

# Newgate Real Estate and Infrastructure Fund



## Product Disclosure Statement

ARSN 626 618 764  
APIR ETL2760AU  
Issue Date 19 June 2018

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#### Investment Manager

Newgate Investment Management Pty Ltd  
ABN 32 613 481 968  
Level 32, 8 Exhibition Street  
Melbourne VIC 3000  
Ph: +61 3 8560 5490  
Web: [www.newgatecap.com](http://www.newgatecap.com)

The Investment Manager is an authorised representative of Newgate Capital Partners Pty Ltd (ABN 32 606 357 831 AFSL 478 388)

#### Administrator and Custodian

Mainstream Fund Services Pty Ltd  
ACN 118 902 891  
GPO Box 4968  
Sydney NSW 2001  
Ph: 1300 133 451  
Fax: +61 2 9251 3525  
Web: [www.mainstreambpo.com.au](http://www.mainstreambpo.com.au)

#### Responsible Entity

Equity Trustees Limited  
ABN 46 004 031 298, AFSL 240975  
GPO Box 2307  
Melbourne VIC 3001  
Ph: +613 8623 5000  
Web: [www.eqt.com.au/insto](http://www.eqt.com.au/insto)

## About This Document and the Fund

This Product Disclosure Statement (PDS) was issued on the date on the front cover. This PDS is for the offer of Units in the Newgate Real Estate and Infrastructure Fund (**Fund**).

This PDS has been prepared by Equity Trustees Limited in its capacity as the responsible entity of the Fund (**Responsible Entity, Equity Trustees, us or we**). The investment manager is Newgate Investment Management Pty Ltd (**Investment Manager or Newgate**).

## Indirect Investors

The Responsible Entity has authorised the use of this PDS as disclosure to Investors who invest directly in the Fund, as well as Investors via an investor-directed portfolio service, master trust, wrap account or an investor-directed portfolio service-like scheme (**IDPS**). This PDS is available for use by persons applying for units through an IDPS (see "Indirect Investors" in Section 11).

Equity Trustees accepts no responsibility for an operator of an IDPS or any failure by an IDPS Operator to provide Indirect Investors with a current version of this PDS as provided by Equity Trustees or to withdraw the PDS from circulation if required by Equity Trustees.

## No Financial Product Advice

This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, Investment Manager, any associate, employee, agent or officer of the Responsible Entity, Investment Manager or any other person to invest in the Fund. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Fund solely on the information in this PDS. You should consider whether the information in this PDS is appropriate for you, having regard to your objectives, financial situation and needs and you may want to seek professional financial advice before making an investment decision.

Investors should ask their adviser if they have any questions about investing in the Fund (either directly or indirectly through an IDPS).

## No Guarantee

Equity Trustees, the Investment Manager and their employees, associates, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund. Past performance is no indication of future performance. An investment in the Fund does not represent a deposit with or a liability of Equity Trustees, the Investment Manager or any of their associates. An investment is subject to investment risk, including possible delays in repayment and loss of income or capital invested. Units in the Fund are offered and issued by the Responsible Entity on the terms and conditions described in this PDS. You should read this PDS in its entirety because you will become bound by it if you become an investor in the Fund.

## Do Not Rely on Forward-looking Statements

Any forward-looking statements included in this PDS involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Equity Trustees, the Investment Manager and their officers, employees, agents and

associates. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward-looking statements.

## Consider the Risks

In considering whether to invest in the Fund, investors should consider the risk factors that could affect the financial performance of the Fund. Some of the risk factors affecting the Fund are summarised in Section 6.

## No Offer Outside Australia

The offer to which this PDS relates is only available to persons receiving this PDS (electronically or otherwise) in Australia.

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

## Downloaded or e-mailed PDS

If you received this PDS electronically, you will need to print and read this document in its entirety. We will provide a paper copy free upon request during the life of this PDS.

## Updated Information

Certain information in this PDS is subject to change. We may update this information. You can obtain any updated information:

- by contacting Newgate on +61 3 8560 5490; or
- by visiting the Newgate website at [www.newgatecap.com](http://www.newgatecap.com)

If the change to the PDS is materially adverse from the point of view of an Investor, we will prepare a supplementary or replacement PDS.

A paper copy of the updated information or supplementary or replacement PDS will be provided free of charge on request.

You may also contact Equity Trustees:

- by writing to GPO Box 2307 Melbourne VIC 3001; or
- by calling +613 8623 5000

## Fees include GST

Unless otherwise stated, all fees quoted in the PDS are inclusive of Goods and Services Tax (GST), after allowing for an estimate for reduced input tax credits (RITC).

## Interpretation

Some words and expressions are given special meanings in this PDS (see Section 12 Glossary of important terms). All amounts are in Australian dollars unless otherwise specified. All references to legislation are to Australian law, unless otherwise specified, and refer to the legislation as amended from time to time. All dates and times refer to the date or time in Sydney.

# 1. Fund at a glance

	Summary	For further information
<i>Name of the Fund</i>	Newgate Real Estate and Infrastructure Fund	
<i>APIR Code</i>	ETL2760AU	
<i>ARSN</i>	626 618 764	
<i>Investment objective</i>	The Fund aims to generate absolute returns of 10 – 12% per annum after all fees over the medium to long term <sup>1</sup> . As an absolute return fund, the Fund aims to generate positive returns in both rising and falling markets and to achieve a return stream that is relatively more stable than the overall performance of the Australian equity markets.	Section 5.1
<i>Investment strategy</i>	<p>The Fund aims to generate absolute returns by exploiting inefficiencies in the pricing of real estate and infrastructure related securities listed (or expected to be listed) on a public exchange, predominantly in Australia.</p> <p>Performance is expected to be driven by stock selection with Long positions expected to rise and Short positions expected to fall in value. The investment process is based on fundamental research which starts with an assessment of the cash generating ability of the asset in concert with a focus on its capital and corporate structure. The Fund has a strong focus on risk control throughout the entire investment process.</p> <p>The Fund predominantly invests in Australian listed securities and may gain its exposure to listed securities via Equity Swaps. The Fund may invest in listed securities, derivatives and other instruments such as shares (including Initial Public Offerings (IPOs)), Futures, Swaps, depositary receipts, approved cash deposits and cash equivalents, and other funds (listed or unlisted) that themselves invest in such securities and instruments.</p>	Section 5.2
<i>The type(s) of investor(s) for whom the Fund would be suitable</i>	<p>The Fund employs specialist investment techniques that involve the use of Short positions and derivatives. You should only consider investing in the Fund if:</p> <ul style="list-style-type: none"> <li>• you have a relatively high risk tolerance and a medium to long-term investment horizon</li> <li>• you are advised by a financial adviser or have a high level of financial literacy and experience in investing in alternative investment strategies</li> <li>• you have carefully read all of this PDS</li> <li>• you understand and are comfortable with the risks associated with investing in the Fund</li> <li>• you have considered whether to seek, and if appropriate, you have sought, professional legal, taxation and financial advice to determine whether an investment in the Fund is appropriate for you, and</li> <li>• you have carefully considered the potential benefits and the risks involved in investing in the Fund, in light of your particular investment needs, objectives and financial and taxation circumstances.</li> </ul> <p>Refer to Section 6 of this PDS for a description of the risks of the Fund.</p>	Section 6
<i>Recommended investment timeframe</i>	Three or more years.	
<i>Minimum initial investment</i>	\$25,000, or such other value as specified by EQT from time to time	Section 7
<i>Minimum additional investment</i>	\$10,000, or such other value as specified by EQT from time to time	Section 7
<i>Minimum withdrawal amount</i>	\$10,000, or such other value as specified by EQT from time to time	Section 7
<i>Minimum balance</i>	\$25,000, or such other value as specified by EQT from time to time	Section 7
<i>Cut off time for applications and withdrawals</i>	The cut-off time for applications/withdrawals is before 12:00pm (Sydney time) on any Business Day.	Section 7
<i>Valuation frequency</i>	The Fund's assets are normally valued daily.	Section 5
<i>Applications</i>	Accepted each Business Day	Section 7
<i>Withdrawals</i>	Processed each Business Day. Withdrawal requests that are accepted are generally paid within 5 Business Days of a receipt of a withdrawal request although a longer period of time is permitted under the constitution.	Section 7

	Summary	For further information
<i>Income distribution</i>	<p>Determined semi-annually at the end of June and at the end of December and normally paid to investors within 21 Business Days of the period end.</p> <p>You may elect to have your distribution reinvested or directly credited to an account in your name held at a branch of an Australian domiciled bank.</p>	Section 7
<i>Management costs</i>	<p>Management fee of 1.54% p.a. of the net asset value of the Fund (inclusive of net impact of GST/RITC) plus a performance fee (see below). The management fee is accrued daily and paid monthly. It is deducted from the Fund's assets and reflected in the Fund's unit price.</p>	Section 9
<i>Buy/Sell spread</i>	<p>The Buy/Sell spread for the Fund, as at the date of this PDS, is +0.35% for applications and -0.35% for redemptions, but these may be varied from time to time. We may alter the Buy or Sell Spread at any time without notice or waive the Buy or Sell Spread in whole or in part on applications into the Fund, and withdrawals out of the Fund.</p>	Section 9
<i>Performance fee</i>	<p>20.5% p.a. (inclusive of the net impact of GST/RITC) of the Fund returns over the RBA 3 yr bond rate +2% p.a. (Hurdle Rate), subject to a high watermark. The performance fee is accrued daily and paid six monthly. It is deducted from the Fund's assets and reflected in the Fund's unit price.</p> <p>Refer to Section 9 of this PDS for more information and a worked dollar example.</p>	Section 9

<sup>1</sup> This is not a forecast. It is intended to be an indication of what the Fund aims to achieve over the medium to long term. The Fund may not be successful in meeting its objective. Returns are not guaranteed.

## 2. ASIC benchmarks

The Fund is a 'hedge fund' for the purposes of Australian Securities and Investments Commission (ASIC) Regulatory Guide 240. The following table sets out a summary of the disclosure ASIC requires for hedge funds, the key features of the Fund and a guide to where more detailed information can be found in this PDS. A copy of ASIC Regulatory Guide 240 dated October 2013 (as may be amended, supplemented or replaced from time to time) is available from [www.asic.gov.au](http://www.asic.gov.au).

The information summarised in this table and explained in detail in the identified section reference is intended to assist investors with analysing the risks of investing in the Fund. Investors should consider this information together with the detailed explanation of various benchmarks and principles referenced throughout this PDS and the key risks of investing in the Fund highlighted in section 6 of this PDS.

ASIC Benchmark	Is the benchmark satisfied?	Summary	For further information
Valuation of assets			
This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Yes	<p>The Responsible Entity has appointed an independent administrator, Mainstream Fund Services Pty Ltd, to provide administration services for the Fund, including valuation services.</p> <p>The Fund satisfies Benchmark 1 by having its non-exchange traded assets independently valued by the Administrator from independent pricing sources.</p>	Section 5.4
Periodic reporting			
This benchmark addresses whether the responsible entity of the Fund will provide periodic disclosure of certain key information specified by ASIC on an annual and monthly basis.	No	<p>This benchmark is not met in full as we do not provide investors with information on the maturity profile of the Fund's liabilities. We do not provide this information because it is not relevant given the investment strategy of the Fund. Section 8 of this PDS sets out the information that will be provided, how often it is available and where it can be accessed.</p> <p>For the purposes of ASIC Regulatory Guide 240:</p> <ul style="list-style-type: none"> <li>The following information will be provided to investors on an annual basis: <ul style="list-style-type: none"> <li>the actual allocation to each asset type</li> <li>the liquidity profile of the portfolio assets</li> <li>the Fund's leverage ratio, and</li> <li>the names of the derivatives counterparties engaged by the Fund, and</li> <li>the key service providers if they have changed since the latest report given to Investors, including any change in their related party status.</li> </ul> </li> <li>The following information will be provided to investors on a monthly basis: <ul style="list-style-type: none"> <li>the Fund's current total net asset value</li> <li>the monthly and annual investment returns over at least a five year period</li> <li>the redemption value of a unit in the Fund</li> <li>the net return on the Fund's assets after fees, costs and taxes</li> <li>any changes (including changes in related party status) to any of the Fund's key service providers, and</li> <li>any material change in the Fund's risk profile or strategy, or change in the individuals playing a key role in making the Fund's investment decisions.</li> </ul> </li> </ul>	Section 8

### 3. ASIC regulatory guide 240 - disclosure principles

	Summary	Section (for further information)
<i>Investment strategy</i>	<p>The Fund aims to generate absolute returns by exploiting inefficiencies in the pricing of real estate and infrastructure related securities listed (or expected to be listed) on a public exchange, predominantly in Australia. Performance is expected to be driven by stock selection with Long positions expected to rise and Short positions expected to fall in value.</p> <p>The Fund predominantly invests in Australian listed securities and may gain its exposure to listed securities via Equity Swaps. The Fund may invest in listed securities, derivatives and other instruments such as shares (including Initial Public Offerings (IPOs)), Futures, Swaps, depositary receipts, approved cash deposits and cash equivalents, and other funds (listed or unlisted) that themselves invest in such securities and instruments.</p> <p>The investment process is based on fundamental research which starts with an assessment of the cash generating ability of the asset in concert with a focus on its capital and corporate structure. The Fund has a strong focus on risk control throughout the entire investment process.</p>	Section 5.2
<i>Investment manager</i>	<p>The Responsible Entity has appointed Newgate Investment Management Pty Ltd as the Investment Manager of the Fund. Newgate Investment Management Pty Ltd is an authorised representative of Newgate Capital Partners Pty Ltd.</p> <p>See Section 4 in relation to the expertise of the Investment Manager and the Investment Management Agreement under which the Investment Manager has been appointed.</p>	Section 4
<i>Fund structure</i>	<p>The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme.</p> <p>The responsible entity of the Fund is Equity Trustees. Equity Trustees may appoint service providers to assist in the ongoing operation, management and administration of the Fund.</p> <p>The key service providers to the Fund are:</p> <ul style="list-style-type: none"> <li>• Newgate Investment Management Pty Ltd, the investment manager of the Fund and an authorised representative of Newgate Capital Partners Pty Ltd (Melbourne, Australia);</li> <li>• Mainstream Fund Services Pty Ltd, the custodian and administrator of the assets of the Fund (Singapore, and Sydney, Australia);</li> <li>• Macquarie Bank Limited, the prime broker of the Fund (Sydney, Australia, and London, United Kingdom); and</li> <li>• PwC Australia, the auditor of the Fund (Melbourne, Australia).</li> </ul> <p>There are no material arrangements in connection with the Fund that are not managed on arm's length terms. See Section 4 for further information on some of these key service providers and Section 5.3 for further information on Equity Trustees' role in monitoring the performance of service providers.</p>	Section 4, 5.3
<i>Valuation, location and custody of assets</i>	<p>Mainstream Fund Services Pty Ltd is the custodian and administrator of the Fund and provides custodial, administrative, accounting and registry transfer agency services. The Administrator and Custodian is responsible for calculating the Fund's NAV.</p> <p>Macquarie Bank Limited is the prime broker of the Fund's assets.</p> <p>The majority of the Fund's assets will be located in the Australian region and denominated in Australian dollars. The Fund may have some exposure to investments denominated in currencies other than Australian dollars.</p>	Section 5.4
<i>Liquidity</i>	<p>As at the date of this PDS, the Responsible Entity and Investment Manager expect that the Fund will be able to realise at least 80% of the Fund's assets, under normal conditions, at the value ascribed to those assets in the most recent calculation of the Fund's net asset value, within 10 Business Days (subject to any relevant transaction costs).</p> <p>You should note that there are risks associated with liquidity. Refer to Section 6 of this PDS for more information on those risks.</p>	Section 5.5, 6

	Summary	Section (for further information)
<i>Leverage</i>	<p>The Fund may borrow to leverage its exposure to the underlying investments. The level of leverage utilised may be significant and may vary from time to time, including in response to changing market conditions. While the use of leverage may increase the potential return on an investment in the Fund, it also increases the level of risk and may also result in substantial losses. Refer to Sections 5.6 and 6 of this PDS for more information.</p> <p>You should note there are risks associated with the use of leverage. Refer to Section 6 for more information on those risks.</p>	Section 5.6 and 6
<i>Derivatives</i>	<p>The Fund may use Derivatives as a way to access certain investments and to hedge the overall exposure of the Fund. The Fund also has the ability to use derivatives to leverage its exposure to particular investments, although it does not generally do so. The Fund may use both exchange-traded and over-the-counter derivatives including Futures, Forwards and Swaps. All of the Fund's derivatives counterparties must be of investment grade at the time of trading and have, in the Investment Manager's reasonable opinion, sufficient expertise and experience in trading such derivatives. You should note that there are risks associated with the use of derivatives including the requirement to post collateral.</p> <p>For key risks to the Fund associated with the collateral requirements of the derivative counterparties, please see Section 6.</p>	Section 5.7 and 6
<i>Short selling</i>	<p>In accordance with its Long/Short investment strategy, the Fund will hold Short positions in securities that the Investment Manager believes will fall in value. The Fund generally takes a Short position by borrowing a security from a stock lender and selling it at the prevailing market price with the intention of buying it on the market at a lower price in the future, and then returning it to the stock lender. Refer to Section 5.8 of this PDS for more information.</p> <p>You should note that there are specific risks associated with short selling. Refer to Section 6 of this PDS for more information on those risks.</p>	Section 5.8 and 6
<i>Withdrawals</i>	<p>Processed each Business Day. Withdrawal requests must be received by 12pm (Sydney time) on any Business Day to receive that day's unit price.</p> <p>Withdrawal requests that are accepted are generally paid within 5 Business Days of a receipt of a withdrawal request although a longer period of time is permitted under the Constitution.</p> <p>In some circumstances, investors may not be able to redeem their investment in the usual period or at all.</p> <p>Refer to Sections 5 and 7 of this PDS for more information on making a withdrawal.</p>	Section 7



## 4. Who is managing the Fund?

### The Responsible Entity

#### Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 ("Equity Trustees"), a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's Responsible Entity and issuer of this PDS. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Fund's Responsible Entity are governed by the Fund's Constitution, the Corporations Act and general trust law. Equity Trustees has appointed Newgate Investment Management Pty Ltd ABN 32 613 481 968 as the investment manager of the Fund.

### The Investment Manager

#### Newgate Investment Management Pty Ltd

Newgate Investment Management Pty Ltd ABN 32 613 481 968 ("Newgate" or "Investment Manager") is the Investment Manager of the Fund. Newgate Investment Management Pty Ltd is an authorised representative of Newgate Capital Partners Pty Ltd (ABN 32 606 357 831, AFSL 478 388).

Newgate is an alternatives investment management company established in Melbourne in 2015 with a focus on Long/Short strategies. The firm manages money for high net worth individuals, family offices and specialist institutions. Newgate is 100% owned by its directors.

See Section 5 for additional information on the Investment Manager.

Investment Team:

*Timothy Hannon*

Tim has 23 years' experience in the investment and securities markets and is the Founder and Chief Investment Officer of Newgate Capital Partners Pty Ltd and Newgate. Tim was a partner of Goldman Sachs JBWere and during his 16-year tenure at the firm had experience across all areas of equities investing. Tim was Head of Australian Equities, Head of Real Estate and Co-Manager of Global Real Estate Securities portfolios with Goldman Sachs LLP. Tim was also founder and co-manager of the Goldman Sachs JBWere Australian Infrastructure Securities Fund, and co-manager of the award winning Goldman Sachs JBWere Emerging Leaders Fund.

Tim has won or been shortlisted for numerous industry awards, including:

- Morningstar Emerging Companies Fund Manager of the Year 2000
- Money Management/ASSIRT Australian Equities Fund Manager of the Year 2001
- Morningstar Finalist Property Fund Manager of the Year 2004
- S&P Finalist Property Fund Manager of the Year 2004
- Morningstar Property Fund Manager of the Year 2005
- S&P Property Fund Manager of the Year 2006
- Morningstar Finalist Property Fund Manager of the Year 2007
- Best Emerging Manager Award, Australian Hedge Fund Awards 2011, Sponsored by UBS

Tim holds a Bachelor of Economics from the University of Tasmania, is a Fellow of the Financial Services Institute of Australia (FINSIA) and has a Masters of Business Administration (MBA) from the Melbourne Business School.

*Andrew Lewandowski*

Andrew has over ten years' experience in equity markets. Prior to joining Newgate, Andrew spent eight years with Deutsche Bank as a Vice President in their Equity Research division. His role included coverage of Australian Equities & Utilities, lead coverage on Emerging Energy, and lead coverage of Japanese Trading Companies & Energy. Prior to Deutsche Bank, Andrew was an Analyst with Credit Suisse Investment Banking.

Andrew holds a Bachelor of Commerce and Bachelor of Laws from the University of Melbourne and is a level III candidate in the CFA Program.

### Investment Management Agreement

Under the Investment Management Agreement between the Investment Manager and Equity Trustees, Equity Trustees can terminate the Investment Manager's appointment where the Investment Manager becomes insolvent, materially breaches the agreement, ceases to carry on its business or in certain other circumstances. In the event that Equity Trustees terminates the Investment Manager following one of these events, the Investment Manager's appointment would cease upon any termination date specified in the notice, and the Investment Manager would be entitled to receive fees in accordance with the agreement until the effective date of termination. From an investor's perspective, the Responsible Entity considers that there are no unusual or materially onerous terms in the Investment Management Agreement.

There have been no adverse regulatory findings against the key individuals in the investment team, and no adverse regulatory findings against the Investment Manager itself. Each of the listed investment professionals devote the majority of their time on the investment strategy and other similar strategies.

### The Administrator and Custodian

#### Mainstream Fund Services Pty Limited

The Responsible Entity has appointed Mainstream Fund Services Pty Limited to act as administrator and custodian for the portfolio. In such capacity, the Administrator performs all general administrative tasks for the portfolio, including keeping financial books and records and calculating the Net Asset Value of the portfolio.

The Responsible Entity has entered into an Administration and Custody Agreement with the Administrator, which governs the services that will be provided by the Administrator and Custodian to the portfolio.

The Investment Manager may at any time, in consultation with the Responsible Entity, make recommendations in relation to the selection of any other administrator to serve as administrator to the portfolio.

### Prime Broker

#### Macquarie Bank Limited

The Responsible Entity has appointed Macquarie Bank Ltd as Prime Broker for the Fund. As prime broker to the Fund, Macquarie will provide broking, stock lending and other services. The Prime Broker does not make investment decisions in respect of the assets, has no supervisory role in relation to the operations of the Fund and has no liability or responsibility to investors.



## 5. How the Fund invests

### 5.1 Investment objective

The Newgate Real Estate and Infrastructure Fund aims to generate absolute returns of 10 – 12% per annum after all fees over the medium to long term. As an absolute return fund, the Fund aims to generate positive returns in both rising and falling markets and to achieve a return stream that is relatively more stable than the overall performance of Australian equity markets.

This is not a forecast. It is merely an indication of what the Investment Manager aims to achieve over the medium to long term. The Fund may not be successful in meeting its objective in any period or in all periods. Returns are not guaranteed.

### 5.2. Investment strategy

The Fund aims to generate absolute returns by exploiting inefficiencies in the pricing of real estate and infrastructure related securities listed (or expected to be listed) on a public exchange, predominantly in Australia and denominated in Australian dollars. The Fund may have exposure to investments denominated in currencies other than Australian dollars. Performance is expected to be driven by stock selection with Long positions expected to rise and Short positions expected to fall in value.

The Fund predominantly invests in Australian listed equities and may gain its exposure to listed securities via Equity Swaps. The Fund may invest in listed securities, derivatives and other instruments such as shares (including Initial Public Offerings (IPOs)), Futures, Swaps, depositary receipts, approved cash deposits and cash equivalents, and other funds (listed or unlisted) that themselves invest in such securities and instruments. The allocation range for each asset type is 0-100% subject to the Fund's investment Guidelines.

EQT reserves the right to change the Fund's investment strategy from time to time. Any changes to the investment strategy will be notified to investors in accordance with the law.

#### Investment Process

The Investment Manager uses an initial screening framework to highlight securities within the target investment universe where there are likely to be errors in market expectations and where they could change to impact security prices.

The investment process comprises three key components, each of which ensures a disciplined approach in the pursuit of consistent and strong returns.

#### 1. Research

Research is based on fundamental analysis and starts with an assessment of the cash generating ability of the asset in concert with a focus on its capital and corporate structure. The

### 5.3. Fund structure

The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme. Each unit gives an investor in the Fund a beneficial interest in the Fund's assets as a whole, but not an entitlement to, or interest in, any particular asset of the Fund. The Responsible Entity of the Fund is responsible for operating the Fund in accordance with the Fund's constitution and the Corporations Act.

The service providers involved in the Fund's investment structure are listed in Section 3 along with their geographical locations, and are set out in more detail in Section 4. None of the Responsible Entity, the Investment Manager, the Prime Broker and the Administrator/Custodian is a related party. The Responsible Entity monitors performance of the service providers against service standards set out in the relevant agreements.

The service providers engaged by the Responsible Entity may change without notice to Investors. Specific risks relating to the Fund structure and use of third party service providers are outlined in Section 6. Fees and costs relating to the use of service providers are outlined in Section 9. Please see diagram below for the structure of the Fund.

Investment Manager analyses the underlying asset quality, human capital, income, macro-economic risk, liquidity and diversification

#### 2. Valuation

The Investment Manager uses Net Asset Valuation (NAV) and Free Cash Flow (FCF) Yield valuation methodologies to highlight mispriced securities and sectors.

#### 3. Portfolio Construction

Portfolio positions are set by incorporating valuation, market momentum, liquidity and volatility.

The Fund will also use trading strategies via rebalancing of core portfolio positions as well as taking advantage of short term inefficiencies in markets caused by an imbalance in demand and supply for real estate and infrastructure securities.

#### Investment Guidelines

The assets of the Fund will generally be invested in accordance with the following diversification guidelines and limits:

- The Fund may have no more than 15% of its NAV invested in any one Long position
- The Fund may have no more than 10% of its NAV invested in any one Short position
- The maximum gross exposure of the Fund is 300% of its NAV
- The maximum net exposure of the Fund is 150% of its NAV

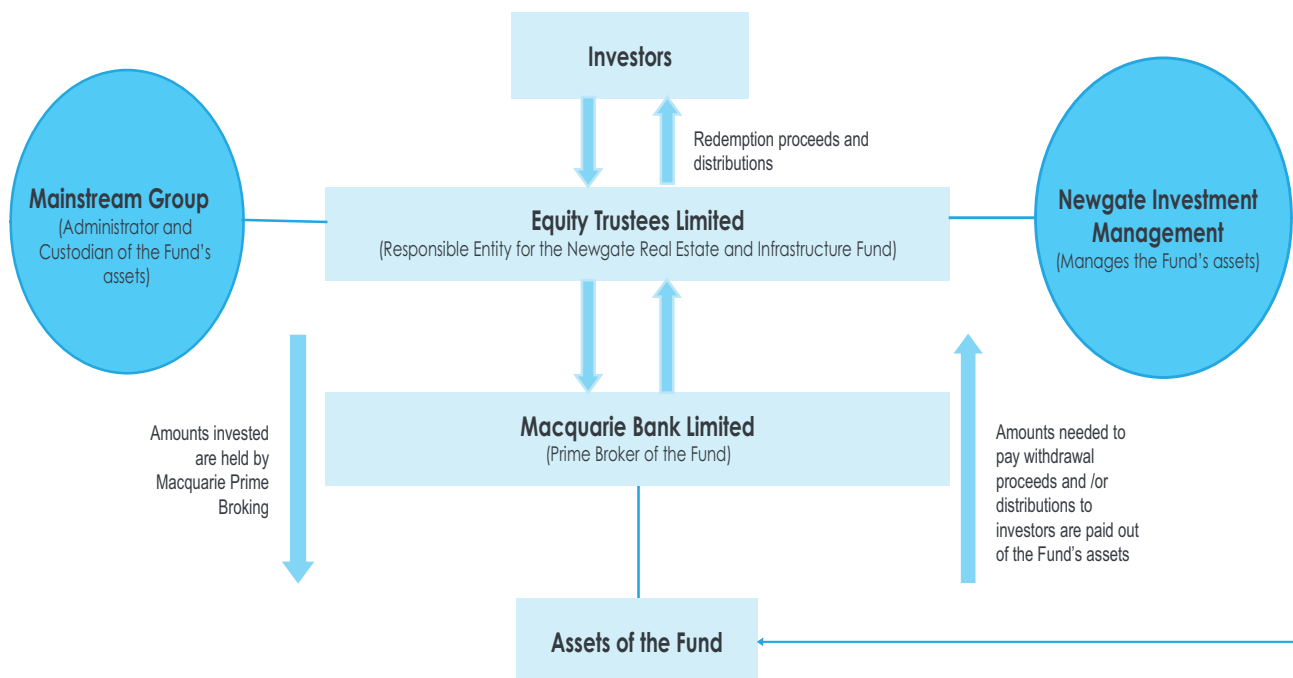
Due to movements in the market or similar events, the guidelines set out above may not be adhered to from time to time. In these circumstances, the Investment Manager will seek to bring the Fund's investments back within the guidelines within a reasonable period of time.

#### Risk Management

The specific risks associated with the investment strategy include short-selling risk, investment risk, leverage risk, and derivatives risk which are explained in further detail in Section 6 along with other key risks.

The Investment Manager manages the risk of the Fund by employing the above investment strategy and investment process to ensure appropriate due diligence and valuation is undertaken with regards to potential investments. In addition, the Investment Manager has imposed various limits (for example, refer to Section 5.6 for a summary of how the Investment Manager limits leverage) and various other policies and controls with regards to managing the investments of the Fund. For example, see section 5.8 for a summary of how the Investment Manager manages the risks associated with short selling.

For a detailed explanation on the role of leverage, derivatives and short selling as part of the Fund's investment strategy, please see Sections 5.6, 5.7 and 5.8.



## 5.4. Valuation, location and custody of assets

All positions in the Fund are independently valued by the Administrator. The value of a unit will generally be calculated daily as at each Business Day, and will be based on the value of the Fund's assets, less liabilities, divided by the number of units on issue. The price of units will vary as the value of the Fund's assets and liabilities rises or falls.

Application and redemption prices take into account an estimate of transaction costs (the Buy/Sell Spread). The application price and redemption price will differ to the value of a unit as a result of the Buy/Sell Spread. See Section 9 for more details on the Buy/Sell Spread.

The Fund primarily invests in exchange-traded assets, which are normally valued by the Administrator at their most recent market value using an independent pricing source.

Where the Fund holds unlisted or non-exchange-traded assets, these assets will be valued by the Administrator using an independent pricing source.

The Fund predominantly invests in Australian listed equities and may gain its exposure to listed securities via Equity Swaps. The Fund may invest in listed securities, derivatives and other instruments such as shares (including Initial Public Offerings (IPOs)), Futures, Swaps, depositary receipts, approved cash deposits and cash equivalents, and other funds (listed or unlisted) that themselves invest in such securities and instruments. The allocation range for each asset type is 0-100% subject to the investment guidelines outlined in Section 5.2.

The Fund's assets are denominated in Australian dollars, except for international securities (if any) which are denominated in the local currency of the country where the market on which the securities are listed, is located. Macquarie Bank Limited is the Prime Broker of the Fund. The collateral account with the Fund's Prime Broker is located in London, United Kingdom. There is no policy about the geographic location of the assets of the Fund.

## 5.5. Liquidity

As at the date of this PDS, the Responsible Entity and Investment Manager expect that the Fund will be able to realise at least 80% of the Fund's assets, under normal conditions, at the value ascribed to those assets in the most recent calculation of the Fund's net asset value, within 10 days (subject to any relevant transaction costs).

## 5.6. Leverage

The Fund may borrow to leverage its exposure to the underlying investments. The level of leverage utilised may be significant and may vary from time to time, including in response to changing market conditions.

While the use of leverage may increase the potential return on an investment in the Fund, it also increases the level of risk and may also result in substantial losses. Refer to Section 6 of this PDS for more information.

The Fund generally obtains leverage through the use of Equity Swaps and the use of margin financing from its prime broker. It also has the ability to use derivatives to achieve additional exposure to the particular investments. The Fund's Assets may be used by the prime broker, as collateral for obligations owed by the Fund to the prime broker, in which case the Assets, identified for such purposes, will become the property of the prime broker and the Fund will have a right against the prime broker for the return of equivalent assets only.

The level of leverage utilised by the Investment Manager may be significant. The level of leverage used is generally between 50% and 150% of the Fund's net asset value, resulting in the Fund's total gross exposure being between 150% and 250%. As at the date of this PDS, the Fund has the ability to use a maximum leverage of 200% which would result in a maximum gross exposure of 300%.

**Example 1:** If the Fund employed the maximum level of leverage of 200%, then for every \$1 of the Fund's net asset value, the Fund will leverage an additional \$2. In this scenario, an investor has a total of \$3 exposure for every \$1 invested.

**Example 2:** If the Fund employed the typical level of leverage of 100%, then for every \$1 of the Fund's net asset value, the Fund will leverage an additional \$1. In this scenario, an investor has a total of \$2 exposure for every \$1 invested.

The Fund may vary its use of leverage from time to time, including in response to changing market conditions. Total gross exposure of the Fund is monitored regularly by the Investment Manager.

### Example of impact of maximum allowable level of leverage on Fund investment returns and losses

The example below is provided for illustrative purposes only to show the impact that leverage may have on an investment. It

does not represent any actual or prospective level of leverage and is not reflective of the expected return outcome of the Fund. The worked example excludes transaction costs, fees and costs of borrowing.

As a worked example, if the Fund utilises \$1,000,000 of its cash to purchase \$1,000,000 worth of investments and does not employ shorting, it is not using leverage. Its net asset value and gross market exposure is equal. If the Fund employs the maximum level of leverage of 200%, it would invest the original \$1,000,000 and an additional \$2,000,000, resulting in a gross market exposure of \$3,000,000. If the Fund has positive performance and the total gross value of the assets increase by 5%, then the gross value would be \$3,150,000. The gain of \$150,000 represents a return of 15% on the \$1,000,000 invested in the Fund, resulting in a net asset value of \$1,150,000. Conversely, if the Fund has negative performance and the total gross value of the assets decreases by 5%, then the gross value would be \$2,850,000. This \$150,000 loss represents a 15% loss on the \$1,000,000 invested in the Fund, resulting in a net asset value of \$850,000.

## 5.7. Derivatives

The Fund may use derivatives as a way to access certain investments and to hedge the overall exposure of the Fund. The Fund also has the ability to use derivatives to leverage its exposure to particular investments, although it does not generally do so. The Fund may use both exchange-traded and over-the-counter derivatives including Futures, forwards and Swaps. All of the Fund's derivatives counterparties must be of investment grade at the time of trading and have, in the Investment Manager's reasonable opinion, sufficient expertise and experience in trading such derivatives. You should note that there are risks associated with the use of derivatives including the requirement to post collateral. For key risks to the Fund associated with the collateral requirements of the derivative counterparties, please see Section 6.

## 5.8. Short selling

In accordance with its Long/Short investment strategy, the Fund will hold Short positions in securities that the Investment Manager believes will fall in value.

The Fund generally takes a Short position by borrowing a security from a stock lender and selling it at the prevailing market price with the intention of buying it on the market at a lower price in the future, then returning it to the stock lender.

In taking Short positions, the Fund bears the risk of an increase in price of the underlying security over which the Short position

is taken. The key difference between a Long position and a Short position is that a Short position involves the unlimited risk of an increase in the market price of the securities underlying the Short position. Such an increase could lead to a substantial loss.

In order to mitigate this risk, the Investment Manager implements risk controls which aim to limit the portfolio's net and gross exposures on both Long and Short positions at the security and portfolio level.

**Below is a hypothetical example showing the potential gains and losses from short-selling. It does not take into account transaction costs or any other expenses associated with stock trading.**

An investor believes that the price of ABC stock is due to fall, so decides to sell short 100 shares of the company with the aim of benefiting from the price fall.

ABC's current price is \$25. The investor executes the short-sell order for 100 shares and borrows the shares from a stock lender to immediately sell them on the market. The investor receives a cash inflow of \$2,500 from this transaction.

Two weeks later, the price of ABC has dropped to \$20. The investor now buys the shares on the market and returns them to the stock lender. In this transaction, the investor has spent \$2,000 to repurchase the shares.

The investor has received \$2,500 and spent only \$2,000, so the profit on the trade is \$500.

Alternatively, if, after two weeks, the price of ABC had risen to \$30, the investor would have needed to buy the shares back on market for a cost of \$3,000 to be able to return them to the lender. In this situation, the investor would have received \$2,500, but spent \$3,000, leaving the investor with a loss of \$500.

## 5.9. Withdrawals

Detailed information on how Investors can withdraw from the Fund, and limitations that may affect the ability of Investors to withdraw, are set out in Section 7.

If there is a material change to the ability of investors to withdraw from the Fund, Investors will be notified in writing.

## 5.10 Labour standards and environmental, social and ethical considerations

The investment decisions for the Fund are primarily based on economic factors. The Investment Manager does not have a policy on taking into account labour standards and environmental, social and ethical considerations.

## 6. Managing risk

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 by Investors in light of their risk profiles when deciding whether to invest in the Fund.

The Fund employs specialist investment techniques that involve the use of Short positions and derivatives. You should only consider investing in the Fund if you have a relatively high 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 Investors 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. An Investor requiring personal financial advice, should contact a licensed financial adviser.

### Key Risks

#### Market Risk

Markets are subject to a host of factors, including economic conditions, government regulations, interest rates, inflation rates, tax laws, employment conditions, market sentiment, local and international political events and environmental and technological issues. Exposure to market risk may have an adverse effect on the value of underlying investments and the net asset value of the Fund.

#### Leverage risk

This may result from the Fund's ability to borrow cash as well as its ability to trade in leveraged instruments as noted below in 'Derivatives risk'. Leverage involves increasing the gross exposure of the Fund and has the effect of magnifying both profits and losses of the Fund. The higher the degree of leverage employed, the greater the chance of profit or loss. Returns from a leveraged investment will generally be more volatile than returns from an unleveraged investment.

#### Derivatives risk

Derivatives may be used to hedge existing exposures or to gain economic exposure. The use of derivatives may expose the Fund to risks including counterparty default, legal and documentation risk, and the risk of increased sensitivity of the Fund's unit price to underlying market variables. The use of derivatives may have the effect of magnifying both gains and losses.

#### Collateral risk

The Fund uses the services of a Prime Broker to facilitate the trading of securities. If the Fund enters into a derivatives arrangement that requires it to deliver collateral or other credit support to the counterparty, the Fund will be exposed to the following additional risks in respect of that collateral.

- The Fund will need to have sufficient liquid assets to satisfy this obligation to post initial margin/collateral. Failure to do so may give the counterparty a right to terminate.
- The Fund will be subject to credit risk on the counterparty and if the counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Fund, the Fund will

be an unsecured creditor of the counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law.

#### Short-selling risk

Short-selling involves borrowing equity securities which are then sold in anticipation of a subsequent repurchase at a lower price. While this provides the Fund with the potential to profit from securities that the Investment Manager believes to be overvalued, short-selling potentially increases the magnitude of losses which may be incurred by the Fund.

While losses on a Long position are limited, losses on a Short position are potentially unlimited as a stock's price has no theoretical upper limit. In order to mitigate this risk, the Investment Manager implements risk controls which aim to limit the portfolio's exposures on Short positions at a stock and portfolio level.

Short-selling has the potential to increase the portfolio's market exposure beyond the amounts physically contained within the portfolio, through gearing introduced through stock borrowing. Gearing potentially increases the magnitude of any gains or losses incurred in the Fund, and can therefore increase the volatility of the Fund's value and returns.

Short-selling activities are also subject to restrictions imposed by the various securities exchanges. These restrictions could limit the investment activities of the Investment Manager. In addition, if lenders exercise their rights to recall securities borrowed and sold short, and the Fund cannot borrow elsewhere, the Investment Manager may be forced to close out the short sale contracts and this may result in realised losses to the Fund.

#### Investment risk

The Fund seeks to generate higher returns than traditional cash investments. The risk of an investment in the Fund is higher than an investment in a typical bank account or term deposit. Amounts distributed to unitholders may fluctuate, as may the Fund's unit price. The unit price may vary by material amounts, even over short periods of time, including during the period between a redemption request or application for units being made and the time the redemption unit price or application unit price is calculated.

#### Portfolio turnover risk

The Investment Manager will adjust the Fund's portfolio as considered advisable in view of prevailing or anticipated market conditions and the Fund's investment objective, and there is no limitation on the length of time securities must be held, directly or indirectly by the Fund prior to being sold. Portfolio turnover rate will not be a limiting factor and will vary from year to year. Higher portfolio turnover rates involve correspondingly higher transaction costs, which are borne directly or indirectly by the Fund. In addition, the Fund may realise significant short term and long-term capital gains.

#### Security specific risk

Securities and the companies that issue them are exposed to a range of factors that affect their individual performance. The Fund may therefore underperform the market and/or its peers due to its security specific exposures.

#### Unlisted securities risk

The Fund may invest in securities that are not listed on a securities exchange. Unlisted securities may have a higher risk of loss, and may be difficult to independently value and to sell due to their unlisted nature. Where such securities do list (for example through an IPO), the listing price may differ materially

from the price previously used when calculating the Fund's unit price. Where the Fund holds unlisted securities, these may increase its unit price volatility and its potential for loss.

### **Valuation Risk**

Where there is no liquid market for investments in the Fund, those investments may be valued by reference to market prices for other comparable assets and observable market data. These prices may not reflect the value at which the investments can be realized, which may be lower.

### **Default risk**

The Fund will be exposed to default risk of parties with whom it trades or invests or that provide services to the Fund where such parties fail to comply with their obligations (including payment obligations) or become insolvent. Such parties may include derivative counterparties, brokers (including clearing brokers and prime brokers), exchanges and clearing houses, the Investment Manager and custodians. Certain agreements may also seek to limit or exclude certain liability or types of loss including in circumstances where there has been a default by that party. The Fund may bear the risk of loss in the event of the default or insolvency of such parties. It is important to understand that these exclusions are sometimes greater for alternative investment strategies, such as the Fund's strategy, than they are for traditional investment strategies.

### **Liquidity risk**

Investments may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or the Fund's exposure rebalanced within a timely period and at a fair price, potentially resulting in delays in redemption processing, or even the suspension of redemptions. If we are required to process a large redemption or application, the exposure of the Fund may be altered significantly due to the security sales and/or purchases required.

### **Small and mid cap stock risk**

Stocks of smaller companies involve greater risk than those of larger, more established companies. For example, prices of small-capitalisation and medium-capitalisation stocks are often more volatile than prices of large-capitalisation stocks and the risk of bankruptcy or insolvency of many smaller entities is higher than for larger, more established companies. Small cap companies may be more adversely affected by poor economic or market conditions, and may be traded in low volumes, which may increase volatility and liquidity risks.

### **Key person risk**

The investment performance of the Fund will depend in large part on the skills and expertise of the Investment Manager's senior team members. As such, Investors in the Fund are exposed to risk that any of these individuals may cease to be involved in managing the Fund.

### **Manager risk**

There is no guarantee that the Fund will achieve its performance objectives, produce returns that are positive, or compare favourably against its peers. The Investment Manager may change its investment strategies and internal trading guidelines over time, and there is no guarantee that such changes would produce favourable outcomes.

### **Outsourcing Risk**

The Responsible Entity outsources key operational functions including investment management, custody and prime broking, administration and valuation to a number of third party service providers. There is a risk that third party service providers may

intentionally or unintentionally breach their obligations to the Fund or provide services below standards which are expected by the Responsible Entity causing loss to the Fund.

### **Currency Risk**

For investments in international assets, a rise in the Australian dollar relative to other currencies, may negatively impact investment values and returns. The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than Australian dollars. This will apply directly to foreign securities listed on any foreign public securities exchanges and, indirectly, to ASX-listed securities that conduct their primary economic activities in countries other than Australia.

### **Income risk**

The Fund's capacity to distribute income is determined by the performance of the Fund and general market conditions. As a result, there is no guarantee that you will receive any income. This is not a fixed income product. The Fund allows for annual distributions. If during a financial year, the Fund pays out total distribution of net income which exceeds the total net taxable income for the particular financial year, the excess you receive may be treated as a return of capital rather than income. This may have tax implications for you. Refer to Section 10 of this PDS for more information.

### **Regulatory and legal risk**

Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund and/or the execution of investment strategies. Such initiatives may impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in the Fund failing to achieve its investment objectives. Similarly, laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.

### **Risks related to alternative investment strategies**

The investment process for the Fund can be characterised as an 'alternative investment strategy'. Alternative investment strategies may be exposed to additional risks when compared to traditional investment strategies, such as long-only equity and fixed income strategies:

- They may display performance characteristics that are not normally associated with more traditional investment strategies.
- They may display more pronounced reactions to events such as macroeconomic shocks.
- They may be influenced by events that do not affect more traditional asset classes.
- They may fail to generate performance in a consistent manner.
- They may fail to recover at all, or to the same extent as traditional investment strategies, after periods of poor performance.
- They may cease to perform temporarily, or permanently, resulting in an inability to generate positive returns, or to recover prior losses.

Alternative investment strategies may also exhibit more correlation to traditional markets in the future than the strategy may have exhibited historically and therefore, may fail to provide the level of diversification to an investor's portfolio that was expected.



## 7. Investing and withdrawing

### Initial applications

Investors can acquire units by completing the Application Form that accompanies this PDS. The minimum initial investment amount for the Fund is \$25,000, or such other value as specified by EQT from time to time.

Completed Application Forms should be sent along with identification documents to:

Mainstream Fund Services PTY Ltd  
Client Services Registry Team  
GPO Box 4968  
Sydney, NSW, 2001

Please note that cash cannot be accepted.

### Application price

The Application 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 by adding the Buy Spread. At the date of this PDS, the Buy Spread is 0.35%. We may alter the Buy Spread at any time without notice or waive the Buy Spread in whole or in part.

The Application Price will vary as the market value of assets in the Fund rises or falls and with changes in acquisition costs.

### Application cut-off times

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

- before midday on any Business Day and your application is accepted, Units will be issued at the Application Price calculated for that Business Day; or
- on or after midday on any Business Day and your application is accepted, Units will be issued at the Application Price calculated for the next Business Day.

We have the discretion to delay processing applications where we believe this to be in the best interest of Investors.

### Terms and conditions for applications

Applications can be made at any time.

We will start processing an application only if:

- We have a correctly completed the Application Form;
- We have any required identification documents; and
- We have received the application money stated in the Application Form (in cleared funds).

We may refuse any application without giving a reason. If for any reason we refuse or are unable to process an application, we will return the application money, subject to regulatory considerations, less any taxes or bank fees in connection with the application.

Please note that we do not pay interest on application monies (any interest is credited to the Fund).

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, applications cannot be processed without providing all the required identification documentation (see Section 11). Failure to provide the complete documentation will result in delays in processing the application.

### Additional applications

Investors can apply for additional Units at any time by sending us a completed Application Form and the application money. The minimum additional investment into the Fund is \$10,000, or

such other value as specified by EQT from time to time. Please note application forms can be sent by email to [admin@mainstreamgroup.com](mailto:admin@mainstreamgroup.com).

### Cooling-off period

If an Investor is a Retail Client (as defined in the Corporations Act) who has invested directly in the Fund, the Investor has a right to a cooling off period in relation to the 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.

The right may be exercised by notifying us in writing during the cooling off period.

Investors subject to a cooling off period are entitled to a refund of their application money, adjusted for any increase or decrease in the Application Price between the time the application was processed and the time we receive the notification, as well as for any tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right to a cooling off period does not apply in certain limited situations, such as if the issue of Units is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to a cooling off period does not apply to an Investor who exercises any rights or powers as a Unit holder in the Fund during the 14 day period. This could include selling part of the investment or switching it to another product.

Investors should consult a financial adviser to ascertain whether the cooling off period applies.

Indirect Investors should seek advice from their IDPS Operator as to whether cooling off rights apply to an investment in a fund via the IDPS.

The right to cool off in relation to a 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 a fund. Rather, Indirect Investors direct the IDPS Operator to arrange for their monies to be invested in a 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 a fund and any rights an Indirect Investor may have in this regard.

### Making a withdrawal

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

Mainstream Fund Services PTY Ltd  
Client Services Registry Team  
GPO Box 4968  
Sydney, NSW, 2001

Or fax it to: +61 2 9251 3525

The minimum withdrawal amount is \$10,000, or such other value as specified by EQT from time to time. Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or Investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

Equity Trustees will transfer the withdrawal proceeds to the nominated bank account of an Investor, generally within 5 Business Days of receipt of a withdrawal request. However, the Constitution allows us to make payment up to 21 days after receipt of a request (which may be extended in certain circumstances) and to reject withdrawal requests.

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.

## 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 by subtracting the Sell Spread. At the date of this PDS, the Sell Spread is 0.35%. We may alter the Sell Spread at any time without notice or waive the Sell Spread in whole or in part.

The Withdrawal Price will vary as the market value of assets in the Fund rises or falls and with changes in disposal costs.

## Withdrawal cut-off times

If we receive a withdrawal request:

- before 12pm (Sydney time) and your withdrawal request is accepted, you will receive the Withdrawal Price calculated for that Business Day; or
- on or after 12pm (Sydney time) and your withdrawal request is accepted, you will receive the Withdrawal Price calculated for the next Business Day.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion. We have the discretion to delay processing withdrawal requests where we believe this to be in the best interest of the Funds Investors.

## Access to funds

Except where the Fund is not liquid (see below), the Responsible Entity will generally allow Investors to access their funds within 5 Business Days of receipt of a withdrawal request for the relevant amount.

However, the Constitution of the Fund allows the Responsible Entity to make payment up to 21 days after receipt of a withdrawal request, and this period can be extended at the discretion of Equity Trustees in accordance with the Constitution.

The Responsible Entity reserves the right to postpone the processing and payment of withdrawals for the Fund subject to the above extensions of time.

Where the Fund is not liquid (as defined in the Corporations Act) an Investor does not have a right to withdraw from the Fund and can only withdraw where the Responsible Entity makes a withdrawal offer to Investors in accordance with the Corporations Act. The Responsible Entity is not obliged to make such offers. The Fund will cease to be liquid if less than 80% of its assets are liquid assets. Broadly, liquid assets are money in an account or on deposit with a financial institution, bank accepted bills, marketable securities, other prescribed property and other assets that the Responsible Entity reasonably expects can be realised for their market value within the period specified in the Constitution for satisfying withdrawal requests while the Fund is liquid.

## Terms and conditions for withdrawals

Equity Trustees can deny a withdrawal request or suspend consideration of a withdrawal request in certain circumstances, including where accepting the request is not in the best interests of Investors in the Fund or where the Fund is not liquid (as defined in the Corporations Act). When the Fund is not liquid, an Investor can only withdraw when Equity Trustees makes a withdrawal offer to Investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The minimum withdrawal amount in the Fund is \$10,000, or such other value as specified by EQT from time to time. Where a withdrawal request takes the balance below the minimum level of \$25,000 (or such other value as specified by EQT from time to time), the Responsible Entity may require you to redeem the remaining balance of your investment. Equity Trustees has the right to change the minimum holding amount.

The Responsible Entity can deny a withdrawal request in whole or in part. Equity Trustees will refuse to comply with any withdrawal request if the requesting party does not satisfactorily identify themselves as the Investor. Withdrawal payments will not be made to third parties (including authorised nominees), and will only be paid directly to the Investor's bank account held in the name of the Investor at a branch of an Australian domiciled bank.

By lodging a withdrawal request, by post, courier, email or facsimile, an Investor

- releases, discharges and agrees to indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any withdrawal request; and
- agrees that any payment made in accordance with the instructions in the withdrawal request shall be in complete satisfaction of the obligations of Equity Trustees, notwithstanding any fact or circumstance including that the payment was made without the knowledge or authority of the Investor; and
- agrees that, if the payment is made according to all the terms and conditions for withdrawals set out in this PDS, you and any person claiming through or under you, shall have no claim against Equity Trustees or the Investment Manager in relation to the payment.

An Investor lodging a withdrawal request should note:

- No interest is payable for any delay in finalising payment of the withdrawal money;
- We are not responsible or liable if the Investor does not receive, or is late in receiving, any withdrawal money that is paid according to the instructions in the withdrawal request;
- We may contact the Investor to check details before processing the withdrawal request and this may cause a delay in finalising payment of the withdrawal money; and
- If we cannot satisfactorily identify the withdrawing Investor, we may reject the withdrawal request or refuse or delay payment of the withdrawal proceeds and we are not responsible for any consequential loss suffered.

Investors will be notified of any material change to their withdrawal rights (such as any suspension of their withdrawal rights) in writing.

## 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. Distributions are calculated effective the last day of each Distribution Period and are normally paid to Investors within 21 Business Days of the period end. However, the Fund's Constitution allows for up to 60 days after the distribution date for payment of the relevant amount.

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

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



Investors who do not indicate a preference will have their distributions automatically reinvested.

Applications for reinvestment will be taken to be received prior to the next Application Price cut off time after the relevant distribution payment. There is no Buy Spread on distributions that are reinvested.

In some circumstances, an Investor's withdrawal proceeds may be taken to include a component of distributable income.

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

### Joint account operation

For joint accounts, each signatory must sign withdrawal requests. Please ensure both signatories sign the declaration in the Application Form. Joint accounts will be held as joint tenants.

### Authorised signatories

An Investor can appoint a person, partnership or company as the authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant sections. 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 the Investor to do so.

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

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of the investment;
- changing bank account details;

- enquiring and obtaining copies of the status of the investment; and
- having online account access to the investment (if available)

If an Investor appoints an authorised signatory, the Investor:

- is bound by the acts of the authorised signatory;
- releases, discharges and indemnifies us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from the authorised signatory; and
- agrees that any instructions received from the authorised signatory shall be complete satisfaction of our obligations, even if the instructions were made without the knowledge or authority of the Investor.

### Electronic instructions

There is a risk that a fraudulent withdrawal request can be made by someone who has access to an Investor's investor code and a copy of their signature or email address. Please take care.

If an Investor instructs Equity Trustees by electronic means, such as facsimile, email or internet, the Investor releases Equity Trustees from and indemnifies Equity Trustees against, all losses and liabilities arising from any payment or action Equity Trustees makes based on any instruction (even if not genuine) that Equity Trustees receives by an electronic communication bearing the Investor's investor code and which appears to indicate to Equity Trustees that the communication has been provided by the Investor eg. a signature which is apparently the Investor's and that of an authorised signatory for the investment or an email address which is apparently the Investor's. The Investor also agrees that neither the Investor nor anyone claiming through the Investor has any claim against Equity Trustees or the Fund in relation to such payments or actions.

## 8. Keeping track of your investment

### Complaints resolution

Equity Trustees has an established complaints handling process and aims to properly consider and resolve all complaints within 45 days of receiving the complaint. If you have a complaint about your investment, please contact us in writing by addressing it to:

Compliance Team  
Equity Trustees Limited  
GPO Box 2307  
Melbourne VIC 3001

Or via email: [compliance@eqt.com.au](mailto:compliance@eqt.com.au)

If you are not satisfied with our response to your complaint, you may lodge a written complaint with the Financial Ombudsman Service ("FOS"): GPO Box 3, Melbourne VIC 3001.

From 1 November 2018, Australian Financial Complaints Authority ("AFCA") will replace FOS, contact details are: [www.afc.org.au](http://www.afc.org.au), ph. 1800 931 678, email: [info@afc.org.au](mailto:info@afc.org.au) or post: GPO Box 3, Melbourne VIC 3001. All complaints from this date should be directed to AFCA.

### Periodic reporting of key information

We will make the following statements available to all Investors;

- a transaction confirmation statement, showing a change in your unit holding (provided when a transaction occurs or on request).
- the Fund's annual audited accounts for each period ended 30 June.
- annual distribution, tax and confirmation of holdings statements for each period ended 30 June.
- annual report detailing each of the following:
  - the actual allocation to each asset type;
  - the liquidity profile of the portfolio assets as at the end of the period;
  - the derivative counterparties engaged (including capital protection providers); and
  - the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) as at the end of the period;
  - the key service providers if they have changed since the latest report given to Investors, including any change in their related party status.

The latest annual report will be available online from [www.newgatecap.com](http://www.newgatecap.com).

The following information is available on Newgate's website or is disclosed monthly:

- the current total NAV of the Fund and the redemption value of a Unit in each class of Units as at the date the NAV was calculated;
- the monthly or annual investment returns over at least a five-year period (or, if the Fund has not been operating for five years, the returns since its inception);
- any change to key service providers if they have changed since last report given to Investors;
- for each of the following matters since the last report on those matters:
  - the net return on the Fund's assets after fees, costs and taxes;
  - any material change in the Fund's risk profile;
  - any material change in the Fund's strategy; and
  - any change in the individuals playing a key role in investment decisions for the Fund.

By applying for Units in the Fund, Investors agree that, to the extent permitted by law, any periodic information which is required to be given to them under the Corporations Act or ASIC policy can be given by making that information available on Equity Trustees' or the Investment Manager's website.

For reports to those who invest via an IDPS, see "Indirect Investors" in Section 11.

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 in a disclosing entity have a right to obtain a copy, free of charge, of any of the following documents:

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

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

Copies of these documents lodged with ASIC in relation to the Fund may be obtained through ASIC's website at [www.asic.gov.au](http://www.asic.gov.au).

## 9. Fees and other costs

The warning statement below is required by law to be displayed at the beginning of the 'Fees and other costs' section of product disclosure statements for managed investment products. The example given in the warning statement does not relate to any investments described within this PDS.

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

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

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

### TO FIND OUT MORE

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

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund's assets as a whole.

Information about taxation is set out in Section 10 of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment. For Indirect Investors, the fees listed in the 'Fees and other costs' section of this PDS are in addition to any other fees and charges charged by your IDPS Operator.

### Additional Explanation of fees and costs

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	There is no establishment fee payable when you set up your investment in the Fund.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	There is no contribution fee payable when you invest in the Fund.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	There is no withdrawal fee payable when you withdraw investments from the Fund.
<i>Exit fee</i> The fee to close your investment	Nil	There is no exit fee payable when you close your investment in the Fund.
<b>Management costs</b>		
The fees and costs for managing your investment <sup>1</sup>	<b>Management fees:</b> 1.54% p.a. of the Net Asset Value (NAV) of the Fund <sup>2</sup>  Plus <b>Performance fee:</b> 20.5% p.a. of the Fund's investment return above the RBA 3 yr bond rate +2% p.a., subject to a high watermark.	The management fee accrues daily and is paid monthly in arrears from the assets of the Fund.  The performance fee is calculated and accrued daily. It is paid semi-annually from the Fund's assets.

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

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

### Additional Explanation of fees and costs

#### What do the management costs pay for?

Management costs comprise the additional fees or costs that an Investor incurs by investing in the Fund.

The management fees of 1.54% 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, administration and audit fees, and other ordinary expenses of operating the Fund, other than any performance fees paid to the investment manager are covered by the management fees at no additional charge to you.

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

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

### Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Fund net of all fees exceeds the RBA 3 yr bond rate + 2%, subject to a high watermark. The performance fees are 20.5% of this excess, calculated and accrued daily and paid semi-annually in arrears from the Fund and calculated based on the beginning NAV of the Fund over the Performance Period.

No performance fees are payable until any accrued underperformance (in dollar terms) from prior Performance 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, and using the same assumptions as the performance fee example outlined below, the Responsible Entity has estimated that a typical ongoing performance fee payable per annum may be 1.23% assuming an average account balance of \$50,000 during the year. Prior periods have not been taken into account in calculating this estimate. 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.

The estimated performance fee is based on information available as at the date of this PDS and assumptions that we consider to be reasonable. It is not possible to reliably provide the actual performance fee payable in any given period, as the performance of the Fund cannot be accurately forecast. The performance fee disclosed may differ to the actual performance fee charged, including to a material extent

**Performance Fee example:** Assume the following:

- The Unit price on the first day of the financial year is \$1.00, and on the last day of the financial year is \$1.10 after all fees and costs.
- The high-water mark is set at \$1.00
- The RBA 3yr bond rate is 2% per annum
- The performance Hurdle rate is 4% (RBA 3yr bond rate + 2%)
- An Investor has 50,000 units on issue
- Performance fees are paid annually

The difference is \$1.10 - \$1.00 - the Hurdle rate of \$0.04. The performance fee is \$0.06 x 50,000 (the number of units on issue) x 20.5% = \$615 for that financial year.

**\* Please note that the example is used for illustrative purposes only and does not forecast future performance.**

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. The performance fee disclosed may differ to the actual performance fee charged, including to a material extent.

### Transactional and operational costs

Transactional and operational costs (such as brokerage, clearing costs, hedging costs, settlement costs, transaction fees, bid/ask spreads, taxes and stamp duty incurred by the Fund or an underlying fund that the Fund invests in) will generally be

incurred as part of the management of the Fund. These costs are an additional cost to you and are reflected in the Fund's unit price. They are not amounts paid to us or the Investment Manager

### Buy/Sell spread

The Fund may recover an estimate of transactional and operational costs through a Buy/Sell Spread from Investors who apply for, or redeem units. When units are acquired, a Buy spread is added to the value of a unit. The Buy spread is an amount which reflects the estimated transaction costs associated with acquiring the underlying investments. When units are redeemed, a Sell spread is subtracted from the value of a unit. The Sell spread is an amount which reflects the estimated transaction costs of disposing of the underlying investments. The Buy/Sell spreads are retained by the Fund and not paid to the Responsible Entity or the Investment Manager.

A Buy/Sell spread seeks to ensure that the estimated transaction costs of the acquisition or redemption are borne by the Investor who is applying for or redeeming the units, and not by the other Investors in the Fund. The Buy/Sell spread may apply even if no transaction to acquire or dispose of assets is required (for example, where there is an application from one Investor and a corresponding redemption by another Investor). The Buy/Sell spread for the Fund, as at the date of this PDS, is +0.35% for applications and -0.35% for redemptions, but may be varied from time to time. We may, at our discretion, reduce the Buy/Sell spread such as including where an Investor subscribes using assets (rather than cash) on an application or receives assets (rather than cash) on a redemption.

The net transactional and operational costs for the Fund for the financial year ended 30 June 2017 were 4.05%, resulting from transactional and operational costs of 4.40% less the Buy/Sell spread recovery of 0.35%. For example, if you had an account balance of \$50,000 invested in the Fund over the year and there were no changes to your investment, you would have paid \$2,025 in net transactional and operational costs during that year (excluding any Buy/Sell Spread as a result of applying for, or redeeming, units in the Fund). When added to the management costs including the performance fee for the financial year to 30 June 2017, you would have paid 6.01% (which amounts to \$3,005) in costs. The transaction cost amounts are not forecasts of the total transaction costs in the future and the amount of transaction costs, including Buy/Sell Spreads, may be higher or lower in the future.

### Abnormal expenses

We may additionally recover abnormal expenses (such as the cost of Investor meetings, legal advice/proceedings and other irregular expenses). This is not included in the management fee.

### Can the fees change?

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

### Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its management fees and is not an additional cost to the

Investor. If the payment of annual fees to IDPS Operators is limited or prohibited by the law, Equity Trustees will ensure the payment of such fees is reduced or ceased.

### Differential fees

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

## Other information about fees and costs

### Commissions and soft dollars

Where permitted by relevant law, the Investment Manager may receive, and is entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (brokers) provided that the quality of transaction execution is consistent with best execution standards. The Investment Manager will consider several factors deemed relevant in determining whether a broker will provide best execution, which include, among others, the provision of research products and investment ideas

and introduction to potential investee companies, access to investment opportunities and initial public offerings and placements which are for the benefit of the Fund. The commission rates charged by brokers in these circumstances may be higher than those charged by other brokers who do not offer such services or by the same broker if it only provides execution services. Examples of research products and services that the Investment Manager may receive from brokers include analyses and reports concerning industries, securities and economic factors, and trends. The Fund generally will pay customary full service brokerage rates where execution, research and other services cannot be unbundled for the same commission rate. In particular cases where execution, research and other services can be unbundled, the Fund will pay a brokerage commission that is discounted from customary full service brokerage rates if no research or other services are provided in addition to brokerage execution. The Investment Manager has the discretion to cause the Fund to pay brokerage commissions in excess of discounted rates, and up to full service brokerage rates, for quality brokerage execution and the provision of research or other appropriate services that the Investment Manager determines to be beneficial to the Fund. These costs are included in transactional and operational costs

## 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 – Newgate Real Estate and Infrastructure Fund		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
<b>Plus</b>		
Management Costs	1.96% p.a.	<b>And, for every \$50,000 you have in the Fund you will be charged \$980 each year comprising:</b>
<b>Comprising:</b>		
Management fees:	1.54% p.a.	\$770
Performance fees:	0.42% p.a.	\$210
<b>Equals</b>		
Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, then you would be charged fees of: \$980*
		<b>What it costs you will depend on the fees you negotiate.</b>

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

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

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

The performance fees is an example only. It shows the actual performance fee as a percentage of the Fund's total average net assets based on the performance of the Fund for the financial year ended 30 June 2017. The performance of the Fund, and the performance fee, may be higher 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 fee in the future. For more information on the performance history of the Fund, visit [newgatecap.com.au](http://newgatecap.com.au) or contact Newgate Investment Management Client Service. Past performance is not a reliable indicator of future performance.



## 10. 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 an investor holds their units in the Fund on capital account and is 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, including the deregulation of the Taxation of Financial Arrangements (TOFA) regime. 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.

### Australian Taxation Treatment of the Fund

#### General

The Fund is an Australian resident trust estate for Australian tax purposes. On the basis that all of the Fund's trust components are attributed to investors on a fair and reasonable basis under the new Attribution Managed Investment Trusts ("AMIT") regime, or the trust has distributable income to which investors are presently entitled (which is the Responsible Entity's intention if the Fund does not qualify to be an AMIT), 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 attributed amounts or (in the case of a fund that is not an AMIT) their share of the Fund's net taxable income, 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.

#### Deemed Capital Gains Tax ("CGT") election

Eligible Managed Investment Trusts (MITs) may make an irrevocable 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 and foreign exchange contracts). Once eligible, the Fund intends to make an election for deemed capital account treatment. As such, subject to the Fund continuing to meet the eligibility requirements to be a MIT, gains and losses on eligible investments will be treated on capital account. Hence, where the Fund realises a capital gain on the disposal of an eligible asset, the Fund may be entitled to take into account the discount capital gain concession in determining the amount of the capital gain that is included in the Fund's net income.

#### Taxation of Financial Arrangements ("TOFA")

The TOFA rules may apply to certain "financial arrangements" held by the Fund. Broadly, the TOFA regime seeks to recognise "sufficiently certain" returns from financial arrangements on an accruals basis for tax purposes rather than on a realisation basis.

Where returns from financial arrangements (including derivatives) are not "sufficiently certain" they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

The TOFA provisions may apply to the Fund in the future and tax certain financial arrangements on a compounding accruals basis.

The Administrator and the Investment Manager of the Fund will assist the Responsible Entity with ongoing compliance with the TOFA rules.

#### Attribution Managed Investment Trusts ("AMITs")

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for AMITs. Trusts that meet the eligibility criteria to be an AMIT may elect into the AMIT rules. Equity Trustees is intending that an election into AMIT be made in respect of the Fund once it is eligible and thereafter 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 adjustment will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (AMMA).

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

**Multi-class AMITs:** A choice is available to elect to treat separate classes of units as separate AMITs. Equity Trustees may make the AMIT multi-class election if appropriate depending on the specific circumstances involved.

**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.

#### 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.

However, the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, reform 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.

Current tax reforms in progress include a TOFA deregulation review which may impact on the tax position of a 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 levies, on gross payments including distributions 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 the Responsible Entity to apply it in respect of all the investor's investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

## Australian Taxation of Australian Resident Investors

### Distributions

Each Australian resident investor will be subject to taxation on their attributed trust components under the AMIT regime or their proportionate share of the net taxable income derived by the Fund (if the Fund is not an AMIT) in proportion to their share of the distributable income of the Fund. Such income will retain its character as it flows through the Fund, and may include capital gains and Australian and foreign sourced income. Generally, an Australian resident investor's entitlement (share) to the net income of a fund for a year of income, including amounts that are received in a subsequent year of income or which are reinvested, forms part of their assessable income for that year.

Investors who are attributed trust components or become entitled to a distribution from the Fund in respect of a financial year will receive an AMIT member annual statement (AMMA statement) or annual tax statement detailing all relevant taxation information concerning distributions, including details of any franking credits and Foreign Income Tax Offset (FITO) entitlements, and any return of capital.

The tax consequences for investors of receiving distributions from the Fund depend on the components of the distributable income to which investors have been attributed or become entitled.

Distributions of non-assessable amounts are generally not subject to tax in the hands of investors holding their units on capital account. Certain non-assessable amounts will reduce the cost base of an Australian resident investor's units in the Fund for CGT purposes and will thereby increase the capital gain or reduce the capital loss on a subsequent disposal of their units.

Investors that are companies and complying superannuation funds may not receive all or part of the benefit of the discount capital gains concessions. This is because companies are not entitled to the discount concessions and the discount concession rate applying to complying superannuation funds is lower than that which applies to trusts and individuals.

An investor may receive their share of the net income of the Fund through distributions made during the year or where they have made a large withdrawal from the Fund, in which case their withdrawal proceeds may include a component of distributable income. 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.

## Franking credits and franked dividends

Income distributions from the Fund may include an entitlement to franked dividends (or attribution of franked dividends and franking tax offsets in the context of an AMIT). Generally, investors should include the franked dividends and the franking credits (imputation credits) they receive in their assessable income.

Certain additional requirements, including the 45 day holding period rule may need to be satisfied in order to obtain franking credits in relation to dividends. The investor's particular circumstances (and that of the Fund) will be relevant to determine whether the investor is entitled to any franking credits, in respect of the investor's share of the franked dividends. Any excess franking credits may be refundable to some investors, such as individuals and complying superannuation funds.

### Foreign income

The Fund may also derive foreign sourced income that might be subject to foreign tax. Australian resident investors should include their share of both the foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for their share of foreign tax paid, against the Australian tax payable on the foreign sourced income. To the extent the investors do not have sufficient overall foreign sourced 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 will constitute a disposal for tax purposes. Where an investor holds their units in the Fund on capital account, a capital gain or loss on the disposal may arise and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. 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 at least 12 months. 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 10% or more of the units in the Fund should seek advice on this issue.

## Australian Taxation of Non-Resident Investors

### Tax on Income

Australian withholding tax may be withheld from distributions of Australian source income and gains paid to a non-resident investor.

The various components of the net income of the Fund which will be regarded as having an Australian source may include dividends paid by Australian companies, Australian sourced interest and Australian sourced gains.

For a fund that is an AMIT, withholding tax may also be payable in respect of amounts attributed.



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**

Non-residents and temporary residents are generally not subject to tax on capital gains arising on assets which are not 'taxable Australian property'. Generally, a unit in a managed investment fund will not be taxable Australian property for this

purpose, unless the unitholder has (with associates) a 10% or more interest in the fund and more than 50% of the market value of the fund's assets are attributable to Australian real property, or the units were 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. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

## 11. Other important 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 and the investment of the Fund 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. Neither 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 it has provided its written consent to Equity Trustees for inclusion in this PDS.

### Constitution of the Fund

Equity Trustees' responsibilities and obligations, as the responsible entity of the Fund, are governed by the Constitution as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the responsible entity of the Fund, and Investors. Some of the provisions of the Constitution are discussed elsewhere in this PDS.

You will be issued Units in the Fund when you invest. Subject to the rights, obligations and restrictions of a class, each Unit represents an equal undivided fractional beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give an Investor an interest in any particular property of the Fund.

Other provisions relate to an Investor's rights and include:

- the right of an Investor to share in any Fund income, and how we calculate the income;
- the entitlement of an Investor upon withdrawal from the Fund or if the Fund is wound up;
- the right of an Investor to withdraw from the Fund and circumstances in which withdrawal rights may be suspended;
- processing withdrawal applications, including time, minimum and maximum amounts and the withdrawal price;
- the nature of the Units - identical rights attach to all Units within a class; and
- an Investor's rights to attend and vote at meetings – these provisions are mainly contained in the Corporations Act.

There are provisions governing our powers and duties, including:

- how we calculate Unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Constitution – generally, we can amend the Constitution only where we reasonably believe that the changes will not adversely affect Investors' rights, otherwise amendments require a meeting of Investors;
- when we can retire as the Responsible Entity of the Fund - which is as permitted under the Corporations Act;
- when we can be removed as the Responsible Entity of the Fund - which is in accordance with the Corporations Act; and
- our broad powers to invest, borrow and generally manage the Fund.

The Corporations Act requires that we act honestly and exercise due care and diligence and:

- act in the best interests of Investors and, if there is a conflict between Investors' interests and our own, give priority to Investors;
- ensure the property of the Fund is clearly identified, held separately from other funds and our assets, and is valued regularly;
- ensure payments from the Fund's property are made in accordance with the Constitution and the Corporations Act; and
- report to ASIC any breach of the Corporations Act in relation to the Fund which has had, or is likely to have, a materially adverse effect on Investors' interests.

Copies of the Constitution are available, free of charge, on request from Equity Trustees.

### Indemnity

The Constitution also deals with our expenses in operating the Fund and when we can be reimbursed out of the Fund's assets.

We are generally entitled to be indemnified out of the Fund against all liabilities incurred as a direct or indirect result of anything done or not done under the Constitution. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by us. Subject to the law, Equity Trustees may retain or pay out from the assets of the Fund any sum necessary to affect such an indemnity.

For example:

- subject to the Corporations Act, we are not liable for acting in reliance and good faith on professional advice;
- subject to the Corporations Act, we are not liable for any loss unless we fail to properly perform our duties under the Constitution and the Corporations Act; and
- we can be reimbursed for any liabilities we incur in connection with the proper exercise of our powers and proper performance of our duties in respect of the Fund.

### Non-listing of units

The Units in the Fund are not listed on any stock exchange and no application will be made to list the Units in the Fund on any stock exchange.

### Termination of the Fund

The Responsible Entity may resolve at any time to terminate and liquidate the Fund (if it provides Investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Fund into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among Investors according to their holdings in a particular class of Units at the date of termination.

### Compliance plan

Equity Trustees has prepared and lodged with ASIC a compliance plan for the Fund. The compliance plan sets out the measures to be applied by Equity Trustees to ensure compliance with the Corporations Act and the Constitution. Each year the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

## Investment Management Agreement

Equity Trustees has appointed the Investment Manager to invest and manage the assets of the Fund.

## Administration Agreement

Equity Trustees has appointed Mainstream Fund Services Pty Limited to act as administrator for the portfolio.

## Unit pricing discretions policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating Unit prices, including determining the value of 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 (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to Investors free of charge on request.

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

Australia's AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees knows certain information about Investors in the Fund.

To meet this legal requirement, we need to collect certain identification documentation from new Investors. Existing Investors may also be asked to provide identification documents as part of a re-identification process to comply with AML/CTF laws. Processing of applications will be delayed or refused if Investors do not provide the applicable identification documents when requested.

Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of personal information. Equity Trustees may not be able to tell Investors when this occurs.

The Responsible Entity and the Investment Manager are not liable for any loss an Investor may suffer because of their compliance with the AML/CTF laws.

## Common Reporting Standard (CRS)

The CRS is a standardised set of rules developed by the Organisation for Economic Co-operation and Development that 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. There is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

## Your privacy

The Privacy Act 1988 (Cth) (**Privacy Act**) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal

information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. 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). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The 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;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees 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" by contacting Equity Trustees.

Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees' Privacy Policy are available at [www.eqt.com.au](http://www.eqt.com.au). You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email to [privacy@eqt.com.au](mailto:privacy@eqt.com.au) to request a copy.

## 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 Equity Trustees 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.

## Indirect Investors

The operator of an IDPS is referred to in this PDS as the **IDPS Operator** and the disclosure document for an IDPS is referred to as the **IDPS Guide**.

If you invest through an IDPS, you are an **Indirect Investor** and your rights and liabilities will be governed by the terms and

conditions of the IDPS Guide. Indirect Investors should carefully read the IDPS Guide before investing in the Fund.

Information regarding how Indirect Investors can apply for Units in the Fund (including an application form where applicable) as well as the conditions under which the IDPS operator can be directed to redeem will also be contained in the IDPS Guide.

Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become Investors in the Fund or have rights of Investors. The IDPS Operator becomes the Investor in the Fund and may exercise or refrain from exercising these rights.

Indirect Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment.

Indirect Investors will receive reports from the IDPS Operator and not directly from us. However, we will provide the reports described in Section 8, above, to relevant IDPS Operators. Indirect Investors should refer to their IDPS Guide for information on the reports they will receive.

## Foreign Account Tax Compliance Act ("FATCA")

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

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

In order to comply with the FATCA obligations, we may request certain information from Investors. 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 distributions to the US or on gross proceeds from the sale of certain US 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.

## 12. Glossary of important terms

### **Administrator**

Mainstream Fund Services Pty Limited (see front cover).

### **AFSL**

Australian Financial Services Licence.

### **AML/CTF law**

The Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006 including any regulations made under it and subject to any AML/CTF rules issued by the Australian Transaction Reports and Analysis Centre.

### **Application Form**

The Application Form that accompanies this PDS.

### **Application Price**

The price at which Units are issued on a Business Day, determined in accordance with the Constitution.

### **APRA**

Australian Prudential Regulation Authority.

### **ASIC**

Australian Securities and Investments Commission.

### **ASX**

Australian Securities Exchange.

### **ATO**

Australian Taxation Office.

### **AUSTRAC**

Australian Transaction Reports and Analysis Centre.

### **Business Day**

Any day other than a Saturday or Sunday, a bank holiday or public holiday in Sydney or such other days as determined by the Responsible Entity from time to time.

### **Buy Spread**

An estimate by the Responsible Entity of the total expenses incurred to buy assets on any Business Day, expressed as a percentage of the NAV.

### **Constitution**

The document, complying with Part 5C.3 of the Corporations Act and lodged with ASIC, which describes the rights, responsibilities and beneficial interests of both Investors and the Responsible Entity in relation to the Fund, as amended from time to time.

### **Corporations Act**

The Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

### **Custodian**

The Responsible Entity has appointed Mainstream Fund Services Pty Limited to hold the legal title to the assets of the Fund as agent for the Responsible Entity.

### **Derivatives**

A financial contract whose value is based on, or derived from, an asset class such as shares, interest rates, currencies or currency exchange rates and commodities. Common Derivatives include options, Futures and forward exchange contracts.

### **Distribution Period**

Each 6 month period ending 31 December and 30 June in each financial year (or part thereof) in respect of which a distribution arises.

### **Distributable Income**

The distributable income of the Fund as determined in accordance with the Constitution.

### **Equity Swaps**

An equity swap is an exchange of future cash flows between two parties that allows each party to diversify its income for a specified period of time while still holding its original assets.

Equity swaps allow parties to potentially benefit from returns of an equity security or index without the need to own shares of the security, an exchange-traded fund (ETF) or a mutual fund that tracks an index.

### **Equity Trustees**

Equity Trustees Limited (see front cover).

### **Free Cash Flow Yield**

An indicator that compares free cash flow and market capitalisation. It is a representation of the income (free cash flow) created by an investment. A yield of 12% means a company is generating 12% of its market capitalisation in free cash flow yearly.

### **Fund**

Newgate Real Estate and Infrastructure Fund, ARSN TBC

### **Futures**

A financial contract giving the buyer an obligation to purchase an asset (and the seller an obligation to sell an asset) at a set price at a future point in time.

### **GST**

Goods and Services Tax.

### **High water mark**

The High-Water Mark means the higher of \$1.00 and the highest NAV in any previous Performance Period where a performance fee has been paid, adjusted for applications, redemptions and subsequent distributions.

### **Hurdle rate**

The minimum amount of return the Fund must earn before performance fees are charged.

### **IDPS**

Investor-directed portfolio service or investor-directed portfolio service-like managed investment scheme or any other vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.

### **IDPS Guide**

A regulated disclosure document, prepared by an IDPS Operator, containing all information a person would reasonably require for the purpose of making a decision, as a Retail Client, whether to become an investor in the IDPS.

### **IDPS Operator**

An entity that operates and offers an IDPS.

### **Indirect Investor**

A person who invests indirectly in Units in the Fund through an IDPS.

### **Investment Manager**

Newgate Investment Management Pty Ltd (see front cover).

### **Investor**

A person who invests in the Fund or who is considering investing in the Fund.

## Long Positions

An investment position whereby the Fund has actual ownership or entitlement of a security. The position will profit from an increase in value of that security and a loss will be incurred where the value of the security decreases.

## Long/Short

An investment style that incorporates the use of both Long and Short positions.

## NAV (Net Asset Value)

Value of the investments of the Fund after deducting certain liabilities including income entitlements and contingent liabilities.

## Newgate

The Investment Manager (see front cover).

## PDS

This Product Disclosure Statement, prepared by Equity Trustees.

## Performance Period

(a) for the first Performance Period, the period commencing on the commencement date of the Fund to the first to occur of the last Business Day of June or December following the commencement date of the Fund;

(b) for the last Performance Period, the period from the day immediately following the last complete Performance Period to the date of termination of the Fund under the Constitution; and

(c) otherwise, the 6 month period ending on the last Business Day of June and December.

## Retail Client

A persons or entity as defined under section 761G of the Corporations Act.

## Responsible Entity or Equity Trustees

Equity Trustees Limited (see front cover).

## Sell Spread

An estimate by the Responsible Entity of the total expenses incurred to sell assets on any Business Day, expressed as a percentage of the NAV per Unit.

## Short Positions

An investment position where the Fund sells a security it does not own in anticipation to profit from a decrease in the value of that security. If the value of the security increases a loss will be incurred. Short positions are created by borrowing securities from a stock lender (Prime Broker) and selling that security with the intention of buying back when it decreases in value.

## Swaps

An exchange of one financial instrument for another between parties taking place at a predetermined time as specified in a contract. These instruments are traded as 'over the counter' rather than via exchanges, usually through banks.

## Unit

A unit in 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 Fund 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.

## Wholesale Client

A persons or entity as defined under section 761G of the Corporations Act.