

Flinders Emerging Companies Fund - Class B



Product Disclosure Statement

mFund FEC01
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About this PDS

This Product Disclosure Statement (“PDS”) has been prepared and issued by Warakirri Asset Management Ltd (“Warakirri”, “we” or “Responsible Entity”) and is a summary of the significant information relating to an investment in the Flinders Emerging Companies Fund - Class B (the “Fund”). It contains a number of references to important information (including a glossary of terms) contained in the Flinders Investment Partners Reference Guide (“Reference Guide”), which forms part of this PDS. You should carefully read and consider both the information in this PDS, and the information in the Reference Guide, before making a decision about investing in the Fund.

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

The offer to which this PDS relates is only available to persons receiving this PDS in Australia and New Zealand (electronically or otherwise). New Zealand investors must read the Flinders Emerging Companies Fund – Class B New Zealand Investors Information Sheet before investing in the Fund. All references to dollars or “\$” in this PDS are to Australian dollars. New Zealand investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the Securities Act of 1933 as amended (“US Securities Act”). Warakirri may vary this position and offers may be accepted on merit at Warakirri’s discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise approved by Warakirri and may not be offered or sold in the US to, or for, the account of any US Person (as defined in the Reference Guide) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

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The Reference Guide

Throughout the PDS, there are references to additional information contained in the Reference Guide. You can obtain a copy of the PDS and the Reference Guide, free of charge, by emailing Flinders Investment Partners Pty Limited at clientservice@flindersinvest.com.au or by visiting www.flindersinvest.com.au or by calling the Responsible Entity.

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

Updated information

Information in this PDS is subject to change. We will notify you of any changes that have a material adverse impact on you or other significant events that affect the information contained in this PDS. Any information that is not materially adverse information is subject to change from time to time and may be obtained by emailing Flinders Investment Partners Pty Limited at clientservice@flindersinvest.com.au or by visiting www.flindersinvest.com.au. A paper copy of the updated information will be provided free of charge on request.

Investment Manager

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Web: www.flindersinvest.com.au
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246782

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RBC Investor Services Trust Registry
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1. About Warakirri Asset Management Ltd

The Responsible Entity

Warakirri Asset Management Limited

Warakirri is a boutique asset management firm with specialist investment capabilities, across agriculture and ethical investing in Australian and global equities. Warakirri has managed ethical investments since being founded in 1993. Warakirri also has a long history of partnering with highly skilled investment managers with proven capabilities to deliver quality investment solutions. Warakirri offers its clients investment opportunities and exposure across diverse strategies in selected asset classes through its distribution partnerships.

Warakirri's responsibilities and obligations as the Fund's responsible entity are governed by the Fund's constitution ("Constitution"), the Corporations Act and general trust law. Warakirri has appointed Flinders Investment Partners Pty Limited ("Flinders" or "Investment Manager") as the investment manager of the Fund. Warakirri has appointed a custodian to hold the assets of the Fund. The custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

The Investment Manager

Flinders Investment Partners Pty Limited

Flinders is a boutique investment manager with an investment team formed in June 2015 and comprising three Investment professionals with deep Australian equity market experience particularly in the emerging companies sector. Flinders is a corporate authorised representative (CAR) of Warakirri Asset Management Limited AFSL 246782.

The team uses detailed financial analysis combined with company, industry and market intelligence to select stocks and build diversified portfolios. It differentiates itself from other managers with the skill of its investment professionals, disciplined application of its rigorous investment process, an ability to respond quickly to investment opportunities and an investment philosophy and business structure that ensures that Flinders is aligned with its client's objectives.

2. How the Flinders Emerging Companies Fund - Class B works

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

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

Applying for units

You can acquire units by completing the Application Form that accompanies this PDS or by making an application through the mFund settlement service ("mFund") by placing a buy order for units with your licensed broker. Investors can also complete the application process online (please go to www.flindersinvest.com.au for further instructions). The minimum initial investment amount for the Fund is \$25,000.

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

RBC Investor Services Trust Registry Operations
GPO Box 4471
Sydney, NSW 2001
Australia

Or by Fax: 02 8262 5492

Please note that cash and cheques cannot be accepted.

Alternatively complete the online application available at www.flindersinvest.com.au. If you choose to apply for units in the Fund online you will be required to register, confirm your acceptance of the terms and conditions, and download a copy of this PDS prior to proceeding. The online application includes the option of completing your AML and KYC requirements online, and submitting the application directly using an electronic signature.

If applying via mFund you will need to provide the application money directly to your licensed broker.

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

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day is, in general terms, equal to the Net Asset Value ("NAV") of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this PDS, the Buy Spread is 0.35%.

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

Making additional investments

You can make additional investments into the Fund at any time by sending us your additional investment amount together with a completed Application Form. The minimum additional investment into the Fund is \$1,000 (unless otherwise determined by the Responsible Entity).

Distributions

An investor's share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by the investor at the end of the distribution period.

The Fund usually distributes income semi-annually at the end of June and December, however, Warakirri may change the distribution frequency without notice. Distributions are calculated effective the last day of each distribution period and are normally paid to investors as soon as practicable after the distribution calculation date.

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

- reinvested back into the Fund; or
- directly credited to their AUD Australian domiciled bank account.

Investors who do not indicate a preference will have their distributions automatically reinvested. Applications for reinvestment will be taken to be received immediately prior to the next Business Day after the relevant distribution period. There is no Buy Spread on distributions that are reinvested.

In some circumstances, the Constitution may allow for an investor's withdrawal proceeds to be taken to include a component of distributable income.

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

New Zealand investors can only have their distribution paid in cash if an AUD Australian domiciled bank account is provided, otherwise it must be reinvested (refer to the Flinders Emerging Companies Fund - Class B New Zealand Investors Information Sheet).

Access to your money

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

RBC Investor Services Trust Registry Operations
GPO Box 4471
Sydney, NSW 2001
Australia

Or by fax to 02 8262 5492

or by making a withdrawal request through mFund by placing a sell order for units with your licensed broker.

The minimum withdrawal amount is nil. Once we receive and accept your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s) or if the withdrawal is received via mFund.

Warakirri will generally allow an investor to access their investment within five days of acceptance of a withdrawal request by transferring the withdrawal proceeds to such investor's nominated bank account or, where the request is received via mFund, to the investor's licensed broker. However, Warakirri is allowed to reject withdrawal requests, and also to make payment up to 21 days after acceptance of a request (which may be extended in certain circumstances) as outlined in the Constitution and Reference Guide.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion.

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price on a Business Day is, in general terms, equal to the NAV of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.35%.

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

Warakirri reserves the right to fully redeem your investment if your investment balance in the Fund falls below \$20,000 as a result of processing your withdrawal request. In certain circumstances, for example, when there is a freeze on withdrawals, where accepting a withdrawal is not in the best interests of investors in the Fund including due to one or more circumstances outside its control or where the Fund is not liquid (as defined in the Corporations Act), Warakirri can deny or suspend a withdrawal request and you may not be able to withdraw your funds in the usual processing times or at all. When the Fund is not liquid, an investor can only withdraw when Warakirri makes a withdrawal offer to investors in accordance with the Corporations Act. Warakirri is not obliged to make such offers.

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

Unit pricing discretions policy

Warakirri has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of the assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy will be made available free of charge on request.

Additional information

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

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

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

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

Further reading

You should read the important information in the Reference Guide about:

- Application cut-off times;
- Application terms;
- Authorised signatories;
- Reports;
- Withdrawal cut-off times;
- Withdrawal terms; and
- Withdrawal restrictions.

under the "Investing in the Flinders Emerging Companies Fund - Class B", "Managing your investment" and "Withdrawing your investment" sections before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

3. Benefits of investing in the Flinders Emerging Companies Fund - Class B

The Fund is an actively managed portfolio that principally invests in Australian listed companies outside the S&P/ASX 100 Index. Benefits of investing in the Fund include:

- Access to the expertise of a specialist investment boutique structure;
- Active management to create significant opportunities for above market returns over a medium to long time frame by exploiting pricing inefficiencies more common in shares outside the S&P/ASX 100 Index;
- Diversified portfolio of stocks that spreads investment across a variety of sectors & companies; and
- Regular reporting to keep you up to date on your investments.

4. Risks of managed investment schemes

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

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

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

Concentration risk

Concentration risk is the risk that poor performance in a group of securities common to a particular section of the market will significantly affect the performance of the Fund. This risk is relevant for the Fund as it will seek to focus on investments in companies that are outside the top 100 companies listed on the ASX by market capitalisation, often referred to as the 'Small Cap' sector. Positions may be concentrated and may result in the returns of the Fund being highly dependent on the returns of few exposures.

Currency risk

The Fund may invest in securities listed on the NZSE (New Zealand Stock Exchange). Currency movements against the Australian dollar may adversely affect the domestic value of the Fund's investments and the income from those investments. Flinders does not hedge any New Zealand dollar exposures.

Derivatives risk

In the case of derivatives, fluctuations in price will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. The use of derivative positions to hedge the risk of physical securities will involve 'basis risk', which refers to the possibility that derivative positions may not move perfectly in line with the physical security. As a consequence, the derivative positions cannot be expected to perfectly hedge the risk of the physical security. Other risks associated with derivatives include that they can lose value because of a sudden price move or because of the passage of time, potential illiquidity of the derivative, that the Fund cannot meet payment obligations as they arise, and that the counterparty to any derivative contract does not meet its obligations under the contract.

Investment selection risk

Flinders uses an investment selection process to identify investment opportunities which it believes are most likely to outperform the Benchmark. There is a risk that these investments will not perform in line with Flinders expectations.

Investment specific risk

There may be instances where an investment in which the Fund invests will fall in price because of investment specific factors (for example, where a company's major product is subject to a product recall). The value of investments can vary because of changes to management, product distribution, investor confidence, internal operations or the company's business environment.

Sector selection risk

Flinders may make poor investment decisions resulting in sub-standard returns (for example, where Flinders gains exposure to a sector which significantly underperforms relative to other sectors).

Small companies' risk

The Fund will generally invest in companies that have lower than average market capitalisation. Small companies:

- may have less liquid and more volatile securities, compared to those of larger companies; and
- may be recently established entities, and as such publicly available information on their business activities may not be as easy to obtain compared to companies with larger market capitalisation.

For these reasons this sector may experience volatility and reduced liquidity.

Fund risk

As with all managed funds, there are risks particular to the Fund, including the possibility it could terminate or that the fees and expenses could change. There is also a risk that investing in the Fund may give different results than investing directly in the securities.

Inflation risk

Inflation risk is the risk that returns will not be sufficiently higher than inflation to enable an investor to meet their financial goals.

Interest rate risk

Changes in official interest rates can directly and indirectly impact on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on a company's value as increased borrowing costs may cause earnings to decline. As a result, the company's share price may fall.

Issuer risk

The value of investments can vary because of changes to an issuer's management, product distribution or business environment.

Legal risk

There is a risk that laws, including tax laws, might change or become difficult to enforce.

Liquidity risk

There may be times when securities may not be readily sold (for example, in a falling market where some traded securities may become less liquid). However, trading volumes of stock are generally sufficient to satisfy liquidity requirements when necessary. The Investment Manager has attempted to mitigate the liquidity risk factor by ensuring the Fund has sufficient cash exposure to meet liquidity requirements. Note that neither the Responsible Entity nor the Investment Manager guarantees the liquidity of the investments of the Fund.

Management risk

Each Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Market risk

Changes in legal and economic policy, political events, technology failure, economic cycles, investor sentiment and social climate can all directly or indirectly create an environment that may influence (negatively or positively) the value of your investment in the Fund. In addition, a downward move in the general level of the equity market can have a negative influence on the performance of the Fund.

5. How we invest your money

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

Investment objective

Designed to provide medium to long term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index by 3% per annum after fees over rolling three year period.

Please note the investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.

Benchmark

S&P/ASX Small Ordinaries Accumulation Index.

Minimum suggested time frame

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

Risk level of the Fund

High.

There is a risk investors may lose some or all of their initial investment. Higher risk investments tend to fluctuate in the short term but can produce higher returns than lower risk investments over the long term.

Investor suitability

Designed for investors seeking medium to long term capital growth potential by investing in a diversified portfolio of stocks comprising listed companies that are outside the S&P/ASX 100 Index.

Investment style and approach

The Manager's investment philosophy is based on the following beliefs:

- Markets are inefficient and hence an investment process utilising active stock picking can deliver superior returns (compared to the Index).
- Growing companies generate the most value for shareholders. A company which is able to grow earnings sustainably is able to reinvest for growth initiatives and therefore shareholders benefit from both capital growth and potentially income growth.
- Proprietary research is a key requirement to unearth attractive investment opportunities, since companies outside of the S&P/ASX 100 universe are characterised by a diverse range of industries, business structures and management capabilities.
- Risk management is critical in ensuring that we achieve more gains than losses and hence outperform. Specifically, we evaluate where the allocation of the risk budget would lead to gains and when it would end in losses.
- Restricting funds under management is important. This applies in two ways – the discipline to maintain funds under management to a level that does not affect the ability to implement investment strategies; and secondly, the ability to respond quickly to take advantage of opportunities as they arise.

Therefore, our investment process has a growth bias, is focused and disciplined in its application and proprietary research is its cornerstone. In practice, our investment process seeks to answer the following questions:

1. What is the company's growth potential?

In assessing the growth options we identify the key drivers. Growth can be either: organic; by acquisition; or cyclical. We also consider the sustainability of growth.

2. Can management deliver?

We determine whether a management team can successfully execute a business strategy to exploit growth.

3. What is the company's financial strength?

Through our integrated financial modelling we deduce whether the company can support our expectations for growth.

4. What are the risks?

Through our company, industry and market knowledge we deduce whether any material risks are at play and whether they can be managed.

5. What price should we pay?

We derive a company valuation using our detailed financial modelling. This value is compared to the prevailing share price as well as all other company valuations in the universe of stocks under coverage.

Once the stock analysis is completed, the investment characteristics are compared across all companies within our coverage universe to determine its suitability for the portfolio. The outcome is a portfolio of high quality companies, with strong growth opportunities, which are attractively priced.

Asset allocation

The Fund will invest in a diversified portfolio of stocks comprising listed (or soon to be listed companies) companies that are outside the S&P/ASX 100 Index (90%-100% of the Fund) with the remainder of the Fund in cash (0%-10%).

Flinders will use the following guidelines when selecting investments for the Fund:

- Minimum of 30 companies;
- Maximum of 60 companies;
- Maximum shareholding of 10% in any one listed company;
- No more than 10% of the portfolio in any one company;
- A company's holding in the portfolio will not exceed 5% (overweight) above or less than 5% (underweight) below the benchmark weight;
- Where securities subsequently become part of the S&P/ASX 100 Index, they will continue to be actively managed and sold within 12 months following the inclusion of the securities in the S&P/ASX 100 Index;
- The Fund may use derivatives for risk management purposes, as substitutes for physical securities;
- The Fund may invest up to 10% of the Fund in securities listed on the New Zealand Stock Exchange. No other overseas listed investments are permitted; and
- The Fund will not be geared.

Due to movements in the market or similar events, the guidelines set out above may not be adhered to from time to time. In these circumstances, Flinders will seek to bring the Fund's investments within the guidelines within a reasonable period of time.

Changing the investment strategy

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

Labour, environmental, social and ethical considerations

ESG issues are important in the investment process. Flinders will assess companies on ESG issues where they are relevant to that company's investment risk profile.

Fund performance

Up to date information on the performance of the Fund will be available by emailing Flinders at clientservice@flindersinvest.com.au or visiting the website www.flindersinvest.com.au.

6. Fees and costs

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your account 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 funds fee calculator to help you check out different fee options.

The information in the following template can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from an investor's account or deducted from investment returns. For information on tax please see Section 7 of this PDS.

TYPE OF FEE OR COST	Amount
Fees when your money moves in or out of the Fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management costs	
The fees and costs for managing your investment ¹	<p>Management fees: 1.10% p.a. of the NAV of the Fund²</p> <p>Performance fees: 20.628% of the amount by which the Fund's performance exceeds the sum of the S&P/ASX Small Ordinaries Accumulation Index and the management fee (known as the 'Performance Hurdle'). Any underperformance from a prior period must be recouped before a fee can be taken (we call this the high-watermark)³</p>

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

² Management fees can be negotiated. See "Differential fees" below.

³ This represents the performance fees which are payable as an expense of the Fund to the Investment Manager. See "Performance fees" below for more information.

Additional Explanation of fees and costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than by investing directly in the underlying assets of the Fund. Management costs include management fees and performance fees.

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

Management fees

The management fees of 1.10% p.a. of the NAV of the Fund are payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears and reflected in the unit price. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

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

Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Fund exceeds the sum of the performance of the S&P/ASX Small Ordinaries Accumulation Index ("Benchmark") and the management fee of the Fund ("Performance Hurdle"). The performance fees are 20.628% of this excess, calculated daily and paid semi-annually in arrears from the Fund and calculated based on the beginning NAV of the Fund over the relevant period.

No performance fees are payable until any accrued underperformance (in percentage terms) from prior periods has been made up (this feature is sometimes referred to as a high-watermark).

Based on the current calculation methodology for the performance fee, the Responsible Entity has estimated that the typical ongoing performance fee payable per annum may be \$309.50 assuming an average account balance of \$50,000 during the year. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the Benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available at www.flindersinvest.com.au.

Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transactional and operational costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold, and the costs of derivatives used for hedging purposes (if applicable). This generally happens when the assets of a fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of a fund.

The Buy/Sell Spread reflects the estimated transaction costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The Buy/Sell Spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption and not paid to Warakirri or the Investment Manager. The estimated Buy/Sell Spread is 0.35% upon entry and 0.35% upon exit. The dollar value of these costs based on an application or a withdrawal of \$25,000 is \$87.50 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time and www.flindersinvest.com.au will be updated as soon as practicable to reflect any change. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

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

During the financial year ended 30 June 2020, the total transaction costs for the Fund were 0.55% of the NAV of the Fund, of which 61.2% of these transaction costs were recouped via the Buy/Sell Spread, resulting in a net transactional cost to the Fund of 0.21% p.a. However, such costs for future years may differ.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. Warakirri has the right to recover all reasonable expenses incurred in relation to the proper performance of its duties in managing the Fund and as such these expenses may increase or decrease accordingly. We will generally provide investors with at least 30 days' notice of any proposed change to the management costs. In most circumstances, the Constitution defines the maximum level that can be charged for fees described in this PDS. Expense recoveries may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law.

Payments to IDPS Operators

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

Differential fees

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

mFund

Warning: if you are transacting through mFund your stockbroker or accredited intermediary may charge you additional fees (see their Financial Services Guide).

Example of annual fees and costs for the Fund

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

EXAMPLE – Flinders Emerging Companies Fund - Class B		
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:	3.18% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$1,590 each year comprising:
Management fees:	1.10% p.a.	\$550
Performance fees:	2.08% p.a.	\$1,040
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$1,590* What it costs you will depend on the fees you negotiate.

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

* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

The performance fees stated in this table shows the actual performance fees for the financial year ended 30 June 2020 as a percentage of the Fund's average NAV. The performance of the Fund, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Fund or the amount of the performance fees in the future. See also above (next to the heading "Performance fees") our estimated typical ongoing performance fees fee payable per annum. The actual indirect costs and performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Fund, visit www.flindersinvest.com.au. Past performance is not a reliable indicator of future performance.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on account balances.

Further reading...

You should read the important information in the Reference Guide about:

- Performance fee example

under the “Additional information on fees and costs” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

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

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

Further reading

You should read the important information about Taxation under the “Other important information” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

8. How to apply

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

RBC Investor Services Trust Registry Operations
GPO Box 4471
Sydney, NSW 2001
Australia

Or by Fax: 02 8262 5492

Alternatively complete the online application available at www.flindersinvest.com.au. If you choose to apply for units in the Fund online you will be required to register, confirm your acceptance of the terms and conditions, and download a copy of this PDS prior to proceeding. The online application includes the option of completing your AML and KYC requirements online, and submitting the application directly using an electronic signature.

If applying via mFund you will need to provide the application money directly to your licensed broker.

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

Who can invest?

Eligible persons (as detailed in the ‘About this PDS’ section) can invest, however individual investors must be 18 years of age or over.

Investors investing through an IDPS should use the application form provided by their IDPS Operator.

9. Other information

Consent

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

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

The Investment Manager has not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. None of the Investment Manager nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which they have provided their written consent to Warakirri for inclusion in this PDS.

mFund Settlement Service

You must use a mFund accredited and licensed broker to facilitate your transactions on mFund. Your chosen broker may charge you additional fees which are not outlined in Section 6 of this PDS.

Further reading

You should read the important information in the Reference Guide about:

- Your privacy;
- The Constitution;
- Anti-Money Laundering and Counter Terrorism Financing (“AML/CTF”);
- Cooling off period;
- Complaints resolution;
- Indirect Investors;
- Information on underlying investments;
- Foreign Account Tax Compliance Act (“FATCA”); and
- Common Reporting Standard (“CRS”),

under the “Other important information” section before making a decision. Go to the Reference Guide which is available at www.flindersinvest.com.au. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

Flinders Emerging Companies Fund - Class B

Reference Guide

Issue Date 22 February 2021



About this Reference Guide

This Reference Guide ("RG") dated 22 February 2021 has been prepared and issued by Warakirri Asset Management Limited ("Warakirri", "we" or "Responsible Entity"). The information in this document forms part of the Product Disclosure Statement ("PDS") for the Flinders Emerging Companies Fund - Class B ("Fund").

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

Updated information

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

You can request a copy of the PDS and RG by visiting www.flindersinvest.com.au and you can also request a copy by emailing Flinders Investment Partners Pty Limited at clientservice@flindersinvest.com.au. A paper copy of the updated information will also be provided free of charge on request.

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1. Investing in the Flinders Emerging Companies Fund - Class B
2. Managing your investment
3. Withdrawing your investment
4. Additional information on fees and costs
5. Other important information
6. Glossary

Investment Manager

Flinders Investment Partners Pty Limited
ABN 91 639 796 160
Email: clientservice@flindersinvest.com.au
Web: www.flindersinvest.com.au

Corporate Authorised Representative (CAR)
of Warakirri Asset Management Limited AFSL
246782

Custodian and Registry

RBC Investor Services Trust Registry
Operations
GPO Box 4471
Sydney, NSW 2001
Australia

Responsible Entity

Warakirri Asset Management Limited
ABN 33 057 529 370, AFSL 246782
Level3, 53 Queen Street
Melbourne VIC 3000
Ph: 1300 927 254
Web: www.warakirri.com.au

1. Investing in the Flinders Emerging Companies Fund - Class B

Application cut-off times

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

- before or at 2pm (Melbourne time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for that Business Day; or
- after 2pm (Melbourne time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for the next Business Day.

Please see the PDS for information regarding how to apply.

Application terms

We will only start processing an application if:

- we consider that you have correctly completed the Application Form;
- you have provided us with the relevant identification documents if required; and
- we have received the application money (in cleared funds) stated in your Application Form.

mFund

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

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

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

2. Managing your investment

Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the Application Form and have them sign the relevant sections. If you wish to apply or have applied for units via mFund, please contact the Administrator for the appropriate form that your authorised signatories will need to sign. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions be changed;
- withdrawing all or part of your investment;
- changing bank account details; and
- enquiring and obtaining copies of the status of your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;

- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, claims and demands arising from instructions received from your authorised signatory; and
- you agree that our acting on any instructions received from your authorised signatory shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

Reports

Investors will be provided with the following reports:

- application and withdrawal confirmation statements;
- transaction statements; and
- (where applicable), distribution and tax statements.

Annual audited financial accounts are available on Warakirri website.

3. Withdrawing your investment

Withdrawal cut-off times

If we receive a withdrawal request:

- before or at 2pm (Melbourne time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for that Business Day; or
- after 2pm (Melbourne time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for the next Business Day.

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

Withdrawal terms

Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

We may contact you to check your details before processing your withdrawal request but are not obliged to. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.

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

- Withdrawals will only be paid to the investor.
- We reserve the right to fully redeem your investment if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set out in the PDS.
- If we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier, email or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms, you, and any person claiming on your behalf, shall have no claim against us with regards to such payment.

mFund

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

Withdrawal restrictions

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

The Fund will be deemed liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, we may at any time suspend consideration of withdrawal requests or defer our obligation to pay withdrawal proceeds if it is not possible, or not in the best interests of investors or former investors for us to do so, due to circumstances outside our control (such as restricted or suspended trading in a Fund asset).

4. Additional information on fees and costs

Units in the Flinders Emerging Companies Fund – Class B are subject to the performance fee detailed in section 6. Fees and costs of the PDS for the Flinders Emerging Companies Fund – Class B whereby 20.628% (inclusive of GST less RITC) of the investment return above the performance hurdle is payable to Flinders as an expense of the Fund.

Warakirri does not consider there is any reasonable basis on which it may estimate performance fee expenses for the Fund. To estimate performance fee expenses would involve speculation about the return of the Fund against the Fund's performance hurdle. Warakirri therefore considers that to estimate performance fee expenses may potentially be misleading.

Additional explanation of Flinders Emerging Companies Fund- Class B performance fee

Where the aggregate amount of the daily performance fee amounts is negative, no performance fee will be reflected in the daily unit price and no performance fee will accrue until the total of the aggregate amount of the daily performance fee amount for the current Performance Fee Period and the negative balance carried forward from previous Performance Fee Periods is a positive amount.

If the aggregate of the daily performance fee amounts at the end of a Performance Fee Period is a positive amount, this positive amount is accrued as an expense and is deducted from the assets of the Fund at the end of each Performance Fee Period. The amount of the performance fee expense is paid to the Investment Manager.

Importantly, a positive accrued performance fee is not payable for the Performance Fee Period unless the investment return of the Fund is positive and the investment return of the fund has exceeded the performance hurdle. Therefore, if no performance fee is payable to the Manager for the period, then the accrued performance fee, will be carried forward into the next performance fee period.

Example of how the performance fee may affect your investment in the Flinders Emerging Companies Fund – Class B

The following is an example of the performance fee expense for a 6 month period ending 30 June or 31 December ("Performance Fee Period") payable on units of the Flinders Emerging Companies Fund – Class B. Terms referred to below have the same meaning as detailed in section 6. Fees and costs of the PDS for the Fund.

Assumptions:

- The percentage movement in the S&P/ASX Small Ordinaries Accumulation Index from the start of the Performance Fee Period to the end of the Performance Fee Period is 6%;
- the Fund's performance hurdle for the Performance Fee Period is 6.55%;
- the Fund's 'investment return' for the Performance Fee Period is 8%;
- the Fund's 'investment return' for the Performance Fee Period is assumed to accrue evenly over the course of the Performance Fee Period;
- the Fund's 'investment return' with reference to which the performance fee is calculated is a return prior to any deduction for Management costs; and
- there is no negative performance fee amounts for previous Performance Fee Periods to be carried forward.

On the basis of the above assumptions and if you had an investment in the Fund of \$100,000 at the beginning of the Performance Fee Period and no withdrawals were effected during the Performance Fee Period, your investment would bear a performance fee expense of approximately \$299.11 for the Performance Fee Period.

Please note that the 'investment return' specified in this example:

- is only an example to assist investors to understand the effect of the performance fee expense on the investment return of the Fund; and
- is not a forecast of the expected investment return for the Fund.

5. Other important information

Taxation

The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund on capital account and are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

A number of tax reform measures are currently under review by the Australian Government. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

General

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund is required to determine its net income (taxable income) for the year of income. On the basis that investors are presently entitled (which is the intention of Warakirri) to the net income of the Fund (including net taxable capital gains) or will be attributed their share of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund and the Fund is not a public trading trust, the Fund should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Fund's net taxable income or the amount attributed to them, and the Fund should not be subject to Australian income tax.

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

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

The Fund may qualify as an eligible Attribution Managed Investment Trust (AMIT), and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby Warakirri as the Responsible Entity of the Fund attributes amounts of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the Fund's Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, the following will apply:

Fair and reasonable attribution: Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

Unders or overs adjustments: Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments: Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of cost base adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement ("AMMA").

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

Penalties: In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

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

Deemed Capital Gains Tax ("CGT") Election

Eligible managed investment trusts ("MITs") may make an election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made the Fund should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses). Capital gains arising on the disposal of eligible investments held for 12 months or greater may be eligible to be treated as discount capital gains.

Where the CGT election is not made, the Fund should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

Controlled Foreign Company ("CFC") Provisions

There are certain tax rules (i.e. the CFC provisions) which may result in assessable income arising in the Fund in relation to investments in foreign equities, where certain control thresholds are met. If such interests were to be held at the end of the income year, the taxable income of the Fund may include a share of net income and gains (i.e. CFC attributable income) from such investments.

Taxation of Financial Arrangements ("TOFA")

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, the TOFA regime seeks to recognise "sufficiently certain" returns on certain financial arrangements on an accruals basis for tax purposes rather than on a realisation basis. Where returns from derivative instruments are not "sufficiently certain" they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

Taxation Reform

The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS, together with proposed changes to the taxation legislation as announced by the Government. However, the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

Tax File Number ("TFN") and Australian Business Number ("ABN")

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises Warakirri to apply it in respect of all the investor's investments with Warakirri. If the investor does not want to quote their TFN or ABN for some investments, Warakirri should be advised.

GST

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

The Fund may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The Fund may be entitled to as yet undetermined additional input tax credits on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on behalf of the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The impact of GST payments and credits will be reflected in the unit price of the Fund. Investors should seek professional advice with respect to the GST consequences arising from their unit holding.

Australian Taxation of Australian Resident Investors

Distributions

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them by Warakirri as the Responsible Entity of the Fund.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them.

Investors will receive an Annual Tax Statement (or an "AMMA" for an AMIT) detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset ("FITO") and franking credit entitlements, returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their units in the Fund (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund, in which case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Fund at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

Foreign Income

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

Disposal of Units by Australian Resident Investors

If an Australian resident investor transfers or redeems their units in the Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Fund on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 & 1/3% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for 12 months or more. No CGT discount is available to corporate investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued units of the Fund, the Fund has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in the Fund should seek advice on this issue.

Australian Taxation of Non-Resident Investors

Tax on Income

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by Warakirri as the Responsible Entity of the Fund to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Fund which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/ Exchange of Information Agreement ("EOI") between Australia and their country of residence.

Disposal of Units by Non-Resident Investors

Based on the Fund's investment profile, generally non-resident investors holding their units on capital account should not be subject to Australian capital gains tax on the disposal of units in the Fund unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account. CGT may also apply in some cases where the Fund has a direct or indirect interest in Australian real property. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

Your privacy

The Australian Privacy Principles contained in the Privacy Act 1988 (Cth) ("Privacy Act") regulate the way in which we collect, use, disclose, and otherwise handle your personal information. Warakirri is committed to respecting and protecting the privacy of your personal information, and our Privacy Policy details how we do this.

It is important to be aware that, in order to provide our products and services to you, Warakirri may need to collect personal information about you and any other individuals associated with the product or service offering. In addition to practical reasons, this is necessary to ensure compliance with our legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and taxation legislation). If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s).

You must therefore ensure that any personal information you provide to Warakirri is true and correct in every detail. If any of this personal information (including your contact details) changes, you must promptly advise us of the changes in writing. While we will generally collect your personal information from you, your broker or adviser or the Investment Manager and Administrator directly, we may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

In terms of how we deal with your personal information, Warakirri will use it for the purpose of providing you with our products and services and complying with our regulatory obligations. Warakirri may also disclose it to other members of our corporate group, or to third parties who we work with or engage for these same purposes. Such third parties may be situated in Australia or offshore, however we take reasonable steps to ensure that they will comply with the Privacy Act when collecting, using or handling your personal information.

The types of third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, Custodian and Administrator, auditors, or those that provide mailing or printing services;
- our other service providers;
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC; and
- other third parties who you have consented to us disclosing your information to, or to whom we are required or permitted by law to disclose information to.

Warakirri or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to “opt out” of such communications by contacting us using the contact details below.

In addition to the above information, Warakirri’s Privacy Policy contains further information about how we handle your personal information, and how you can access information held about you, seek a correction to that information, or make a privacy-related complaint.

Full details of Warakirri’s Privacy Policy are available at www.warakirri.com.au. You can also request a copy by contacting Warakirri’s Privacy Officer on +61 3 8613 1152 or by email to compliance@warakirri.com.au.

The Constitution

The Fund is governed by a constitution that sets out the Fund’s operation (the “Constitution”). The Constitution, together with the Fund’s PDS, the Corporations Act and other laws, regulate our legal relationship with investors in the Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund’s PDS and the Fund’s Constitution. You can request a copy of the Constitution free of charge from Warakirri. Please read these documents carefully before investing in the Fund.

We may amend the Constitution from time to time in accordance with the provisions in the Constitution and the Corporations Act.

Anti-Money Laundering and Counter Terrorism Financing (“AML/CTF”)

Australia’s AML/CTF laws require Warakirri to adopt and maintain a written AML/CTF Program. A fundamental part of the AML/CTF Program is that Warakirri must hold up-to-date information about investors (including beneficial owner information) in the Fund.

To meet this legal requirement, we need to collect certain identification information (including beneficial owner information) and documentation (“KYC Documents”) from new investors. Existing investors may also be asked to provide KYC Documents as part of an ongoing customer due diligence/verification process to comply with AML/CTF laws. If applicants or investors do not provide the applicable KYC Documents when requested, Warakirri may be unable to process an application, or may be unable to provide products or services to existing investors until such time as the information is provided.

In order to comply with AML/CTF Laws, Warakirri may also disclose information including your personal information that it holds about the applicant, an investor, or any beneficial owner, to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether inside or outside Australia). Warakirri may be prohibited by law from informing applicants or investors that such reporting has occurred.

Warakirri shall not be liable to applicants or investors for any loss you may suffer because of compliance with the AML/CTF laws.

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

Indirect Investors

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

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

Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Warakirri is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

Foreign Account Tax Compliance Act (“FATCA”)

In April 2014, the Australian Government signed an intergovernmental agreement (“IGA”) with the United States of America (“U.S.”), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents and U.S. controlling persons that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office (“ATO”). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

Common Reporting Standard (“CRS”)

The CRS is developed by the Organisation of Economic Co-operation and Development and requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS.

Cooling off period

If you are a Retail Client who has invested directly in the Fund, you may have a right to a ‘cooling off’ period in relation to your investment in the Fund for 14 days from the earlier of:

- confirmation of the investment being received; and
- the end of the fifth business day after the units are issued.

A Retail Client may exercise this right by notifying Warakirri in writing. A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant Application Price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unit holder in the Fund during the 14 day period. This could include selling part of your investment or switching it to another product.

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

Complaints resolution

Warakirri has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: +61 3 8613 1152
Post: C/- Complaints Officer
Warakirri Asset Management Ltd
Level 3, 53 Queen Street, Melbourne VIC 3000
Email: compliance@warakirri.com.au

We will acknowledge receipt of the complaint as soon as possible and in any case within 5 days of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 45 days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority (“AFCA”).

Contact details are:
Online: www.afca.org.au
Phone: 1800 931 678
Email: info@afca.org.au
Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it’s important that you contact us first.

6. Glossary

Application Form

The application form that accompanies the PDS.

ATO

Australian Tax Office.

AUSTRAC

Australian Transaction Reports and Analysis Centre.

Business Day

A day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne or if the administrator of the Trust primarily performs its administrative functions in respect of the Fund in a city other than Melbourne, the city in which the administrator performs such functions.

Corporations Act

The Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth) and as amended from time to time.

GST

Goods and Service Tax

Net Asset Value or NAV

The value of assets of a Fund, less the value of the liabilities of that Fund.

IDPS

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers. In New Zealand, the IDPS Operator needs to be licensed as a Discretionary Investment Management Service provider.

IDPS Operator

The entity responsible for operating an IDPS.

Indirect Investor

A person who invests in the Fund through an IDPS.

mFund

The mFund Settlement Service

Retail Client

Persons or entities defined as such under section 761G of the Corporations Act.

RITC

Reduced input tax credit. Warakirri will apply for reduced input tax credits where applicable to reduce the cost of GST to the Fund.

US Person

A person so classified under securities or tax law in the United States of America ("US") including, in broad terms, the following persons:

(a) any citizen of, or natural person resident in, the US, its territories or possessions; or

(b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

(c) any agency or branch of a foreign entity located in the US; or

(d) a pension plan primarily for US employees of a US Person; or

(e) a US collective investment vehicle unless not offered to US Persons; or

(f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or

(g) any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or

(h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or

(i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

We, us

Refers to Warakirri.

Wholesale Client

Persons or entities defined as such under section 761G of the Corporations Act.

You, your

Refers to an investor