular to the Fund include that it could terminate (for example, on 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 investment and withdrawal by other investors. The Fund may invest in other funds which themselves have the risks described in this section. This can also increase the fees and costs of the Fund because these funds in turn charge fees and costs.

GEARING RISK

Gearing involves borrowing money to increase the amount that can be invested. This is a high-risk investment strategy because, while it can bring about higher gains in a rising market, losses can be magnified in a falling market. Also, the borrowing costs can eat into the returns. Some underlying investments that the Fund invests into may use gearing as a strategy. However, the Fund itself does not use gearing as an investment strategy.

INDIVIDUAL INVESTMENT RISK

Investments to which the Fund is exposed, like shares on a stock exchange, can (and do) fall in value for many reasons, such as changes in a company's internal operations or management, or in its business environment. ARA aims to mitigate these risks with the use of its investment technology system and also through fundamental analysis. However, the risk cannot be completely eliminated.

INTEREST RATE RISK

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

INVESTMENT MANAGER RISK

ARA could be wound up or liquidated, it could cease to manage the Fund and be replaced, its investment methodology could change, it could poorly manage operational risks and the Fund could perform poorly. If any of these events occurred in respect of ARA, Fundhost would do all things reasonably practicable to recover the value of the Fund's investments and seek a new investment manager. If the investment strategy of the Fund changed significantly, you would be given at least 30 days' notice where practicable.

LIQUIDITY RISK

There are circumstances under which access to your money may be delayed, see "How the Fund works" and "Delays". 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.

MARKET RISK

Economic, technological, climate, 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.

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 the Fund's trading or investment strategy, may be adversely affected by changes in government policies, regulations and laws affecting registered managed investment schemes, or changes in generally accepted accounting policies or valuation methods.

SOVEREIGN RISK

This is the extra dimension of risk involved in international, as distinct from domestic, investments and transactions. Sovereign risk is additional to the usual commercial risks such as credit and foreign exchange risks. Sovereign risk implies the possibility that conditions will develop in a country which inhibit repayment of funds due from that country, such as exchange controls, strikes or declarations of war. Sovereign risk is generally higher in emerging countries.

Risks applicable to managed funds generally

Other significant risks relevant to many managed funds include:

- the value of investments will vary
- the level of returns will vary, and future returns may differ from past returns and
- returns are not guaranteed, and you may lose some or all of your money.

The level of risk for each person will vary depending on a range of factors, including age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

These risks can be managed but cannot be completely eliminated.

While ARA applies sound investment and risk management principles to the operation of the Fund by investing in a manner which recognises and attempts to control the risks, investors should carefully consider the risk factors in making their investment choices with their financial advisers.

7. Fees and other 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 fund 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) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in another part of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular Investment Portfolios are set out below.

The ARA Investment Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
ESTABLISHMENT FEE The fee to open your investment	Nil	Not applicable
CONTRIBUTION FEE The fee on each amount contributed to your investment	Nil	Not applicable
WITHDRAWAL FEE The fee on each amount you take out of your investment	Nil	Not applicable
EXIT FEE The fee to close your investment	Nil	Not applicable

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
MANAGEMENT COSTS[^]		
The fees and costs for managing your investment, including:		
DEFENSIVE INVESTMENT PORTFOLIO		
RESPONSIBLE ENTITY FEE (payable to Fundhost)	0.10%	Accrued daily and paid monthly in arrears
INVESTMENT MANAGEMENT FEE ^{^^} (payable to ARA)	1.13%	Accrued daily and paid monthly in arrears
CUSTODY FEE (payable to NAB)	0.01%	Accrued daily and paid monthly in arrears
PERFORMANCE FEE	Nil	Not applicable
ORDINARY EXPENSES* (payable by the Fund)	0.03%	Generally paid as incurred
ABNORMAL EXPENSES*	0.02%	Generally paid as incurred
INDIRECT COSTS*	0.61%	Generally paid as incurred
GROWTH INVESTMENT PORTFOLIO		
RESPONSIBLE ENTITY FEE (payable to Fundhost)	0.10%	Accrued daily and paid monthly in arrears
INVESTMENT MANAGEMENT FEE ^{^^} (payable to ARA)	1.13%	Accrued daily and paid monthly in arrears
CUSTODY FEE (payable to NAB)	0.01%	Accrued daily and paid monthly in arrears
PERFORMANCE FEE	Nil	Not applicable
ORDINARY EXPENSES* (payable by the Fund)	0.03%	Generally paid as incurred
ABNORMAL EXPENSES*	0.02%	Generally paid as incurred
INDIRECT COSTS*	1.21%	Generally paid as incurred
EQUITIES INVESTMENT PORTFOLIO		
RESPONSIBLE ENTITY FEE (payable to Fundhost)	0.10%	Accrued daily and paid monthly in arrears
INVESTMENT MANAGEMENT FEE ^{^^} (payable to ARA)	1.13%	Accrued daily and paid monthly in arrears
CUSTODY FEE (payable to NAB)	0.01%	Accrued daily and paid monthly in arrears
PERFORMANCE FEE	Nil	Not applicable
ORDINARY EXPENSES* (payable by the Fund)	0.03%	Generally paid as incurred
ABNORMAL EXPENSES*	0.02%	Generally paid as incurred
INDIRECT COSTS*	1.12%	Generally paid as incurred

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
LONG TERM INCOME BUILDER INVESTMENT PORTFOLIO		
RESPONSIBLE ENTITY FEE (payable to Fundhost)	0.10%	Accrued daily and paid monthly in arrears
INVESTMENT MANAGEMENT FEE^^ (payable to ARA)	0.51%	Accrued daily and paid monthly in arrears
CUSTODY FEE (payable to NAB)	0.01%	Accrued daily and paid monthly in arrears
PERFORMANCE FEE	Nil	Not applicable
ORDINARY EXPENSES* (payable by the Fund)	0.02%	Generally paid as incurred
ABNORMAL EXPENSES*	Nil	Generally paid as incurred
INDIRECT COSTS*	0.25%	Generally paid as incurred
SERVICE FEES^^^		
SWITCHING FEE The fee for changing investment options	Not applicable	Not applicable

^All fees are expressed as a per annum percentage of net asset value of the relevant Investment Portfolio excluding accrued fees.

^^You cannot negotiate the Management Costs. Investment management fee rebates may apply.

^^^For information on service fees, please see "Additional explanation of fees and costs".

Any item marked with an asterisk (*) is an estimate. Please refer to our website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

Example of annual fees and costs

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

THE ARA INVESTMENT FUND - GROWTH INVESTMENT PORTFOLIO

EXAMPLE GROWTH INVESTMENT PORTFOLIO	AMOUNT	BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
CONTRIBUTION FEES	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS MANAGEMENT COSTS comprising:		
RESPONSIBLE ENTITY FEE	0.10%	\$52
INVESTMENT MANAGEMENT FEE	1.13%	\$564
CUSTODY FEE	0.01%	\$6
PERFORMANCE FEE	Nil	Not applicable

EXAMPLE GROWTH INVESTMENT PORTFOLIO	AMOUNT	BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR
ORDINARY EXPENSES*	0.03%	\$16
ABNORMAL EXPENSES*	0.02%	\$10
INDIRECT COSTS*	1.21%	\$605
EQUALS COST OF GROWTH INVESTMENT PORTFOLIO	2.51%	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, you would be charged fees of \$1,253 each year. What it costs you will depend on the Investment Portfolio you choose and the fees you negotiate.

When calculating management costs in this table, the law says we must assume that the value of your investment remains at \$50,000 and the Fund's unit price does not fluctuate. Please be aware that management costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions) during any 12 month period. The example assumes no service fees are incurred by you.

All fees are expressed as a per annum percentage of net asset value of the Fund excluding accrued fees. Totals may appear incorrect due to rounding. Returns are not guaranteed. Please refer to "Additional explanation of fees and costs" for more information. Any item marked with an asterisk (*) is an estimate. Please refer to Fundhost's website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

MANAGEMENT FEE REBATES

The investment management fee payable to ARA referred to above will be charged throughout each financial year. In relation to the Defensive, Growth and Equities Investment Portfolios only, ARA offers a partial rebate of the investment management fee, the eligibility for which depends upon the size of your (and other family group members') investment in the Fund.

Where payable, the rebate will reduce the management fee which ARA receives as the investment manager of the Fund and so reduce the management costs you pay.

ARA is responsible for offering management fee rebates and your ARA financial adviser will provide you with detailed information about the eligibility criteria, amount of the potential rebate and the calculation methodology.

Any management fee rebate will be calculated in accordance with instructions received from ARA. The proceeds of any management fee rebate you receive will be applied to acquire, and you will be issued with, additional units in the Fund.

Additional explanation of fees and costs

ABOUT MANAGEMENT COSTS

The management costs include ARA's management fee, Fundhost's responsible entity fee, custody fees, ordinary and abnormal expenses and any indirect costs. Fees payable are calculated and accrued daily based on the net asset value of the Fund excluding accrued fees and are paid monthly in arrears.

Management costs paid out of Fund assets reduce the net asset value of the Fund and are reflected in the unit price. Management costs exclude transactional and operational costs.

RESPONSIBLE ENTITY FEE

A responsible entity fee of 0.10% p.a. is payable by the Fund. This is calculated and accrued daily and paid monthly in arrears.

INVESTMENT MANAGEMENT FEE

An investment management fee of 1.13% is payable to ARA in respect of investments in the Defensive, Growth and Equities Investment Portfolios, and 0.51% in respect of the Long Term Income Builder Investment Portfolio. This is calculated and accrued daily and paid monthly in arrears.

PERFORMANCE FEE

There is no performance fee associated with the Fund, however there are performance-related fees associated with some underlying funds in which Fund assets are invested for achieving rates of return in excess of defined benchmarks. These fees are not paid directly by you but will reduce the value of your investment if charged. Not all underlying funds are entitled to charge performance fees, and of those that can they may have different benchmarks to meet before being entitled to charge the performance fee, as well as different methods of calculating the performance fee. Typically, however, a performance fee will be expressed as a percentage of a fund's outperformance of its relevant benchmark over a period of time.

The impact of a performance fee (if any) will vary depending on the performance of the underlying fund and the value of any investment you have in the underlying fund as a portion of your overall investment in the Fund. You should also bear in mind that the outperformance which gives rise to the performance fee will be reflected in higher unit prices for your units.

EXPENSES

In addition to fees, investors also bear the impact of certain expenses associated with each Investment Portfolio.

Ordinary Expenses are costs associated with the Fund which arise in the ordinary course of fund operations.

Ordinary Expenses are paid from each Investment Portfolio. Expenses are generally paid as incurred.

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 a Fund, legal fees, once off or non "business as usual" fees, 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. There is no cap on abnormal expenses. Occasionally, costs which might otherwise be considered usual are of such a nature that we may deem them to be abnormal.

Indirect costs form part of management costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs. The Fund's indirect costs are based on the financial year ending 30 June 2019, except for the Long Term Income Builder Investment Portfolio which is a new Investment Portfolio for which we calculated likely indirect costs based on the assumed investments. Indirect costs for the Defensive Investment Portfolio are estimated to be 0.61%, for the Growth Investment Portfolio they are estimated to be 1.21%, for the Equities Investment Portfolio they are estimated to be 1.12% and for the Long Term Income Builder Investment Portfolio they are estimated to be 0.25%. Actual indirect costs for future years may differ.

SERVICE FEES

If you ask us to do something special for you, we may charge you a fee. These special fees vary depending on what you ask us to do.

TRANSACTIONAL AND OPERATIONAL COSTS

Our estimates of the total transactional and operational costs for each Investment Portfolio (except the Long Term Income Builder Investment Portfolio) during the year ended 30 June 2019 were calculated using the Investment Portfolio's actual transactions during the last financial year. We expect these amounts to vary from year to year as they will be impacted by the relevant Fund's volume of trading, brokerage arrangements and other factors. All of these amounts are expressed as a percentage of the Fund's average net asset value for the year. We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices including all transaction costs. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

Please refer to our website for any updates on our estimates for transactional and operational costs which are not considered to be materially adverse from a retail investor's point of view. Remember, past performance is not an indicator of future performance and any transactional and operational costs for a given year may not be repeated in a future year.

INVESTMENT PORTFOLIOS	TRANSACTIONAL AND OPERATIONAL COSTS	FOR EVERY \$50,000 YOU WILL HAVE IN AN INVESTMENT PORTFOLIO YOU WILL INCUR APPROXIMATELY
DEFENSIVE PORTFOLIO	0.01%	\$3
GROWTH PORTFOLIO	0.01%	\$3
EQUITIES PORTFOLIO	0.03%	\$16
LONG TERM INCOME BUILDER PORTFOLIO	0.23%	\$115

CAN THE FEES CHANGE?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' written notice of any increase to fees.

The constitution 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 constitution, we would need the approval of investors.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website (www.moneysmart.gov.au) and use their managed investment fee calculator.

ADVISER REMUNERATION

The law restricts payments by us to other AFSL holders which are 'conflicted'. Therefore, we will not pay commissions to financial advisers.

You may incur a fee for the advice provided to you by your financial adviser, but this does not represent a fee that we have charged you for investing in the Fund and is not an amount paid out of the assets of the Fund. The amount of fees you will pay (if any) to your financial adviser should be set out in a Statement of Advice they give to you. You will be responsible for the payment of these fees and they will not be paid by us. We recommend that you check with your adviser if you will be charged a fee for the provision of their advice.

Any advice fee charged by ARA for providing financial advice to you is in addition to the amount it receives from the Fund in investment management fees.

GOVERNMENT CHARGES AND TAXATION

Government taxes such as GST are applied to your account as appropriate. All fees and costs are inclusive of GST net of reduced input tax credits. 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.

8. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice. Registered managed investment schemes do not pay tax on behalf of unit holders. Unit holders are assessed for tax on any income and realised capital gains generated by the Fund.

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

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

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

We will distribute income and capital gains, if any, quarterly. Distributions could comprise:

- income (like dividends and interest)
- net taxable capital gains (from the sale of the Fund's investments) and
- tax credits (like franking credits attached to dividend income and credits for tax paid on foreign income).

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.

The Fund operates under the Attribution Managed Investment Trust (**AMIT**) regime. As an AMIT, the Fund is able to 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 the Fund upwards or downwards.

9. How to apply

How to invest

You generally need to invest at least \$1,000 initially. Use the application form accompanying this PDS. 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* (Cth) (**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.

Additional investments can be made at any time in writing, generally the minimum amount for additional investments is \$1,000.

You may also arrange to apply for our direct debit monthly savings plan, requiring a minimum investment of \$100 per month, this is processed on the 15th of each month or the next business day. To apply for this, fill out the direct debit instruction of the application form and see the Terms and Conditions for direct debit.

Cooling off

If you decide that you don't want the units we have issued you in an Investment Portfolio, we must repay your money to you.

If you change your mind, you have 14 days to tell us, starting on the earlier of when we send you confirmation that you are invested or the end of the 5th day after the day on which we issue the units to you.

We are allowed to (and generally do) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. For example, if you invest \$10,000 and the value of the units falls by 1% between the time you invest and the time we receive notification that you wish to withdraw your investment, we may charge you on account of the reduced unit value. This means that \$9,900 would be transferred from the Fund back to you.

This right terminates immediately if you exercise a right or power under the terms of issue, such as transferring your units or voting on any units held by you. For any subsequent investments made under a distribution reinvestment plan, cooling off rights do not apply.

Enquiries and complaints

Contact us during business hours (9am to 5pm Sydney time). Our details are at the beginning of this PDS. It helps us if you have your investor number to hand when you contact us.

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.

If you are unhappy with our response to your complaint you can contact the independent Australian Financial Complaints Authority (**AFCA**).

AFCA	
MAIL	GPO Box 3 Melbourne VIC 3001
TELEPHONE	1800 931 678 (free call)
EMAIL	info@afca.org.au
WEBSITE	www.afca.org.au

AFCA operations are financed by contributions made by its members, including Fundhost. AFCA is free to consumers. For information on the AFCA Rules governing its jurisdiction and processes, please refer to www.afca.org.au.

10. More information

Fund performance and size

If you are interested in:

- up to date performance of the Fund
- the latest investment mix of the Fund
- current unit prices or
- the current size of the Fund

then ask your financial adviser or go to www.fundhost.com.au. Your ARA financial adviser will give you paper copies of the information free of charge. You can always call us, our details are at the beginning of this PDS. Again, 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 we calculate unit prices

We calculate unit prices in two steps:

1. we calculate the value of the investments of each Investment Portfolio and take away the value of the liabilities as defined in the Fund's constitution.
2. we divide this result by the number of units we have on issue in the respective Investment Portfolio to obtain the unit price.

These steps give us a price per unit.

Keeping you informed

We will:

- confirm every transaction you make (except savings plan transactions)
- 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 and
- notify you of any material changes to this PDS and any other significant event as required by law.

Updated investment information is available at www.fundhost.com.au.

The Fund has 100 investors or more, and it is considered a "disclosing entity" for the purposes of the Corporations Act and therefore subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or can be inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, in respect of the Fund, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report. Any continuous disclosure obligations we have will be met by following ASIC's good practice guidance via website notices rather than lodging copies of these notices with ASIC. Accordingly, if we become aware of material information that would otherwise be required to be lodged with ASIC as part of our continuous disclosure obligations, we will make it available as soon as practicable on our website www.fundhost.com.au.

If you would like hard copies of this information, call Fundhost on + 61 2 8223 5400 and we will send it to you free of charge.

Privacy

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 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 the PDS.

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 the Fund's investment manager, custodian, auditors, taxation and legal advisers and information technology consultants or
- Fundhost needs to send you promotional material. If you don't want this, contact Fundhost any time.

Fundhost will disclose information if required by law to do so (including under the AML CTF Act).

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

Anti-money laundering

In order to meet our obligations under the AML CTF Act or taxation legislation, we may require further information from you as to identify, the source of your funds and similar matters.

Fundhost is 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 believes such action to be necessary or desirable in light of its obligations under the AML CTF Act or related legislation and Fundhost will not be liable to you for any resulting loss.

Clear legal rights

The constitution gives Fundhost rights to be paid fees and expenses and to 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 constitution limits Fundhost's need to compensate you if things go wrong. Generally, subject always to liability which the Corporations Act imposes, Fundhost is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

The constitution 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 cannot be excluded).

Fundhost must have investor approval to make changes to the constitution that are adverse to the rights of investors.

You can obtain a free copy of the Fund's constitution by calling Fundhost.

Consents

ARA and NAB have each given, and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning each of them in the form and context in which they are included. NAB takes no responsibility for the preparation of, statements made in, or omissions from any parts of the disclosure documentation. 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.

Scanned or faxed instructions

Except if you are changing your address or bank account details, 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
- withdrawal proceeds will only be transferred to the financial institution account previously nominated on the application form or other written advice signed by you.

To use this service you will need to accept full responsibility (to the extent permitted by law) for loss arising from Fundhost acting upon faxed or scanned instructions which comply with these security processes and you also agree to release and indemnify Fundhost in respect of any liabilities arising from Fundhost 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 Fundhost 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 making withdrawal requests.



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