

DATT CAPITAL

Small Companies Fund

INFORMATION MEMORANDUM (IM)

September 2023

APIR (FHT4217AU)

FUNDHOST LTD
ABN 69 092 517 087

Australian Financial Services Licence
(AFSL) 233 045

DATT CAPITAL PTY LTD
ABN 37 124 330 865

AFSL 542 100

Important Information

Fundhost Ltd (**Fundhost**, **we** or **us**) is the trustee of the Datt Capital Small Companies Fund (the **Fund**) and issuer of this IM. Datt Capital Pty Ltd (**Datt Capital** or the **Manager**) is the investment manager of the Fund.

This IM is not a product disclosure statement under the *Corporations Act 2001* (Cth) (**Corporations Act**) 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 Datt Capital 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 Datt Capital 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 Datt Capital in connection with the offer.

No liability

This IM is based on information available to us at the time of preparation and from sources believed to be reliable. Neither Fundhost nor the Manager make any representation that it has verified the information. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this IM or any other information the Manager or Fundhost otherwise provide to you.

To the maximum extent permitted by law, the Manager, Fundhost, and their respective related bodies corporate, officers, employees and advisors are not liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this IM or otherwise in connection with it.

In particular, no representation or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward-looking statements contained in this IM. Forecasts, projections and forward-looking statements are by their nature subject to significant uncertainties and contingencies. You should make your own independent assessment of the information and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.

Eligibility

This IM can only be used by wholesale investors (as that term is defined in the Corporations Act) 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 at www.fundhost.com.au or 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 investors.

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 Datt Capital, 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.

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Fund Snapshot

FEATURE	SUMMARY												
Fund Name	Datt Capital Small Companies Fund												
What the Fund invests in	<p>The Fund invests in securities listed on the Australian Securities Exchange (ASX) and cash. Up to 10% of the Fund may also be invested in unlisted securities that are expected to list within 12 months. The table below shows the target ranges for the Fund.</p> <table><tr><th>Type of Investment</th><th>Minimum %</th><th>Maximum %</th></tr><tr><td>Australian listed securities</td><td>70</td><td>98</td></tr><tr><td>Australian unlisted securities</td><td>0</td><td>10</td></tr><tr><td>Cash</td><td>2</td><td>30</td></tr></table>	Type of Investment	Minimum %	Maximum %	Australian listed securities	70	98	Australian unlisted securities	0	10	Cash	2	30
Type of Investment	Minimum %	Maximum %											
Australian listed securities	70	98											
Australian unlisted securities	0	10											
Cash	2	30											
Investment Manager of the Fund	Datt Capital Pty Ltd												
Trustee of the Fund	Fundhost Ltd												
Custodian	National Australia Bank Ltd												
Benchmark	S&P/ASX Small Ordinaries Accumulation Index (XSOA)												
Investment Objective	<p>The Fund aims to outperform its benchmark. The Fund aims to achieve these returns regardless of underlying market and economic conditions.</p> <p>There is no guarantee that the Fund’s investment objective will be achieved. The investment objective is not intended to be a forecast. It merely indicates what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting this objective. Neither capital repayment nor any participation rate of capital or income return is guaranteed.</p>												
Risk	High												
Suggested investment period	At least 5 years. 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.												
Labour and environmental, social or ethical considerations	Believing these factors to be subjective and extremely personal, Datt Capital does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments of the Fund.												
Management fees and costs	<p>1.78% per annum in management fees and costs. This includes investment manager fees of 1.54% as well as trustee, administration and custody fees and ordinary operating expenses.</p> <p>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.</p>												
Performance fee	<p>20.5% of the amount by which the Fund outperforms its Benchmark, after management fees and expenses have been deducted, calculated on a quarterly basis. This fee is paid to Datt Capital.</p> <p>Please refer to “Fees and other costs” for details about the performance fee.</p> <p>The performance fees are not paid directly by you but are accrued monthly, deducted quarterly in arrears from the Fund, and are reflected in your overall returns.</p>												

FEATURE	SUMMARY
Buy/sell spread	+0.35%/-0.35%
Minimum initial investment	\$50,000
Minimum additional investment	\$5,000
Minimum withdrawal	\$5,000 or remaining balance
Minimum balance	\$50,000
Unit pricing frequency	Monthly
Application processing	Monthly
Redemption processing	Monthly
Income distribution frequency	The Fund will distribute any available income annually (as at 30 June).

About the Fund

The investment strategy

The Fund seeks to benefit from the insights gained through the management of the Datt Capital Absolute Return Fund.

Through this experience, Datt Capital has identified a number of promising investments within the Australian small company sector that are anticipated to provide strong fundamental growth over time.

Datt Capital believes that a fund with flexibility in this sector can performance relatively well relative to the S&P/ASX Small Ordinaries Accumulation Index (**XSOA**) over time.

The Manager is focused on generating above index returns for its investors over a rolling 5-year basis. It does this by investing in smaller capitalised companies that have the potential to grow at above market rates.

The Fund will invest in Australian listed companies that fall outside the S&P/ASX100 Index. The Fund may also selectively invest in pre-IPO equities, in a limited manner.

The Fund can invest up to 30% in cash if the Manager believes that the market does not provide opportunities in line with the investment manager's return hurdles.

The investment strategy:

- targets long-term capital growth in a prudent manner, with an emphasis on quality small company investment exposures
- will aim to outperform its benchmark, being the S&P/ASX Small Cap Accumulation Index (**XSOA**) over rolling 5 year periods
- is an application of the Manager's investment process that aims to invest in a concentrated manner.

Equity positions will typically fall into the following categories:

- Special situations in which the Manager believes are due to or have experienced event-based catalysts and will be repriced in time;
- Companies with latent, strategic value where the Manager may apply 'collaborative activism' techniques to realise alpha;
- Growth companies with identifiable value levers and run by focused, prudent and experienced management teams;

- Asset plays with strong or improving balance sheets trading at discounts to net asset value or replacement value;
- Low risk turnarounds with good management in place, solid balance sheets and sustainable business prospects;
- Cyclical showing upside leverage to the cycle with experienced managers who can allocate capital prudently and with sound balance sheets.

The Manager endeavours to search for opportunities that will lead to asymmetric outcomes from a return perspective.

Stock selection process

Equity positions categorised, assessed and ranked using a range of methods depending on the application.

The methods the Manager applies as part of its process include, but are not limited to:

- traditional corporate finance techniques such as financial ratio assessment and financial statement analysis of the status quo;
- real option valuation using a range of technique for stock-specific growth factors or opportunities;
- industry analysis applying specific game theory models;
- referencing our internal research library consisting of >1,600 notes covering companies, industries and business models.

The Fund will maintain entry-exit discipline as part of its portfolio and risk management process.

Broadly, this may include valuation targets, time targets, individual holding weight targets, portfolio correlation weights, sector concentration targets amongst other evaluation techniques.

Diversification and position limits

The Fund will be invested in a manner that ensures the portfolio is appropriately diversified across industry sectors. The Manager will take into account factors such as sector and stock specific elements of portfolio correlation assessment as part of its investment and risk management process.

Risk limits at the time of acquisition for the portfolio are:

- Maximum position per individual holding at cost: 10%
- Minimum cash holding: 2%
- Maximum cash holding 30%
- Maximum aggregate holding in pre-IPO equities: 10%

The above position limits are measured at the time of acquisition of an investment by the Fund and may extend beyond these limits over the life of the investment.

The portfolio will generally be:

- Comprised of between 15-25 individual positions at any given time;
- Appropriately diversified across industry sectors;
- Hold ex-ASX100 equities and occasionally pre-IPO exposures.

No more than 40% of the portfolio may be held in any single industry sector at any time.

Generating returns

The Fund aims to generate a net return in excess of the S&P/ ASX Small Ordinaries Index Accumulation (**XSOA**) per annum over a rolling 5-year period, to be achieved within acceptable risk parameters. Capital and returns are not guaranteed.

The Manager employs a number of methods to achieve the Fund's stated investment objective.

Managing and mitigating market risk

The Manager aims to control market risk in two main ways.

Firstly by diversifying the Fund's exposure across a portfolio of equities and industry sectors.

Maintaining a robust, risk managed portfolio is a key objective for the Fund. No more than 40% of the portfolio may be held in any single industry sector at any time.

Secondly, the Fund is able to allocate up to 30% in cash should Datt Capital consider it advisable to reduce risk. The Fund's asset allocation will vary according to market conditions, volatility and investment opportunities available. The Fund utilises an active strategy which allows allocation of capital between cash and equities according to what the Manager considers to be the best opportunities at the most appropriate time.

The minimum and maximum asset allocations will generally be as follows:

- Cash: 2-30%
- Australian Equities: 70-98%

Risk is monitored on a daily basis, and portfolio stress testing is undertaken prior to positions being entered, with regard to a number of elements, including but not limited to sector, market capitalisation and other relevant factors.

Portfolio leverage

The Fund will not utilise any leverage at the portfolio level.

Alignment

The Manager will be aligned with other investors in the Fund as:

- The Manager's family and staff will be investing a portion of their own liquid assets into the Fund. As significant co-investors, the Manager has real 'skin in the game';
- The Manager's core tenet is to act as a fiduciary and steward for investors' capital; as such it treats investor interests as being senior to other interests.

Risks

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

Investment manager

Datt Capital is the investment manager for the Fund. Datt Capital is an Australian incorporated company owned by its Principal, Emanuel Datt and Partner, Tony Gu.

Fundhost and Datt Capital have signed an investment management agreement, which is broadly consistent with industry standards 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 Datt Capital or its personnel.

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

Emanuel Ajay Datt, Principal

Emanuel Datt is the founder of Datt Capital and holds ultimate responsibility for the Fund's performance. He has 16 years of investment management experience. Prior to this he worked in a range of private family businesses involved in the Commercial Real Estate, Tourism and Medical fields. Emanuel considers his practical experience in private businesses to be an invaluable and differentiating factor in the funds management landscape. He has an interest in early stage innovation companies, and has successfully provided seed capital and commercialisation advice for a number of companies in his own right and as a past member of an angel investor group.

Emanuel has obtained a Bachelor of Commerce (International Business) from Deakin University, a Master in Applied Finance (Corporate Finance) from Macquarie University and is a graduate and current member of the Australian Institute of Company Directors. He attended Melbourne Grammar School.

Emanuel is a director of the Datt Family Foundation, a charitable trust focused on the alleviation of childhood homelessness, poverty and care for disabled and orphaned children. Emanuel and his family will be investing on equal footing with co-investors, providing sound alignment of interests.

Emanuel is a regular and popular contributor to many Australian media outlets including: The Australian Financial Review (**AFR**), The Australian, Sky News, LiveWire Markets, AusBiz, The Motley Fool, Morningstar amongst others.

Tony Yi Gu, Partner

At Datt Capital, Tony leads the firm's research function. Tony is responsible for performing due diligence on all investment opportunities, as well as performing research on various investment strategies. Prior to joining Datt Capital, Tony had an entrepreneurial background co-founding several startups in Shanghai, China as well as acting as an angel investor. During this period, Tony had dealings with a number of well known venture capital funds and other private capital sources.

Tony has obtained a Bachelor of Commerce (Finance & Accounting) from Melbourne University, and a Master of Applied Finance from Monash University. He attended Melbourne Grammar School.

Prior to this Tony acted as the Chief Operating Officer for Wealth Electronics; a substantial private family business and a leading automotive component supplier in China. During this period, Tony was responsible for the smooth delivery and provision of services to a number of Fortune 500, multinational automotive manufacturer end users.

Tony has obtained a Bachelor of Commerce (Finance & Accounting) from Melbourne University, and a Master of Applied Finance from Monash University. He attended Melbourne Grammar School.

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 Datt Capital.

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.

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 Datt Capital. Evaluations focus on investment process as well as the business strength of Datt Capital, and its people, systems and processes including compliance and risk management.

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

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.

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

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 securities, cash, some unlisted securities	Australia	NAB

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.

Leverage

The Fund will employ no leverage at the portfolio level.

Short selling

The Fund does not engage in short selling.

Withdrawals

The Fund processes withdrawals monthly. Withdrawal requests are required to be received by Fundhost by 4.00pm. Sydney time, 1 business day prior to month end, for processing using the unit price effective for that month. Withdrawal requests received after this time will be processed using the unit price effective for the following 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.

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

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 investment skills of the Manager, and will be largely uncorrelated with movements in the broader equity market.

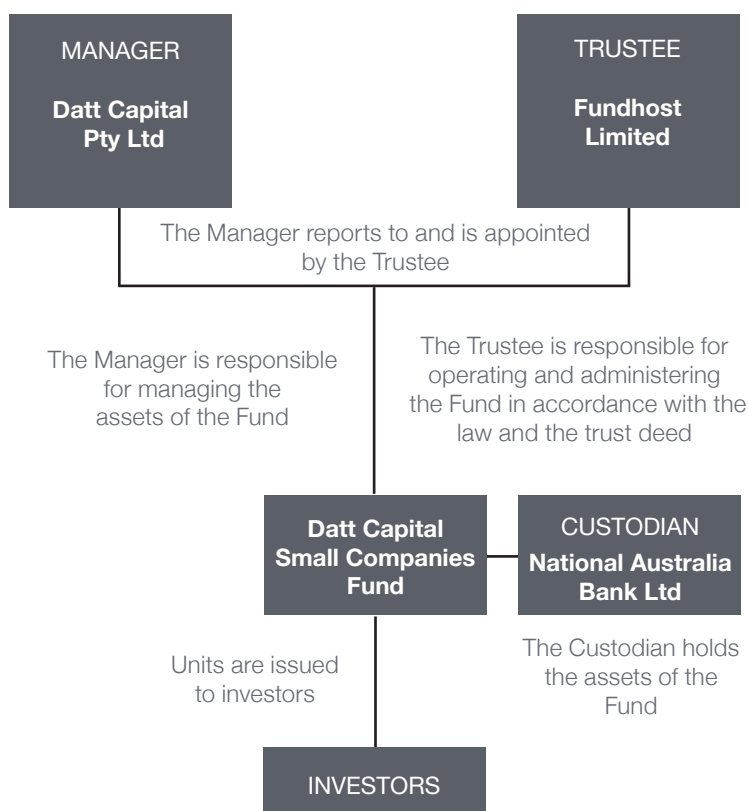
The strategy employed by the Fund is intended to generate capital growth and income although returns and protection of principal are not guaranteed. An investment in the Fund should be considered speculative and should only be made by investors who have a broader, diverse investment portfolio and who 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 Datt Capital 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 Datt Capital'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. Datt Capital 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

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 relatively small number of opportunities. Returns could be volatile and we therefore recommend an investment in the Fund forms part of a wider diverse portfolio. 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 Datt Capital's success in identifying and taking advantage of market opportunities.

Small company focus

The Fund will be focused on investing in ex-ASX100 Australian equities, and will aim to consistently achieve returns in excess of the ASX Small Ordinaries Accumulation Index (**XSOA**).

Manager alignment

The Principal and family will be investing a significant portion of their assets into the Fund, and will be reliant on the Fund's returns to build their own wealth.

Defensive allocation to cash

The Fund is able to allocate up to 30% in cash should Datt Capital consider it advisable to reduce risk.

Sector diversification

The Fund will be investing across multiple market sectors, which should theoretically reduce risk depending on the allocation and investment of assets.

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 rise and fall over time.

Investment returns are affected by many factors including market volatility, climate, interest rates and economic cycles. Changes in value can be significant and can occur quickly. Different types of investments have distinct performance at various times and possess different risk and volatility characteristics.

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

The significant risks associated with investing in the Fund are discussed below. We cannot eliminate all risks and cannot guarantee 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 Datt Capital.

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 may incur an investment loss.

Concentration risk

The Fund will have holdings in ASX listed equities across a range of market sectors. The Fund intends to typically hold 15-25 long equity positions depending on its asset and investment allocation. The Fund's equity portfolio therefore will be quite concentrated. This may cause the value of the investments to be more affected by any single adverse or positive economic, political or regulatory event or the outcome of any particular situation or transaction affecting the company, such as a takeover.

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 the responsible entity or other service providers.

Individual investment risk

Investments made by the Fund, like shares on the ASX 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. All these factors can increase individual investment risk.

Whilst this risk cannot be eliminated Datt Capital manages this risk by analysing and considering an appropriate investment size as a proportion of its portfolio, as well as the composition of the portfolio at the time of investment.

Market risk

Economic, technological, climate, health, political or legal conditions, interest rates and market conditions, can change, and changes in the value of investment markets can affect the value of the investments in unpredictable ways.

Datt Capital mitigates this risk by diversifying and deploying its funds across multiple investments, industry sectors and market capitalisations.

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 Datt Capital, Fundhost would do all things reasonably practicable to recover the value of the investments and would likely wind up the Fund. Fundhost may 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 may change (although we would always give you at least 30 days' notice if fees were to increase), Fundhost could be replaced as trustee of the Fund and 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.

Interest rate risk

The capital value or income of a security held by the Fund may be adversely affected by interest rate movements.

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.

Datt Capital mitigates this risk with appropriate consideration and regard for position sizing as a proportion of its portfolio and the duration of its various investments. Also by maintaining a minimum cash holding.

Market risk

Economic, technological, political or legal conditions, interest rates and even market sentiment, can (and do) change, and these changes can affect the value of the investments in the Fund.

Counterparty risk

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

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. Changes in political situations and changes to domestic tax positions can also impact on the Fund.

The Australian taxation consequences of an investment in the Fund, detailed in the 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. Changes in political situations and changes to 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.

Small companies risk

Small companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. The securities of small companies may also be less liquid than those of larger companies.

Fees and other costs

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Management fees and costs	1.78% per annum	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. They include investment manager fees of 1.54% pa as well as trustee, administration and custody fees. Management fees and costs also include ordinary operating expenses which are capped at 0.07% pa.
Performance fee	20.5% of the amount by which the Fund outperforms its benchmark (being the S&P/ASX Small Ordinaries Accumulation Index (XSOA)) after management fees and expenses have been deducted. It is payable quarterly. This fee is paid to Datt Capital.	Performance fees are not paid directly by you but are accrued monthly, deducted quarterly in arrears from the Fund and are reflected in your overall returns.
Withdrawal fee	Nil	

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 fees

Management fees are payable in relation to your 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. They include fees paid to the investment manager, the trustee, administrator and custodian.

Performance fees

20.5% of the amount by which the Fund outperforms its benchmark (being the S&P/ ASX Small Ordinaries Index (**XSOA**), after management fees and expenses have been deducted. This fee is paid to Datt Capital.

The performance fee is subject to a high water mark, so that underperformance needs to be made up before it is payable, but the high water mark may be reset as at 30 June 2024 and every second 30 June thereafter. The performance fee may be payable even though performance is negative.

The performance fees are not paid directly by you but are accrued monthly, deducted quarterly in arrears from the Fund, and are reflected in your overall returns.

Withdrawal fees

The Fund does not charge withdrawal fees.

Recoverable expenses

Ordinary recoverable expenses are the ordinary and every day expenses incurred in operating the Fund. These have been capped at 0.07% per annum. 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, Datt Capital will buy (and sell) investments, and this costs money (for example brokerage and custody costs are incurred).

When you withdraw, Datt Capital 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 0.7% of the unit price (that is +0.35% on the entry price and -0.35% on the exit price). So if the net asset value of each unit is \$0.0, on entry we adjust the unit price up approximately 0.35% and on exit we adjust the unit price down approximately 0.35%. 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.

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices, including the buy-sell spread. A copy of this policy is available on request.

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 IM 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?

If you are interested in:

- up to date Fund performance; or
- current unit prices

then ask your financial adviser, go to www.fundhost.com.au or call Fundhost on +61 (0)2 8223 5400,

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

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 Datt Capital to manage the Fund. Datt Capital uses its resources, experience and expertise to make the investment decisions.

We will appoint 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
Minimum initial investment	\$50,000
Minimum additional investment	\$5,000
Minimum withdrawal	\$5,000 or remaining balance
Minimum balance	\$50,000
Unit pricing frequency	Monthly

Applications and withdrawals processing

Application requests will be processed monthly. If your application request and investment is received before 4pm Sydney time, 1 business day 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, 1 business day prior to month end, it will be processed using the unit price effective for that month. If it is received after this time, 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**) and relevant tax legislation.

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 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 we consider appropriate in all the circumstances 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);
- 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;
- 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.

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 Datt Capital 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.

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 30 days of the distribution date. Year end distributions may take longer. Further information regarding taxation matters can be found in the section "[What about tax?](#)".

Keeping you informed

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.

What about tax?

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, annually. Distributions could comprise:

- income (like dividends and interest);
- 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 Datt Capital provide any tax advice.

A 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

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 also describes Fundhost's responsibilities 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.

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

Contact Fundhost

TELEPHONE	+ 61 (0)2 8223 5400
FAX	+ 61 (0)2 9232 8600
EMAIL	admin@fundhost.com.au
MAIL	PO Box N561 Grosvenor Place NSW 1220

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 14 days.

Privacy

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 Datt Capital, 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 monies¹);
- Provide us with an accountant certificate (in form annexed) which is not more 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 year²;
- 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.

¹Superannuation 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.

²In 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

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

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.