



## Information Memorandum

### **Trustee**

Quay Fund Services Limited

ABN 84 616 465 671

AFSL No 494886

### **Investment Manager**

AI Funds Management Pty Ltd

ACN 632 813 060

Corporate Authorised Representative (Registration No. 001277049) of  
Quay Fund Services Limited (AFSL No. 494886)

Issued

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# 1. Notice to Potential Investors

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Thank you for expressing interest to invest in the Ark Global Fund (**Fund**), an unregistered and unlisted unit trust in Australia. Quay Fund Services Limited (ABN 84 616 465 671, AFSL No 494886) (**Trustee**) is the trustee of the Fund and the issuer of this Information Memorandum (**IM** or **Memorandum**). The terms of your investment in the Units of the Fund (**Units**) are set out in the following key documents:

- The trust deed of the Fund dated 29 July 2019 as amended from time to time (**Trust Deed**);
- This IM; and
- The application form accompanying this IM that is of the same date (**Application Form**).

The key documents outlined above (together, the **Transaction Documents**) must be read carefully before making a decision to invest in the Units of the Fund. Copies of the Transaction Documents will be provided to you upon request.

The Transaction Documents:

- Constitute your agreement with the Trustee to invest the amount specified in the Application Form;
- Describe the features, the associated risks and the costs of the Fund's investment strategy; and
- Set out some of the key terms of investing in the Fund and contains certain representations and warranties from you as an investor in the Fund.

Upon acceptance of your executed Application Form (including receipt of your cleared funds paid to our nominated account), monies will be held on deposit within the Fund in an account with an Australian Authorised Deposit-Taking Institution (**ADI**).

This IM is not a disclosure document under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has been prepared for use by professional investors only. This document is not required to be and has not been lodged with the Australian Securities and Investments Commission (**ASIC**), and neither ASIC nor any of its officers has taken any responsibility for the contents of the IM.

## Your Decision to Invest

This IM is an important document which you should read before making a decision to acquire the Units. A document of this kind cannot however take into account your investment objectives, financial situation or particular needs, and nothing in this IM should be regarded as a recommendation by the Trustee or by any other person concerning an investment in the Fund. Having considered the information in the IM, you should obtain independent financial and taxation advice as to the suitability of an investment in the Units for you, having regard to your investment objectives, financial situation and particular needs.

## Applications

This IM is available in paper form and in electronic form. If you wish to invest, you must complete the Application Form accompanying the IM and submit it as set out in accordance with the instructions set out in the Application Form.

## **Restrictions on Distribution of this IM**

The offer to which this IM relates is only available to persons:

- receiving the IM in Australia; and
- who qualify as wholesale investors under s 761G and s 761GA of the Corporations Act.

The IM does not constitute an offer of the Fund in any place in which, or to any person to whom, it should not be lawful to make an offer of the Fund. The distribution of the IM in jurisdictions outside Australia may be restricted by law, and any person who resides outside Australia and who comes into possession of the IM should seek advice about it and observe any restrictions.

## **Updated Information**

Updated information relating to this IM will be made available promptly. Alternatively, you can request a paper copy of this information free by contacting the Trustee on 1300 114 980. The information that will be made available by way of updates is information which is subject to change from time to time and is not materially adverse to you. If a change in information is materially adverse to you, the Trustee will replace this IM or issue a supplementary IM.

## **Electronic IM**

Investors who receive this IM in electronic form are entitled to obtain a paper copy of the IM, including the Application Form, without charge. Please contact the Trustee on 1300 114 980.

## **Definitions**

Some expressions used in this IM are defined in the Glossary in section 10. Unless the context requires otherwise, words used in the IM have the meaning given in the Glossary.

## 2. Key Features and Dates

### Key Features

Feature	Overview	Refer to Section
<b>Fund</b>	Ark Global Fund	4
<b>Fund Type</b>	The Fund is an unlisted, unregistered Australian wholesale managed investment scheme.	4.1
<b>Trustee</b>	Quay Fund Services Limited (ABN 84 616 465 671, AFSL No 494886)	3
<b>Investment Manager</b>	AI Funds Management Pty Ltd ( <b>AIFM</b> ) (ACN 632 813 060), the Corporate Authorised Representative (Registration No. 001277049) of Quay Fund Services Limited (AFSL No. 494886)	3
<b>Underlying Fund</b>	Fund One, an open-ended exempted company incorporated with limited liability in the Cayman Islands under the Companies Law with registration number 287801.	4.1
<b>Investment Objective</b>	The investment objective of the Trust is to achieve long-term capital appreciation with low correlation to global equity markets through investment in the Underlying Fund.	4.2
<b>Investment Strategy</b>	The Fund will hold interests in a share class in the Underlying Fund which will invest primarily in futures and FX spot but potentially also in innovative products such as options, ETFs and forwards.	4.3
<b>Eligible Investors</b>	Wholesale clients as defined in the Corporations Act.	5.1
<b>Minimum initial investment and balance</b>	A\$100,000	5.4
<b>Unit Price</b>	In the Initial Offering Period, the Unit price for Units in both classes is \$1.00 per Unit, thereafter at the Unit Price as described in Section 5.2.	5.2
<b>Class of Units</b>	There are two classes of Units: AUD Unhedged and AUD Hedged.	5.2
<b>Investment Timeframe</b>	Suggested minimum investment timeframe is at least 5 years. The Trustee and the Investment Manager recommend that you consider, with your financial adviser, the suggested investment period for the Fund for your own investment timeframe. You should review this regularly to ensure that the Fund continues to meet your investment needs.	5.3
<b>How to invest in the Fund</b>	Investors should complete the Application Form accompanying this Memorandum and send the completed Application Form, together with any	5.5

	<p>supporting documents to the Administrator or complete the online Application Form which can be accessed <a href="#">here</a> by no later than 5:00pm (AEST) on the Business Day which is 15 Business Days before the applicable Subscription Day.</p> <p>The Trustee has the right to reject any application or to accept only part of an application. Once lodged, an application may be cancelled only with the Trustee's approval.</p> <p>No cooling off period applies to wholesale clients as defined in the Corporations Act.</p>	
<b>Redemptions</b>	Units may be redeemed at the option of the Unitholder on any Redemption Day by sending a completed Redemption Request to the Administrator at InvestorRegistry@apexfunds.com.au, and then immediately via post/courier.	5.6
<b>Distributions</b>	Income distributions are generally made annually as at 30 June or otherwise determined by the Trustee. The Trustee may permit or require the Unitholders to reinvest some or all of any money payable by the Trustee to Unitholders for the issue of further Units.	5.7
<b>Risks</b>	Like any investment of this type, there are risks associated with investing in the Fund. Distributions are not guaranteed, nor are any capital returns. For information about the specific risks associated with the Fund, see section 0.	6
<b>Fees and Costs</b>	<p>No service fee will be payable to the Investment Manager.</p> <p>The Investment Manager will pay all the costs of the Fund's operation and management, including the organisational expenses, the fees and expenses payable to service providers and all expenses related to its investment program. These fees will be recovered from the Fund by the Investment Manager and capped at 0.5% per annum plus GST.</p>	7

## 3. Fund Management

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### **Trustee**

The Trustee of the Fund is Quay Fund Services Limited (ABN 84 616 465 671, AFSL No 494886) (**Quay**). Quay has been established as an independent provider of trustee and administration services to wholesale funds. This leaves the investment decisions to an expert that can focus on deciding what investments are made on behalf of the Fund, whilst Quay takes care of the operational aspects of the Fund.

Quay's responsibilities and obligations as the Fund's trustee are governed by the Trust Deed, the Corporations Act and general trust law. As trustee of the Fund, Quay is solely responsible for the management of the Fund.

Quay has delegated the investment management functions to AI Funds Management Pty Ltd (**AIFM**) under an Investment Management Agreement (**IMA**). Quay reviews the Investment Manager on an ongoing basis to ensure that it is managing the investments of the Fund within the terms of the IMA.

Under the IMA, AIFM may notify the Trustee that it wishes to terminate the IMA. The termination will take effect 3 months after the notice or immediately if the Trustee ceases to be the trustee of the Fund or certain other events occur.

### **Investment Manager**

AIFM is the investment manager of the Fund. AIFM directors are Clint Maddock and Mike Gilbert who are also the directors of Ark International Group (**AIG**), an Australian owned and based proprietary trading company. AIG has a successful 7 year track record trading its own capital in high frequency and medium frequency strategies across global exchanges covering futures, options, equities, FX and ETFs. The AIG team with its background as derivatives market-makers, focus on highly liquid markets where they combine their experience in managing systems and portfolios in fast-moving environments to design trading systems and algorithms that capture profitable opportunities with an acceptable risk profile.

#### *Clint Maddock (Director)*

Clint is an Australian national with over 15 years of experience in trading complex derivative products. He studied Aerospace Engineering at the Australian Defence Force Academy before transferring to the University of New South Wales where he completed a Bachelor of Mechanical Engineering (First Class Honours). He started his career at IMC in Sydney, an international derivatives trading house, while completing a Master of Commerce specialising in Funds Management. In 2006 he went on to co-found Tibra, where he started and managed several trading desks as well as holding the role of Director of Tibra's fledgling investment management business. Clint is a founder and Director of Ark International Group since 2012 and is responsible for trading strategy development and deployment. He is also engaged as portfolio manager for the investment manager of the Underlying Fund. Please refer to sections 6.3 and 6.4 for more details in relation to the conflicts of interest associated with this.

*Mike Gilbert* (Director)

Mike is a New Zealand national with 25 years experience in the London, Hong Kong and Sydney financial markets spanning derivatives trading, derivatives broking and high frequency trading. In London Mike spent two years heading up the equity derivatives broking team for OMX London before moving into trading Scandinavian equities derivatives for 7 years for a London based market making firm. From 2004 to 2012 Mike was Managing Director of Newedge Bank Hong Kong's (owned by Societe Generale) High Frequency Trading (HFT) groups and clearing firms in Asia Pacific. Over these 8 years Mike significantly grew the revenue and customer base of the business line he managed. Mike co-founded Ark International Group in 2012 where he is a Director responsible for business development, compliance and day to day operations.

## 4. The Fund

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### 4.1 Fund Structure

The Ark Global Fund (**Fund** or **AGF**) is an Australian unit trust and structured as an unregistered, unlisted management investment scheme under the Corporations Act. AGF invests in Fund One which is an open-ended exempted company incorporated with limited liability in the Cayman Islands with registration number 287801, with a Singapore Investment Manager called Swiss Asia Financial Services (SAFS).

AGF was primarily set up in order to simplify the process for Australian residents to obtain exposure to the performance of Fund One. Investments are accepted by AGF in Australian dollars and then currency hedged or left unhedged, into US dollars. The conversions as well as AML and KYC obligations are completed in Australia under the protection of Australian regulations.

Fund One is a global macro fund that utilises cutting edge quantitative research including machine learning techniques and fully automated trading algorithms which will aim to generate positive uncorrelated returns relative to any significant equity benchmark. The traded instruments are either major FX pairs or the most liquid exchange traded stock index, bond, and commodity futures across North America, Europe and Asia Pacific.

The algorithm backtests over 10 years of tick data and in order to do so effectively requires machine learning to filter noise and identify meaningful signals, which results in statistically significant prediction of price movements. In production this processing is done in real time and the portfolio reacts to asset movements by rebalancing automatically to the desired risk exposure through the market impact optimised execution logic.

Risk management layers built into the algorithm have been developed using the experience the team has gained from their decades in highly liquid fast-moving markets in the proprietary High Frequency Trading world. This allows the system to trade autonomously but safely to all trading opportunities and potential system issues, and to alert the team to any behaviour outside of strictly controlled bounds.

### 4.2 Investment Objective

The Fund is a 'feeder fund' which indirectly gains exposure to the underlying assets by investing all or substantially all of its assets in the Underlying Fund. The Fund may retain a certain amount of cash from the investment in the Fund for the purpose of payment of costs, fees, hedging and expenses.

The investment objective of the Fund is to achieve long-term capital appreciation with low correlation to global equity markets through investment in the Underlying Fund.

There can be no assurance that the investment objective of the Fund will be achieved.

### **4.3 Investment Strategy**

The Fund will seek to achieve the investment objective by investing in the Underlying Fund which will invest primarily in futures and FX spot but also in innovative products such as options, ETFs and forwards. The Underlying Fund analyses macro data on a range of assets and markets traded globally. Using statistical analysis and complex algorithms the Underlying Fund will aim to profit from short-term moves in the currency, commodity, bond and equity markets. It will take long and short positions using a 100% systematic trading approach that looks for short-term intra-day and intra-week investment opportunities.

The Underlying Fund has flexibility to invest in a wide range of instruments including, but not limited to, listed equities, preferred stocks, equity-related instruments, debt securities and obligations, currencies and commodities. The Underlying Fund may engage in short sales, margin trading, hedging and other investment strategies. The Underlying Fund may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to its investment objective.

The investment strategies summarised above represent the current intentions of the Fund and the Underlying Fund. Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, whether or not described in this IM or the information memorandum of the Underlying Fund, subject to any applicable law or regulation. The discussion above includes and is based upon assumptions and opinions concerning financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment strategies will achieve the investment objective.

### **4.4 Investment Restrictions**

The Fund has not imposed any particular investment restrictions in regard to the investment of the assets of the Fund.

## 5. Investing in the Fund

### 5.1 Eligible Investors

The Fund is only available to wholesale clients, as defined in s 761G and s 761GA of the Corporations Act.

### 5.2 Unit Prices

As of the date of issuance of the IM, there are two classes of Units in the Fund, being AUD Hedged and AUD Unhedged. During the Initial Offering Period, the price of the Units in the two classes is \$1.00 per Unit. The Unit prices for each unit class after the Initial Offering Period will be calculated by dividing the Net Asset Value of the Fund's assets by the number of participating Units.

AUD Hedged and AUD Unhedged classes of Units confer interests in the Fund as a whole and will be invested as a whole into the designated class of shares in the Underlying Fund denominated in US Dollar. The AUD Hedged class is hedged against the exposure to fluctuations in the USD/AUD FX rate and bears additional costs associated with implementing the hedging arrangement. The AUD unhedged class is exposed to fluctuations in the USD/AUD FX rate.

The Trustee in their absolute discretion may issue new classes of units with different terms attached.

### 5.3 Investment Timeframe

Suggested minimum investment timeframe is at least 5 years. The Trustee and the Investment Manager recommend that you consider, with your financial adviser, the suggested investment period for the Fund for your own investment timeframe. You should review this regularly to ensure that the Fund continues to meet your investment needs.

### 5.4 Minimum Initial Investment and Balance

The minimum initial investment amount is A\$100,000. Following the initial investment, if investors want to invest additional funds under A\$100,000, it will be at the Trustee's discretion.

Investors must maintain a minimum balance of A\$100,000.

### 5.5 How to Invest in the Fund

Investors should complete the Application Form accompanying this Memorandum and send the completed Application Form, together with any supporting documents to the Administrator or complete the online Application Form which can be accessed [here](#) by no later than 5:00pm (AEST) on the Business Day which is 15 Business Days before the applicable Subscription Day. If you need any help in considering whether the Fund is appropriate for you, or in completing the Application Form, please consult with professional financial advisors for your benefit.

To invest, simply forward your completed Application Form, together with your Investment Amount, to:  
Apex Fund Services (Australia) Pty Ltd  
PO Box 189 Flinders Lane  
Melbourne VIC 300

Email: [InvestorRegistry@apexfunds.com.au](mailto:InvestorRegistry@apexfunds.com.au)

Fax: +61 3 8648 6885

Payment methods and details are available with the Application Form.

Alternatively an online application form can be completed by going to:

<https://www.olivia123.com/ai-funds-management-pty-ltd/ark-global-fund.php?StartNew=1>

Application money will be paid into an interest bearing account upon receipt. Any interest earned on this account may be retained by the Fund.

If we are unable to process an application because it is invalid (e.g. the Application Form is not signed), the transaction will not be processed and the application money will remain in the account until the correct documentation is received.

If correct documentation is not received within one month, the application money will be returned by cheque with no interest payable.

The Trustee has the right to reject any application or to accept only part of an application. Once lodged, an application may be cancelled only with the Trustee's approval.

No cooling off period applies to wholesale clients as defined in the Corporations Act.

## **5.6 Redemptions**

Units may be redeemed at the option of the Unitholder on any Redemption Day. Units will be redeemed at the relevant Redemption Price. The Redemption Price of a Unit equals the Net Asset Value per Unit as at the Valuation Day immediately preceding the relevant Redemption Day less the Transaction Costs per Unit if any.

A Unit holder wishing to redeem their Units should send a completed Redemption Request to the Administrator (first by email to [InvestorRegistry@apexfunds.com.au](mailto:InvestorRegistry@apexfunds.com.au), and then immediately via post/courier). The completed Redemption Request must be received by no later than 5:00pm (AEST) on a Business Day falling at least 15 business days (or such shorter period as the Trustee may permit, either generally or in any particular case) prior to the relevant Redemption Day. Unless the Trustee agrees otherwise, any Redemption Request received after this time will be held over and dealt with on the next relevant Redemption Day.

A Redemption Request may be sent by email but none of the Trustee, the Fund or the Administrator will accept any responsibility for any loss arising from non-receipt or illegibility of any Redemption Request sent by email, or for any loss caused by or as a result of any action taken in connection with email instructions believed in good faith to have originated from properly authorised persons.

Upon receipt of the original Redemption Request and such other information and documentation as may be required, the Trustee will make a corresponding redemption request to the administrator of the Underlying Fund. A Redemption Request will not be paid until the Fund receives corresponding

redemption proceeds from the Underlying Fund. A Redemption Request will normally be paid within 5 Business Days once the Fund's corresponding redemption request is paid by the Underlying Fund. Payment of redemption proceeds by the Underlying Fund will normally be made within one calendar month (or as soon as practicable) of the later of: (1) the relevant redemption day of the Underlying Fund; and (2) the date on which the administrator of the Underlying Fund has received the original of the redemption request made by the Trustee and such other information and documentation as may be required.

No redemption fee will apply. No interest will be paid by the Fund in respect of redemption proceeds. Any cost of transfer or conversion will be deducted from the redemption proceeds.

The investor may nominate a third party recipient of the redemption proceeds. However documentary information must be provided detailing the reason for, and background to, such a "third party" payment request to the satisfaction of the Administrator.

A Redemption Request with an aggregate Net Asset Value of less than the Australian Dollar equivalence of AUD\$100,000 (or such lesser amount as the Directors may determine, either generally or in any particular case) will be refused. Once a Redemption Request has been received by the Administrator it may not be revoked by the Unitholder unless redemptions have been suspended.

## **5.7 Distributions**

Income distributions are generally made annually as at 30 June or otherwise determined by the Trustee. The Trustee may permit or require the Unitholders to reinvest some or all of any money payable by the Trustee to Unitholders for the issue of further Units. The Fund is likely to only make a distribution when Fund One makes a distribution which can be unlikely to occur.

The investor may nominate a third party recipient of the distributions. However documentary information must be provided detailing the reason for, and background to, such a "third party" payment request to the satisfaction of the Administrator.

## **5.8 Leverage**

While the Trust Deed of the Fund allows borrowing, it is intended that no borrowing arrangements will be entered into by the Fund.

The Fund through its investment in the Underlying Fund may, however, obtain leverage. When deemed appropriate, the Underlying Fund may employ leverage including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions and repurchase agreements. The Underlying Fund may pledge assets as security for borrowings. The use of leverage by the Underlying Fund will indirectly increase the risk of an investment in the Fund. The total leverage in the Underlying Fund will not normally exceed six times the latest net asset value of the Underlying Fund.

The Fund may borrow for the purposes of satisfying Redemption Requests or paying expenses, if required.

## 5.9 Currency hedging and trading

The Investment Manager has a currency hedging policy in place for the AUD Hedged class of Units in the Fund. Units in the AUD Hedged Class will be hedged against exposure to assets denominated in US dollars through a trading account with spot, forwards and options as directed by the Investment Manager.

The Underlying Fund may, but generally does not intend to, hedge the currency exposure of the Underlying Fund to currencies other than the base currency of the Underlying Fund. The Underlying Fund may also seek to hedge the currency exposure between the operational currency of any Class and the base currency of the Underlying Fund. The Underlying Fund may make use of spot and forward foreign exchange contracts or other methods to reduce exposure to currency fluctuations.

## 6. Risks

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An investment in the Fund entails risk, stemming from the underlying risk profile of Fund One. The nature of the investments in the Underlying Fund involves certain risks including, but not limited to, those listed below and the investment manager of the Underlying Fund may utilise investment techniques which carry additional risks. Potential investors should carefully consider the following factors, among others, in determining whether an investment in the Fund is suitable for them.

The following list of risk factors does not purport to be a complete enumeration or explanation of all the risks involved in an investment in the Fund. Prospective investors are urged to consult their advisors before deciding to invest in the Fund.

### 6.1 Risks associated with the Fund Structure

**No right to control.** Neither the Trustee nor the Investment Manager of the Fund controls the day-to-day operations, including investment and disposition decisions, of the Underlying Fund. The Fund must rely on the directors and the investment manager of the Underlying Fund to conduct and manage the affairs of the Underlying Fund. The Trustee or the Investment Manager will not be able to evaluate the relevant economic, financial and other information regarding future investments to be made by the Underlying Fund and, accordingly, will be dependent upon the judgement and ability of the directors and the investment manager of the Underlying Fund in investing and managing the capital of the Fund invested into the Underlying Fund.

**Leverage.** It is intended that the Fund will not be borrowing to fund investments. However, the Underlying Fund which the Fund will invest in may employ leverage including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions and repurchase agreements. The Underlying Fund may pledge assets as security for borrowings. The extent to which the Underlying Fund uses leverage may have the following consequences to its shareholders, including but not limited to: (a) greater fluctuations in the net assets of the Underlying Fund; (b) use of cash flow for debt service purposes; and (c) in certain circumstances the Underlying Fund may be required to prematurely harvest investments to service its debt obligations. There can also be no assurance that the Underlying Fund will have sufficient cash flow to meet its debt service obligations. As a result, the Fund's exposure to losses may be increased due to the illiquidity of its investments in the Underlying Fund generally.

**Absence of regulatory oversight.** The Fund is an unlisted and unregistered management investment scheme. Therefore, the Fund is not held to the stringent compliance standards imposed by the Corporations Act and ASIC which normally apply to registered management investment schemes. Furthermore, the Underlying Fund (although it is a regulated mutual fund under the Mutual Funds Law), is not required to, nor does it intend to, register under the laws of any other jurisdiction. As a consequence, the securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly shareholders of the Underlying Fund such as the Fund may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.

**Business and regulatory risks of investment funds.** Legal, tax and regulatory changes during the term of the Fund may adversely affect it. The regulatory environment for hedge funds is evolving. Changes in the regulation of hedge funds may adversely affect the value of the Underlying Fund's investments and consequently the value of the Fund. They may also adversely affect the Underlying Fund's ability to obtain the leverage it might otherwise have obtained or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulating organisations and exchanges are authorised to take extraordinary actions in cases of market emergencies. The regulation of derivative transactions and funds that engage in those transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Fund and the Underlying Fund could be substantial and adverse.

**FATCA.** Sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or "FATCA") provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Underlying Fund, including interests and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities, unless the Underlying Fund complies with FATCA. Although the Underlying Fund will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the Underlying Fund will be able to achieve this and/or satisfy such FATCA obligations. If the Underlying Fund becomes subject to a 30% FATCA penalty withholding on most types of income from U.S. investments as a result of the FATCA regime, the value of the shares held by shareholders (including the Fund) in the Underlying Fund may suffer material losses. The Underlying Fund's ability to comply with FATCA will depend on each Shareholder providing the Underlying Fund with information that the Underlying Fund requests concerning the Shareholder or its direct and indirect owners. If a Shareholder fails to provide the Underlying Fund with any information the Underlying Fund requests, and, in the opinion of the Directors or the Investment Manager, as the case may be, holding of shares by such person (whether directly or beneficially) will result in the Underlying Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Underlying Fund might not otherwise have incurred or suffered, or the Underlying Fund being exposed to any liability, penalty or regulatory action, then the Directors, may exercise its right to request a transfer of shares to another person or to compulsorily redeem the shares held by such Shareholder. Any such transfer or compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Investment Manager acting in good faith and on reasonable grounds.

**Cross Class liability.** Separate records for each class of shares in the Underlying Fund will be established in the books of the Underlying Fund for the purpose of allocating assets and liabilities of the Underlying Fund to the relevant class. However, if the liabilities attributable to a class exceed its assets, creditors of the Underlying Fund may have recourse to the assets attributable to other classes, including the class of shares owned by the Fund.

**Cross portfolio liability** The Underlying Fund may maintain separate portfolios of securities representing investments made with the proceeds of the issue of shares of a particular class or classes. Each portfolio will have a different investment objective and strategies, may employ leverage to a greater or lesser extent and may invest in different asset types, industry sectors, geographical regions and countries. As a consequence, each portfolio may have a materially different risk profile. Although separate accounting

records will be maintained in respect of each portfolio, there is no legal segregation of the assets and liabilities attributable to each portfolio. Accordingly, if the liabilities attributable to a portfolio exceed its assets, creditors of the Fund may have recourse to the assets attributable to other portfolios.

**Dependence on key personnel.** Given the nature and objective of the Fund is to gain exposure into the Underlying Fund, the investment performance of the Fund will be substantially dependent on the expertise of the investment manager of the Underlying Fund, its principals and employees. Thus, the departure for any reason of the key individuals who will be primarily responsible for managing the investment of the assets of the Underlying Fund may consequently have a materially adverse effect on the performance of the Fund.

**Illiquidity of Shares in the Underlying Fund.** It is not anticipated that there will be an active secondary market for the shares in the Underlying Fund and it is not expected that such a market will develop. Shares are not transferable without the approval of the directors of the Underlying Fund. Consequently, the Fund may not be able to dispose of its shares except by means of redemption. Redemptions may be subject to an overall limit by reference to the Net Asset Value of the Underlying Fund and may be suspended in certain circumstances. The Underlying Fund may effect redemptions in specie or may establish a liquidating trust, account or entity to hold the relevant investments until they are liquidated at a later date. As such, the Fund may not receive cash proceeds on redemption or in the event that the Underlying Fund is terminated or may not receive cash proceeds in a timely manner.

**Lack of operating history.** The Fund is a newly formed entity. The Underlying Fund has also only established 2 years of track record. The investment results of the Fund are reliant upon the success of the Investment Manager and no guarantee or representation is made in this regard. There can be no assurance that the Fund will achieve its investment objective.

**Possible effect of substantial redemptions in the Underlying Fund.** Substantial redemptions by one or more investors in the Underlying Fund at any one time could require the Underlying Fund to liquidate its positions more rapidly than otherwise desired in order to raise the cash necessary to fund those redemptions. The Underlying Fund may find it difficult to liquidate its positions on favourable terms in such a situation, possibly reducing the value of the Underlying Fund's assets and/or disrupting the investment strategies. The Underlying Fund is permitted to borrow for the purposes of redeeming shares and may pledge assets as collateral security for the repayment of that borrowing. In such circumstances, the continuing Shareholders including the Fund will bear the cost and risk of any such borrowing.

**Valuation of the investments.** Valuation of the securities and other investments of the Underlying Fund may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Share of the Underlying Fund may be adversely affected. Independent pricing information about some of the securities and other investments of the Underlying Fund may not always be available.

If the value assigned to an investment differs from its actual value, the Net Asset Value per Share of the Underlying Fund may be either understated or overstated to the extent of that difference. Consequently, if the actual value of some of the securities and other investments of the Underlying Fund is higher than the value assigned to them, a Shareholder (such as the Fund) who redeems all or part of its shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of

some of the securities and other investments of the Fund is lower than the value assigned to them, the Shareholder may, in effect, be overpaid.

Furthermore, an investment in the Underlying Fund by a new Shareholder (or an additional investment by an existing Shareholder) may dilute the value of the Fund's investment in the Underlying Fund if those investments are undervalued. Conversely, a new Shareholder (or an existing Shareholder who makes an additional investment) could pay too much if the Underlying Fund's investments are overvalued by the Underlying Fund. If either of these scenarios happens, the Underlying Fund does not intend to adjust its Net Asset Value per Share retroactively.

Additionally, as the fees of a number of the service providers to the Underlying Fund are tied to its Net Asset Value, any discrepancy in valuation may result in overpayment or underpayment to those service providers.

None of the Underlying Fund, the directors or administrator of the Underlying Fund will be liable if a price or valuation used in good faith in connection with any of the above procedures later proves to be incorrect or inaccurate.

## **6.2 Risks associated with the Investment Strategies undertaken by Fund One**

**Arbitrage Trading.** The trading operations of the Underlying Fund may involve arbitraging between a security and its announced buy-out price (or other forms of risk arbitrage), between two securities, between the equity and equity options markets, between futures and securities and/or options and/or any combination of the above. This means, for example, that the Underlying Fund may purchase (or sell) a security (that is, on a current basis) and take offsetting positions in the options market in the same or a related security. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavourably causing a loss to the Underlying Fund.

**Availability of Investment Strategies.** Identification and exploitation of the investment strategies to be pursued in respect of the Underlying Fund involves a high degree of uncertainty. No assurance can be given that the investment manager of the Underlying Fund will be able to locate suitable investment opportunities in which to deploy all of the monies held. Market factors including, but not limited to, a reduction in the volatility and pricing inefficiency of the markets in which the investment manager of the Underlying Fund seeks to invest the assets will reduce the scope of the investment strategies.

**Commodity-futures contracts:** The Underlying Fund may invest in commodity-futures contracts. Commodity-futures markets (including financial futures) are highly volatile. They are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low-margin deposits normally required in commodity-futures trading, a high degree of leverage is typical of a commodity-futures-trading account. As a result, a relatively small price movement in a commodity-futures contract may result in substantial losses to the trader. Commodity-futures trading may also be illiquid. Some commodity exchanges do not permit trading in certain futures contracts at prices that represent a fluctuation in price beyond certain set limits during a single day's trading. If prices fluctuate beyond those limits during a single day's trading - which conditions, in the past, have lasted sometimes for several days

in certain contracts - the Underlying Fund could be prevented from promptly liquidating unfavourable positions and thus be subject to substantial losses.

Commodity futures contracts, including index futures and other financial futures, are customarily bought or sold on margin, which may be less than five per cent of the purchase price of the contract being traded. Margin is the minimum deposit necessary to initiate or maintain a position. The Underlying Fund may trade in commodity futures contracts such as bond futures, interest rate futures, currency futures and other financial futures in order to achieve the appropriate level of risk versus expected return for the Fund.

**Counterparty and Settlement Risk.** Due to the nature of some of the investments which the investment manager of the Underlying Fund may make, reliance is placed on the ability of the counterparty to a transaction to perform its obligations. In the event that any such party fails to complete its obligations for any reason, the Underlying Fund may suffer losses. The Underlying Fund will therefore be exposed to a credit risk on the counterparties with whom it trades. The Underlying Fund will also bear the risk of settlement default by clearing houses and exchanges. Any default by counterparty or on settlement could have a material adverse effect on the Net Asset Value of the Underlying Fund. In recent history, several prominent financial market participants (including counterparties to over-the-counter and inter-dealer transactions) have failed or nearly failed to perform their contractual obligations when due – heightening the uncertainty observed in financial markets and leading to unprecedented government interventions, credit and liquidity contractions, early termination of transactions and financing arrangements, and suspended and failed payments and deliveries.

Such turmoil has caused even solvent prime brokers and lenders to be unwilling or less willing to finance new investments or to offer financing on significantly less favourable terms than those that prevailed in the recent past.

The Investment Manager of the Fund will enter into hedging agreements for the purpose of the AUD Hedged class. In the event that the counterparty of these hedging agreements default, interests in the AUD Hedged class of the Fund may suffer losses.

Although the investment manager of the Underlying Fund and the Investment Manager of the Fund intend to enter into transactions only with counterparties that it believes to be creditworthy, there can be no assurance that counterparty will not default and that the Underlying Fund and the Fund will not sustain a loss on a transaction as a result. In addition, concentration of transactions with a limited number of counterparties could increase the potential for losses by the Underlying Fund and the Fund.

**Currency fluctuations and convertibility.** The Fund is denominated in Australian dollars but the Underlying Fund it will invest in is denominated in US dollars. The Underlying Fund may invest its assets in securities denominated in other currencies. The Fund will be subject to currency market risks associated with fluctuations in the value of US Dollar and the currency the Underlying Fund's investments are denominated in. To the extent that the Australian dollar appreciates relative to the US dollar, the Australian Dollar value of the Fund's interests in the Underlying Fund is likely to be adversely affected. In addition, if the currency in which the Fund receives distribution, interest or other types of payments (such as liquidating payments) declines in value against the Australian Dollar before such payments are

distributed, the Australian Dollar value of the units in the AUD Unhedged class will be adversely affected and the units in the AUD Hedged class could be adversely affected if not sufficiently hedged or in the event of default by hedge counterparty. Furthermore, the ability of the Underlying Fund and companies in which it invests to convert freely between the US Dollar and the local currencies may be restricted or limited and, in a number of instances, exchange rates and currency conversion are controlled directly or indirectly by governments or related entities.

**Debt securities.** The Underlying Fund may invest in fixed income securities which may be unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than rated or higher-rated debt securities. Because investors generally perceive that there are greater risks associated with unrated and below investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Underlying Fund. The Underlying Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Underlying Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Underlying Fund may invest in distressed and other low quality debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes and their failure to make the scheduled payments could cause the Underlying Fund to suffer significant losses. The Underlying Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

**Derivative instruments:** The investment manager of the Underlying Fund may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives. These may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Using derivative instruments has various risks. These include the following:

- *Tracking* - When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the investment manager of the Underlying Fund from achieving the intended hedging effect or may expose the portfolio to the risk of loss.
- *Liquidity* - Derivative instruments, especially when traded in large amounts, may not always be liquid. Hence in volatile markets, the investment manager of the Underlying Fund may not be able to close out a position without incurring a loss. In addition, exchanges on which the investment manager of the Underlying Fund conducts its transactions in certain derivative instruments may have daily limits on price fluctuations and speculative positions limits. These limits may prevent

the investment manager of the Underlying Fund from liquidating positions promptly, thereby subjecting the portfolio to the potential of greater losses.

- *Leverage* - Trading in derivative instruments can result in large amounts of leverage. The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Underlying Fund. This could subject the Underlying Fund's Net Asset Value to wider fluctuations than would be the case if the investment manager of the Underlying Fund did not use the leverage feature in derivative instruments.
- *Over-the-Counter Trading* - Derivative instruments that may be purchased or sold for the portfolio may include instruments not traded on an exchange. Over-the-counter options, unlike exchange-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of non-performance by the obligor on an over the-counter instrument may be greater, and the ease with which the investment manager of the Underlying Fund can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "ask" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with those instruments.

**Discretion of the investment manager of the Underlying Fund; concentration of investments:** The investment manager of the Underlying Fund will seek to engage in the investment activities described in this Memorandum. Nonetheless, the Investment Manager of the Underlying Fund may alter the Underlying Fund's portfolio. It can do so in its sole discretion and without the approval of any holder of shares in the Underlying Fund. Although, as a matter of general policy, the investment manager of the Underlying Fund will try to spread the Underlying Fund's capital among a number of investments, it may depart from that policy from time to time and may hold a few relatively large securities positions in relation to the Underlying Fund's capital. A loss on a large security position following such concentration could materially reduce the Underlying Fund's capital.

**Distributions:** Ordinarily, the Underlying Fund will not make distributions by way of dividends to the shareholders holding shares (including the Fund) and, consequently, all earnings of the Underlying Fund are expected to be retained for reinvestment.

**Equity securities.** The Underlying Fund may invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Underlying Fund may suffer losses if the Underlying Fund invests in equity instruments of issuers whose performance diverges from the expectations of the investment manager of the Underlying Fund or if equity markets generally move in a single direction and the investment manager of the Underlying Fund has not hedged against such a general move. The Underlying Fund also may be exposed to risks that issuers will not fulfil contractual obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

**Futures Contracts.** The Underlying Fund may invest in futures contracts. The risk of loss in trading futures contracts, options, foreign exchange and leveraged foreign exchange transactions can be substantial. In particular:

- a) If the Underlying Fund purchases or sells a futures contract or leveraged foreign exchange transaction, the Fund may sustain a total loss of the initial margin funds and any additional funds that the Underlying Fund deposits with the holder of a capital markets services licence to establish or maintain the Fund's position. If the market moves against the Underlying Fund's position, the Underlying Fund may be called upon by the licence holder to deposit a substantial amount of additional margin funds on short notice in order to maintain its position. If the Underlying Fund does not provide the required funds within the specified time, its position may be liquidated at a loss, and the Underlying Fund will be liable for any resulting deficit in its account.
- b) Under certain market conditions, the Underlying Fund may find it difficult or impossible to liquidate a position.
- c) The placement of contingent orders by Underlying Fund or the holder of a capital markets services licence authorised by the Underlying Fund (such as the investment manager of the Underlying Fund), such as a 'stop-loss' or 'stop limit' order, will not necessarily limit the Underlying Fund's losses to the intended amounts, since market conditions may make it difficult or impossible to execute such orders.
- d) A 'spread' position may not be less risky than a simple 'long' or 'short' position.
- e) The high degree of leverage that is often obtainable in futures and leveraged foreign exchange trading can work against the Underlying Fund as well as for the Underlying Fund. The use of leverage can lead to large losses as well as gains.

**General FX Trading Risks.** Substantial risks are involved in the trading of foreign exchange. Market movements can be volatile and difficult to predict. Government activities, particularly those of the Federal Reserve Board of the United States, can have a profound effect on interest rates, which, in turn, substantially affect prices as well as the liquidity of markets. Politics, recession, inflation, employment levels, trade policies, international events, war, and other unforeseen events can also have significant impact upon prices. A variety of possible actions by various government agencies also can inhibit the profitability of the Underlying Fund's business or can result in losses. Such events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses for the Underlying Fund.

**Hedging.** Although the investment manager of the Underlying Fund may utilise a variety of financial instruments, such as derivatives, options, interest rate swaps, swaptions, caps and floors, futures and forward contracts generally for risk management purposes, there can be no assurances that a particular hedge will be appropriate, or that a certain risk will be measured properly. Further, while the investment manager of the Underlying Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Underlying Fund. Moreover, the Underlying Fund will always be exposed to certain risks that cannot be

hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the investment manager of the Underlying Fund may take positions based on the expected future direction of the markets without fully hedging the market risks. In terms of the Fund, the AUD Unhedged class of units will always be exposed to the fluctuations in the USD/AUD FX rate and the AUD Hedged class of units will be subject to hedge counterparty risk. There is also no assurance that the hedging policy of the AUD Hedged class of units will be appropriate.

**High-yield securities:** The Underlying Fund may invest in "high yield" bonds and preferred securities that are rated in the lower-rating categories by the various credit-rating agencies (or in comparable non-rated securities). Securities in the lower-rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of those securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may contribute to a decrease in the value and liquidity of those lower-rated securities.

**Investment flexibility.** The Underlying Fund has broad and flexible investment authority. In particular, the Underlying Fund is not required to invest any particular percentage of its portfolio in any type of investment, sector or region, and the amount of the Underlying Fund's portfolio which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, the Underlying Fund may have significant investments in strategies, sectors or instruments not specifically described herein and which therefore present risks which are not specifically described herein.

**Investments in restricted securities.** At any given time, a portion of the Underlying Fund's assets may be invested in "restricted securities," which are securities subject to significant legal or contractual restrictions on their public resale. Investing in restricted securities involves a number of significant risks. Without the ability to resell restricted securities in the public markets, the Underlying Fund may be compelled to hold such investments indefinitely or to dispose of them in private transactions on unattractive terms. Such restrictions therefore can impair both the avoidance of losses as well as the timely realization of gains. Although in some instances the Underlying Fund may have registration rights or other contractual means of achieving liquidity as to its investment in such restricted securities, such rights may in fact be limited or ineffective in achieving the secondary market desired. Restricted securities in which the Underlying Fund invests may include highly speculative, developmental stage issuers, as well as securities of more seasoned companies, which can involve significant issuer or industry related risks.

**Market risks and liquidity:** In large measure the profitability of a significant portion of the Underlying Fund's investment program depends on correctly assessing the future course of the price movements of securities and other investments. There is no assurance that the Underlying Fund will be able to accurately predict those price movements. Although the Underlying Fund may attempt to mitigate market risk

through the use of long and short positions or other methods, there is always some and occasionally a significant degree of market risk.

Furthermore, the Underlying Fund may be adversely affected by a decrease in market liquidity for instruments in which it invests, which may impair its ability to adjust its position. The size of the Underlying Fund's positions may magnify the effect of a decrease in market liquidity for those instruments. Changes in overall market leverage, de-leveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Underlying Fund's portfolio. Some of the underlying investments of the Underlying Fund may not be actively traded and there may be uncertainties involved in valuing those investments. Potential investors are warned that under those circumstances, the Net Asset Value of the Underlying Fund may be adversely affected and the Underlying Fund may not be able to promptly liquidate its investments if the need should arise. In addition, the sales of thinly traded or illiquid investments by the investment manager of the Underlying Fund could depress the market value of such investments and thereby reduce the Underlying Fund's profitability or increase its losses. Such illiquidity can be caused by market conditions, interrelationships between or among markets, governmental, regulatory authority, or exchange rules, applicable laws, or the nature of the Underlying Fund's investments.

**Overall Investment Risk.** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the investment manager of the Underlying Fund and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, may cause sharp market fluctuations. Changes in the macroeconomic environment, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political events and trends, changes to tax laws, currency exchange rates, regulatory policy, employment and consumer demand and innumerable other factors, can substantially and adversely affect the performance of an investment of the Underlying Fund. None of these conditions will be within the control of the investment manager of the Underlying Fund.

**Repurchase and reverse-repurchase agreements.** The investment manager of the Underlying Fund may use repurchase and reverse-repurchase agreements, which involve certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the investment manager of the Underlying Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the ability of the investment manager of the Underlying Fund to dispose of the underlying securities may be restricted. Finally, it is possible that the investment manager of the Underlying Fund may not be able to substantiate the Underlying Fund's interest in the underlying securities. If the seller fails to repurchase the securities, the Underlying Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

**Use of leverage.** Subject to market conditions and applicable regulations, the Underlying Fund will use leverage in connection with investments. Leverage is the use of borrowed funds to pay for a portion of the

purchase price of an investment. Using leverage will maximise the initial amount of securities that the Underlying Fund will be able to purchase and potentially enhance the Underlying Fund's performance. The use of leverage, however, will add to the risk of the Underlying Fund's investments, as declines in the price of a security could result in a substantial loss of the Fund's investment in the security if the Underlying Fund is forced to sell the security as the result of a demand to repay any amounts borrowed. As with any leveraged investment, the Underlying Fund's use of leverage may result in losses in excess of the amount of the amount invested. Utilisation of leverage will also increase the Underlying Fund's expenses due to the interest charges on the borrowed funds, thus potentially affecting the Underlying Fund's performance.

**Technology/Electronic Trading.** The Underlying Fund's investment program is implemented 100% in software. All due care is taken to minimise the impact of hardware and software failures. However there is no assurance that the code will be able to handle all responses or lack of response from third party vendors and exchanges. It is possible there will be unexpected failures in hardware or software of the Fund or external suppliers. Many unpredictable events can result in system down time and unanticipated trades. During these periods the Underlying Fund may not be able to put on or remove risk in a timely fashion causing missed profit opportunities or losses should the market move adversely.

### **6.3 Conflicts of interest**

The Trustee, the Investment Manager, the Administrator and any other service providers, may, from time to time, act as director, promoter, manager, investment manager, investment adviser, registrar, administrator, transfer agent, trustee, custodian, broker, distributor or placing agent to, or be otherwise involved in, other collective investment schemes which have similar investment objectives to those of the Fund. Similarly, one or more of them may provide discretionary fund management or ancillary administration, custodian or brokerage services to investors with similar investment objectives to those of the Fund. Consequently, any of them may, in the course of their business, have potential conflicts of interests with the Fund. Each will at all times have regard to its obligations to the Fund and will endeavour to resolve such conflicts fairly.

The following list of risk factors does not purport to be a complete enumeration or explanation of all the risks involved in an investment in the Fund. Prospective investors are urged to consult their advisors before deciding to invest in the Fund.

**Investment Manager.** The Investment Manager is engaged in the business of discretionary investment management and advising clients, which may include other investment vehicles, in the purchase and sale of securities and financial instruments. In managing other client's assets or advising other clients, the Investment Manager may use the information and trading strategies which it obtains, produces or utilises in the performance of services for the Fund. Particularly, the Fund will invest in the Underlying Fund which is a fund managed by an associated entity of the Investment Manager<sup>1</sup>. In the course of managing the Fund, the Investment Manager may face conflicts in respect of interests in relation to the Fund, the Underlying Fund and its own interests. The Investment Manager has conflict management policies in place to manage the potential conflicts appropriately.

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<sup>1</sup> The director of the Investment Manager of the Fund, Clint Maddock, is also the portfolio manager of the investment manager of the Underlying Fund.

The Investment Manager may have conflicts of interest in managing the portfolio of the Fund because its compensation for managing and/or advising other investment vehicles or accounts may exceed its compensation for managing the portfolio of the Fund, thus providing an incentive to prefer such other investment vehicles or accounts. The Investment Manager will endeavour to allocate all investment opportunities on a fair and equitable basis between the Fund and those other investment vehicles and accounts.

The Investment Manager and/or any of its associates may invest, directly or indirectly, in assets which may also be purchased or sold by the Fund. Neither the Investment Manager nor any of its associates shall be under any obligation to account to the Fund in respect of (or share with the Fund or inform the Fund of) any such transaction or any benefit received by any of them from any such transaction.

A conflict may also arise from the Investment Manager's affiliation with the provider of the financial algorithm which has been sublicensed to the investment manager of the Underlying Fund (refer to section 6.4 below). The performance of the Underlying Fund may be of interest to the Investment Manager because of the compensation in which its affiliate entity receives from licensing the algorithm to the Underlying Fund. Such interest in the performance of the Underlying Fund may conflict with the interests of the Fund, particularly in situations where it may be of benefit to redeem the shares in the Underlying Fund held by the Fund due to adverse performance. In the case where such a conflict arises, the Investment Manager will endeavour to comply with its responsibilities outlined in the IMA accordingly.

**Trustee.** At all times so far as practicable the Trustee will have regard to their obligations to act in the best interests of the Fund and will seek to ensure that any conflict of interest is resolved fairly.

The Trustee may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or in which the Fund is otherwise interested. The Trustee will not be liable to account to the Fund for any profit derived from such a transaction or arrangement provided the nature and extent of any material interest has been disclosed.

Save as disclosed in this Memorandum, the Trustee has no interest, direct or indirect, in the promotion of, or in any assets which are proposed to be acquired, disposed of by or leased to, the Fund. Save as disclosed in this Memorandum, the Trustee has no material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to the business of the Fund, nor has the Trustee had any such interest since the Fund was incorporated.

#### **6.4 Technology Services Agreement**

The Underlying Fund has entered into a technology services agreement with Ark IP Singapore Pte. Limited to receive a license to use a financial algorithm developed by Ark IP Singapore Pte. Limited (**Technology Services Agreement**). Compensation for the licence and related services will be a derivative of the Underlying Fund's performance. Mr Clint Maddock is engaged as portfolio manager for the investment manager of the Underlying Fund who is sublicensed to use the algorithm to manage the Underlying Fund. As such the technology services agreement was not negotiated on arm's length terms. However, the investment manager of the Underlying Fund has exercised and will exercise good faith and integrity in handling all the Underlying Fund's operations. In particular, Ark IP Singapore Pte. Limited 's consideration for granting the licence to the Underlying Fund and providing ongoing related software support services

and updates will be correlated to the performance of the Underlying Fund. The directors of the Underlying Fund are of the view that this compensation aligns the interests of shareholders with that of Ark IP Singapore Pte. Limited.

## **6.5 Soft Dollar Arrangements**

The Investment Manager may receive goods or services from a broker or a dealer in consideration of directing transaction business for the account of the Fund to such broker or dealer provided that: (i) the goods or services are of demonstrable benefit to the Fund; and (ii) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary full service brokerage rates.

Goods and services may include research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, clearing and custodian services and investment-related publications. The goods and services which the Investment Manager receives will not include any goods and services prohibited from time to time by any code or guidelines issued by any relevant regulatory authority.

The Fund may be deemed to be paying for these services with "soft" dollars. Although the Investment Manager believes that the Fund will demonstrably benefit from the services obtained with "soft" dollars generated by trades, the Fund does not benefit from all of these "soft" dollar services. The Investment Manager and other accounts managed by the Investment Manager or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that the Investment Manager uses "soft" dollars to pay for expenses the Investment Manager would otherwise be required to pay itself.

The Investment Manager intends generally to consider the amount and nature of research, execution and other services provided by brokers, as well as the extent to which such services are relied on, and attempt to allocate a portion of its brokerage business on the basis of that consideration. The investment information received from brokers, however, may be used by the Investment Manager and its affiliates in servicing other accounts and not all such information may be used by the Investment Manager in connection with the Fund. The Investment Manager believes that such an allocation of brokerage business may help to obtain research and execution capabilities and provides other benefits to the Fund.

The relationships with brokerage firms that provide "soft" dollar services to the Investment Manager may influence the Investment Manager's judgement in allocating brokerage business and create a conflict of interest in using the services of those broker-dealers to execute brokerage transactions. The brokerage commissions paid to those firms, will not, however, differ materially from, nor will they be in excess of, customary full brokerage commissions payable to other firms for comparable services.

*This list of risk factors does not purport to be complete. Nor does it purport to be an entire explanation of the risks involved in an investment in the Fund. A potential investor should read this Memorandum in its entirety as well as consult with its own legal, tax and financial advisers before deciding to invest in the Fund.*

## 7. Fees and Expenses

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### 7.1 Fees payable to the Investment Manager

There will be no service fee payable to the Investment Manager by the Fund.

The investment manager of the Underlying Fund is entitled to receive a performance fee equal to 30% of the increase in the Net Asset Value of the Underlying Fund shares that AGF invests in.

There are no management fees for the Underlying Fund shares that AGF invests in.

### 7.2 Fees payable to the Trustee

According to the Trust Deed, the Trustee is entitled to receive an annual fee equal to the higher of \$48,000 or 0.05% of the Net Asset Value of the Fund (excluding GST) and is also entitled to be reimbursed for all out of pocket expenses properly incurred in performing its duties as Trustee of the Fund.

### 7.3 Fees payable to the Administrator

Under the terms of the Administration Agreement, the Administrator shall receive an annual fee calculated in accordance with its customary schedule of fees and is also entitled to be reimbursed for all out of pocket expenses properly incurred in performing its duties as Administrator of the Fund.

### 7.4 Expenses

The Investment Manager will pay the costs and expenses of, and incidental to, the offering of Units in the Fund (including expenses relating to establishment of the Fund negotiation and preparation of the contracts to which it is a party, costs of printing this Memorandum and the fees and expenses of its professional advisers) and the expenses incurred in connection with the operations of the Fund including but not limited to:

- (i) fees and expenses of advisers and consultants;
- (ii) the Service Fee and Performance Fee;
- (iii) indemnification expenses and the cost of insurance against potential indemnification liabilities;
- (iv) legal, administrative, accounting, tax, audit and insurance expenses;
- (v) all taxes and corporate fees payable to governments or agencies; (vi) communication expenses with respect to investor services;
- (vii) Trustee's fees and expenses;
- (viii) litigation or other extraordinary expenses; and
- (ix) costs of periodically updating the Memorandum.

The Investment Manager will recover the costs and expenses paid on behalf of the Fund at a cap of 0.5% per annum of the Net Asset Value of the Fund.

## 8. Taxation Information

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Investors are strongly advised to seek professional tax advice prior to investing into the Fund. Investors must take sole responsibility for their investments in regards to any tax implications that may arise during the course of their investment.

The following information summarises some of the taxation and stamp duty issues you should consider before making an investment. The information is intended for use by Investors who hold Units in the Fund on capital account and who are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. It should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ. The taxation of a unit trust investment such as Units in the Fund can be complex and may change over time. The comments below are current as at the date of preparation of this IM. Investors should be aware that the ultimate interpretation of taxation and stamp duty law rests with the Courts and that the law, and the way that the Federal Commissioner of Taxation or a Commission of State Revenue administers the law, may change at any time. Please consult your tax adviser about the specific implications relevant to your situation before making any investment decision.

This summary only deals with the Australian and New Zealand tax and stamp duty considerations of potential investors and does not deal with tax consequences in relation to other jurisdictions.

### 8.1 Tax position of the Fund

#### General

The Fund is an Australian resident trust for Australian tax purposes. Although the Fund holds authorised investments, it is intended that the Trustee will limit its activities to undertaking or controlling entities that undertake 'eligible investment businesses as described in section 102M of the Australian Income Tax Assessment Act 1936, as amended. On this basis, the Fund should not be a 'trading trust', and so should not be taxed as a company.

Generally, no Australian income tax will be payable by the Trustee on behalf of the Fund on the basis that the Investors in the Fund are presently entitled to all of the distributable income of the Fund for each income year or where the Fund is an Attribution Managed Investment Trust ('AMIT') (refer to "AMIT Regime" on page 34), Investors are attributed with all net taxable income each year (as relevant). In the case where the Fund makes a loss for Australian tax purposes, the Fund cannot distribute the loss to Investors in the Fund. However, subject to the Fund meeting

certain conditions, the Fund may be able to recoup such losses against assessable income of the Fund in subsequent income years.

### **Deemed Capital Gains Tax ('CGT') election**

Eligible managed investment trusts ('MITs') may make an irrevocable election to apply a deemed capital account treatment to gains and losses on the disposal of eligible investments (including equities and units in other trusts, but generally not derivatives and foreign exchange contracts). The election must be made in respect of the first year a trust qualifies as a MIT, otherwise if a trust qualifies as a MIT and no election is made, deemed revenue account treatment applies. If the Fund makes the election for deemed capital account treatment, where the eligible investments of the Fund have been realised, the Fund income should generally be capital gains (unless the tax law provides otherwise). Capital losses must be offset against the 'grossed up' amount of discount capital gain.

### **Tax reform**

Reforms to the taxation of trusts are generally ongoing. The Trustee will continue to monitor the progress of such developments and the impact on the Fund. However, given these developments may impact on the tax positions of the Fund and its Investors, it is strongly recommended that investors seek their own professional advice in relation to the potential impact of any reforms on their tax position.

### **Tax File Number (TFN) and Australian Business Number (ABN) withholding**

It is not compulsory for an Investor to quote their TFN or ABN to the Trustee when acquiring units. 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 Trustee to withhold tax at the top marginal rate, which is currently 47% on 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.

### **8.2 Tax position of Australian resident Investors**

Investors should include in their assessable income their share of the Fund's net taxable income, calculated by reference to the portion of the Fund's trust income to which they are presently entitled to it. Alternatively, where the Fund is an AMIT you include the net taxable income attributed to you for a particular year in your tax return.

An Investor receives an entitlement to the Fund's distributable income for a financial year if they hold Units at the end of a distribution period, or if they redeem any Units during the financial year in which case their withdrawal proceeds may include a component of distributable income.

## Distributions

Investors in the Fund will be provided with an annual distribution and taxation statement (generally in September each year) indicating the components of their distribution (or reinvestment), and any taxes withheld or deducted. Where the Fund is an AMIT, Investors will be provided with an AMIT Member Annual Statement ('AMMA Statement') indicating the components attributed.

Distributions, reinvestments (or attributed amounts) from the Fund may include various components, the taxation treatment of which may differ. For example, in addition to investment income such as foreign income, distributions from the Fund may include dividends, a tax deferred component, a CGT concession component, as well as net capital gains (of which some part may be discount capital gains).

Given the investment objectives of the Fund, it is anticipated that the majority of the Fund's income will be foreign income. You may be entitled to a foreign income tax offset for foreign tax already paid by the Fund in respect of this income. Both the foreign income and any related foreign income tax offsets should be included in your tax return.

Any capital gains distributed (or attributed) by the Fund should be included in the calculation of your net capital gain or loss. In performing this calculation, any discounted capital gains distributed (or attributed) by the Fund should be 'grossed up' for the CGT concession component (i.e. the amount of discounted capital gains should be doubled). You may apply against the capital gain any current or prior year capital losses. You should then determine whether you are eligible to apply a CGT discount in respect of the remaining net capital gain (refer below under "Withdrawal and disposal of units").

Tax deferred distributions are generally distributions in excess of net taxable income (other than any CGT concession component). For CGT purposes, amounts of tax deferred distributions received from the Fund reduce the cost base of your Units in the Fund and therefore increases your capital gain or reduces your capital loss on disposal of those Units. Tax deferred distributions are generally not assessable to you unless the total tax deferred amount received from the Fund exceeds the cost base of your Units, at which point the excess is treated as a capital gain.

The Government has passed legislation to apply from the 2017 – 2018 income year providing that where discount capital gains are offset by capital losses of a trust, a distribution of a CGT concession component can result in a reduction in the cost base of Units held by Investors. The distribution of tax deferred amount or a CGT concession component may be treated differently under AMIT (refer to "AMIT Regime" on page 34).

## **Withdrawals and disposal of units**

If you withdraw or transfer Units in the Fund, this may constitute a disposal for tax purposes. Investors should include any realised capital gain or loss on disposal of their Units in the Fund (together with any capital gains distributed or attributed by the Fund) in the calculation of their net capital gain or loss. A net capital gain will be included in assessable income. A net capital loss may only be offset against capital gains. If Investors do not have any capital gains, the capital loss may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income. Any gain made on the redemption of eligible investments in the Underlying Fund by the Fund in order to satisfy a withdrawal request may be a revenue (not capital) gain. Therefore it is likely that proceeds on redemption may include a component of distributable income of the Fund arising from the redemption of the investments in the Underlying Fund.

In calculating the taxable amount of a capital gain, a discount of one half for individuals and trusts or one third for complying superannuation entities may be allowed where Units in the Fund have been held for 12 months or more.

The calculation of an Investor's capital gain or loss may also be affected by any tax deferred distributions made by the Fund (refer above). In addition, where the Fund is an Attribution Managed Investment Trust, the Investor's cost base of units can also be increased in certain circumstances for the purposes of calculating a capital gain or loss (refer to "AMIT Regime" on page 34).

Where Units are held as part of a business of investing or for the purpose of profit making by sale, gains realised may constitute ordinary income and losses realised may constitute allowable deductions.

## **Controlled Foreign Company ("CFC") Provisions**

The net income of the Fund may also include an amount of income that is calculated under the controlled foreign company (CFC) rules. From an Australian tax perspective, very broadly a foreign company that has an Australian shareholder with at least 40% of the shares, voting rights or right to capital or profits of the foreign company, has a majority of its shares, voting rights or rights to capital or profits owned by Australians, or that is controlled by Australians, is regarded as a CFC. For example, where Fund holds an interest of at least 40% in the Underlying Fund, the CFC rules will apply because the Underlying Fund will be a CFC of the Fund for Australian income tax purposes. The CFC rules require the Fund to include in its net income for an income year, certain income and gains derived by the Underlying fund ("attributable income") even if such income or gains are not distributed by the Underlying Fund in that year.

### **8.3 Tax position of non-resident Investors**

Appropriate deductions of Australian withholding tax will be made from distributions (or amounts attributed) of certain Australian sourced income and gains to non-resident Investors. Non-resident investors may also be subject to tax on distributions in their country of residence (for tax purposes) and may be entitled to foreign tax credits under the tax laws of the relevant country.

It is expected that non-residents should generally not be subject to Australian income tax on any capital gains made on the disposal of Units in the Fund.

Broadly, a non-resident Investor in the Fund will be subject to income tax on any capital gains made on the disposal or withdrawal of Units if they, together with any associates, hold or had an option or right to hold 10% or more of the Units in the Fund at the time of disposal/withdrawal or throughout a period of 12 months during the two years prior to disposal/withdrawal, and the majority of the Fund's assets comprise taxable Australian real property.

In this regard, it is not expected that the Fund will hold taxable Australian real property.

A non-resident may also be subject to income tax on any capital gains made where the Units in the Fund have been held as part of the carrying on of a business through a permanent establishment in Australia.

However, if the non-resident holds their Units as part of a business of investing or for the purpose of profit making by sale, gains may be subject to Australian tax as ordinary income, subject to any treaty relief.

We recommend that non-resident investors consult their tax adviser regarding their tax implications, including the tax implications in the country in which they are resident for tax purposes.

### **8.4 Taxation of Financial Arrangements**

The taxation of financial arrangements ('TOFA') regime broadly contains rules that cover tax timing treatments for financial arrangements. There are a number of exclusions from TOFA. Investors should seek their own advice as to the possible application of the TOFA regime to their investment in the Fund.

### **8.5 AMIT Regime**

The Government introduced into taxation law the new Attribution Managed Investment Trust (AMIT) regime effective for income year starting on or after 1 July 2016 (unless an election has been made to apply the regime earlier). An AMIT, in broad terms, is a managed investment trust

(MIT) whose unitholders have clearly defined interests in relation to the income and capital of the trust and the trustee or Trustee of the MIT has made an irrevocable election to apply the regime. The AMIT rules contain several provisions that will impact on the taxation treatment of the Fund. The key features of the new tax system will include:

- an attribution model for determining member tax liabilities, which also allows amounts to retain their tax character as they flow through a MIT to its unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact.

### **New Zealand Investors**

New Zealand Investors, who hold units in the Fund, will generally be deemed to hold an interest in a Foreign Investment Fund ('FIF') unless the interest falls within the very limited FIF exemption for certain Australian unit trusts. This exemption will not apply to the Fund.

New Zealand Investors will need to calculate their FIF income each year under one of five calculation methods, being:

- fair dividend rate method ('FDR');
- comparative value method ('CV');
- attributable FIF income method;
- deemed rate of return method; or,
- cost method.

The default method is the FDR method. Under this method, most New Zealand Investors will be taxable each year on 5% of the opening market value of their investment in the Fund. Special calculation rules apply to unit trusts or other investors who value their units on a regular basis.

Under the FDR method, dividends or any gain on the sale or withdrawal of Units in the Fund are not separately taxed in New Zealand. However, quick sale rules will apply to Units bought and sold during the income year which result in the Investor being taxable generally on the lesser of any gain on the quick sale and 5% of the cost of the Units (determined on an average cost basis). No deduction is available for any losses under the FDR method.

Individuals and eligible family trusts have a “safety net” option, which allows these investors to calculate FIF income under the CV method based on their actual economic return where this is less than the amount calculated under FDR. Where the choice of FDR or CV methods is available, investors may choose the method that produces the lower taxable income each income year, but the method must be applied consistently to all FIF interests for that income year.

A de minimis concession from the FIF rules applies to individual investors who hold offshore shares (excluding certain Australian listed shares) with an aggregate cost of up to NZ\$50,000. Individual Investors may choose whether to apply the NZ\$50,000 de minimis threshold or apply the FIF rules. Individual Investors who apply the de minimis exemption will be taxed on distributions from the Fund. They can also be taxable on an exit from the Fund in certain circumstances.

NZ Investors are generally not entitled to claim a tax credit in NZ for overseas withholding tax deducted with respect to the Fund’s underlying investments.

While the above reflects our understanding of New Zealand tax treatment in respect of investments in the Fund as at the date of preparation of this PDS, New Zealand tax treatment of investments in FIFs is subject to change and may differ in individual circumstances. We recommend New Zealand investors seek their own professional tax advice regarding their tax implications.

#### **8.6 Goods and Services Tax**

Goods and Services Tax (‘GST’) should not be payable on your investment(s) in the Fund. GST will apply to the fees and costs charged to the Fund. However, in respect of some of these fees, the Fund will usually be entitled to reduce input tax credits. The costs and fees payable in relation to your investment(s) in any of the Fund as stated in this PDS are inclusive of GST. GST will not be applicable to the buy sell spread payable (if applicable) in relation to the Fund.

#### **8.7 Stamp Duty**

Stamp duty should not be payable on your investment(s) in the Fund.

## 9. Additional Information

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### 9.1 Updated Information

Information in this IM may be subject to change from time to time. We may, at our discretion, inform you of changes. However, we do not undertake to keep you informed of any changes or additional information that may arise after you receive this IM.

You may request a paper copy of any updated information at any time, free of charge.

If you subscribe for Units in the Fund, updated information that arises after the commencement of the Fund (such as changes in the Classes and performance information) will be provided to you from time to time.

### 9.2 Reporting

Reports to investors will be provided on an annual basis. We will provide you with:

- Confirmation of all transactions in Units (including applications and Redemptions); and
- An annual statement providing your account balance, transaction summary and net earnings.

We may also provide you with an annual tax statement if the Fund has paid a distribution during the financial year.

### 9.3 Privacy

We use personal information about you to administer your investment. If you do not give the Trustee such information we may reject your application. We will not tell anyone information that the Fund has about you unless:

- The law requires; or
- We consider that your financial adviser needs the information.

If you think our records are wrong or out of date (particularly address, e-mail or financial adviser) it is important that you contact us to ensure prompt correction.

Contact the Trustee in order to access the personal information we hold about you.

### 9.4 Anti-Money Laundering

In accordance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AMLCTFA), we are required to identify and verify the identity of new Investors (and in certain circumstances, existing Investors).

In order to do this, and as required by the AMLCTFA, we must collect certain information from you and verify this information by citing certain verifying documentation. If any information is required from you above that requested via the Application Form, we will contact you.

If you do not provide us with all information requested, we will not be able to process your application or issue Units to you.

We are obliged under the AMLCTFA to take and maintain copies of any information collected from you and, in certain circumstances, may be required to disclose your information to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) or other government bodies and we may not be permitted to inform you of any such disclosure.

The AMLCTFA also required us to submit certain reports to AUSTRAC. Your information may be required under the AMLCTFA to be included in such reports. In addition to this disclosure, the AMLCTFA permits us to provide your information to related entities and persons. Aside from disclosures permitted or required under the AMLCTFA, we will ensure that your information is kept confidential in accordance with any relevant legislation.

By applying for Units, you are acknowledging that we may, in our absolute discretion, not issue Units to you, cancel any Units previously issued to you, delay, block or freeze any transactions or redeem any Units issued to you if we believe it necessary in order to comply with our obligations under the AMLCTFA. In the above circumstances, we will not be liable to you for any resulting loss.

## 10. Glossary

Defined Term or other terms used in the PDS	Definition
\$ or AUD	Refers to the Australian currency.
AFCA	Australian Financial Complaints Authority.
AFSL	Australian Financial Services License.
ASIC	Australian Securities and Investments Commission.
Business Day	A day that is not a Saturday, Sunday, a public holiday or bank holiday in Melbourne.
Companies Law	The Companies Law (Revised) of the Cayman Islands.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Fund	Ark Global Fund.
Administrator	Apex Fund Services Ltd. which may delegate some of its duties to its affiliate Apex Fund Services (Australia) Pty Ltd.
GST	Goods and Services Tax.
IM or Memorandum	This Information Memorandum issued by Quay Fund Services Limited dated 29 July 2019.
Initial Offering Period	The initial offering period for Units contained in this IM as determined by the Trustee.
Investment Manager	AI Funds Management Pty Ltd ( <b>AIFM</b> ) (ACN 632 813 060).
NAV	Net Asset Value.
Redemption Day	The first Business Day of each calendar month following the end of the Initial Offering Period and/or such other day or days as the Trustee may determine, either generally or in any particular case.
Redemption Price	The redemption price of a Unit calculated in accordance with the Trust Deed.
Redemption Request	A request for the redemption of Units which shall be in such form as the Trustee may determine from time to time.
Shareholder	A person or entity that holds shares in Fund One.
Subscription Day	The first Business Day of each calendar month and/or such other day or days as the Directors may determine, either generally or in any particular case.
Transaction Costs	When calculating the Application Price of a Unit, the Trustee's reasonable estimate of the average amount necessary to avoid an adverse impact on other Unitholders because of the acquisition of Units; and When calculating the Redemption Price of a Unit, the Trustee's reasonable estimate of the average amount necessary to avoid an adverse impact on other Unitholders because of the redemption of Units, provided that the Trustee may in connection with any particular application or request for redemption of Units deem these costs to be a lesser sum or zero.
Trust Deed	The trust deed of the Fund dated 29 July 2019 as amended from time to time.
Trustee	Quay Funds Services Limited (ABN 84 616 465 671)
Underlying Fund	Fund One, an exempted company incorporated with limited liability under the Companies Law with registration number 287801.
Unit or Units	The securities on offer through this IM.
Unitholder	A person registered as a holder of Units on the unit register maintained by the Unit Registry.

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<b>Unit Registry</b>	Apex Fund Services Ltd. which may delegate some of its duties to its affiliate Apex Fund Services (Australia) Pty Ltd.
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<b>Valuation Day</b>	In respect of each Class, the Business Day immediately precedes each Redemption Day and each Subscription Day and/or such other day or days as the Trustee may determine, either generally or in any particular case.
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## 11. Directory

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### **Trustee**

Quay Fund Services Limited  
Level 8, 56 Pitt Street  
Sydney NSW 2000  
Phone: 1300 114 980  
Web: <https://www.quayfund.com.au>

### **Investment Manager**

AI Funds Management Pty Ltd  
Level 57, MLC Centre  
19-29 Martin Place  
Sydney NSW 2000  
Email: [info@arkgf.com](mailto:info@arkgf.com)  
Web: <https://www.arkglobalfund.com.au>

### **Administrator and Registrar**

Apex Fund Services (Australia) Pty Ltd  
PO Box 189 Flinders Lane  
Melbourne VIC 300  
Phone: + 61 3 9020 3000  
Email: [InvestorRegistry@apexfunds.com.au](mailto:InvestorRegistry@apexfunds.com.au)  
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### **Lawyers**

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Sydney NSW 2000  
Web: <https://www.bakermckenzie.com/en>