Dalton Street Capital Diversified Futures Fund

DALTON STREET CAPITAL

Product Disclosure Statement

ARSN 622 974 930
APIR ETL1288AU
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Contents

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This Product Disclosure Statement ("PDS") was issued on 20 February 2018. This PDS is for the offer of interests in the Dalton Street Capital Diversified Futures Fund ARSN 622 974 930 (referred throughout this PDS as the "Fund").

The PDS has been prepared and issued by Equity Trustees Limited (ABN 46 004 031 298, Australian Financial Services Licence ("AFSL") No. 240975) in its capacity as the responsible entity of the Fund (referred throughout this PDS as the "Responsible Entity", "Equity Trustees", "us" or "we"). The investment manager is Prodigy Investment Partners Limited (referred to throughout this PDS as the "Investment Manager" or "Prodigy"). The sub-investment manager of the Fund is Dalton Street Capital Pty Limited ("Dalton Street" or "Sub-Investment Manager"). The administrator of the Fund is RBC Investor Services Trust and is referred to throughout this PDS as "RBC" or "the Administrator". The custodian and prime broker of the Fund is Morgan Stanley & Co International plc and is referred to throughout this PDS as "Morgan Stanley", the "Custodian" or the "Prime Broker".

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

The operator of an IDPS is referred to in this PDS as the "IDPS Operator" and the disclosure document for an IDPS is referred to as the "IDPS Guide". If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Indirect Investors should carefully read the IDPS Guide before investing in the Fund. Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become unitholders in the Fund or have the rights of unitholders. The IDPS Operator becomes the unitholder in the Fund and acquires these rights. The IDPS Operator can exercise or decline to exercise the rights on an Indirect Investor's behalf according to the arrangement governing the IDPS. Indirect Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment. Information regarding how Indirect Investors can apply for units in the Fund (including an application form where applicable) will also be contained in the IDPS Guide. Equity Trustees accepts no responsibility for IDPS Operators or any failure by an IDPS Operator to provide Indirect Investors with a current version of this PDS as provided by Equity Trustees or to withdraw the PDS from circulation if required by Equity Trustees.

Please ask your adviser if you have any questions about investing in the Fund (either directly or indirectly through an IDPS).

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

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

The forward looking statements included in this PDS involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Equity Trustees, the Investment Manager, the Sub-Investment Manager and their officers, employees, agents and associates. Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements.

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

The offer to which this PDS relates is only available to Australian Wholesale Clients, as defined in this PDS, receiving this PDS in Australia (electronically or otherwise).

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

If you received this PDS electronically, you will need to print and read this document in its entirety. We will provide a paper copy free upon request during the life of this PDS. The PDS is available at www.daltonstreetcapital.com or you can request a copy free of charge by calling Prodigy on (03) 9909 2680.

The information in this PDS is current as at the date of issue, unless otherwise stated. Certain information in this PDS is subject to change. We will notify investors in writing of any changes that have a materially adverse impact or other significant events that affect the information in this PDS. You can obtain any updated information:

- by contacting Prodigy on (03) 9909 2680; or
- by visiting the Prodigy website at www.prodigyinvest.com.au

A paper copy of the updated information will be provided free of charge on request.

You may also contact Equity Trustees:

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

Unless otherwise stated, all fees quoted in the PDS are inclusive of GST, after allowing for an estimate for Reduced Input Tax Credits (“RITC”). All amounts are in Australian dollars unless otherwise specified. All references to legislation are to Australian law unless otherwise specified. To the extent permitted by law, Equity Trustees expressly disclaims all liability for any loss arising from omissions or errors contained in this PDS

1. Fund at a glance

	Summary	For further information
Name of the Fund	Dalton Street Capital Diversified Futures Fund	Section 5
ARSN	622 974 930	Section 5
Investment objective	To deliver Absolute Returns with low correlation to traditional asset classes over rolling five year periods. Please note the investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.	Section 5
Fund Performance Hurdle	RBA Cash Rate plus 150 basis points (Management Fee).	Section 9
Investment strategy and investments held	To invest Long and Short globally using leverage in a diverse range of liquid financial instruments including exchange traded futures, FX and FX forwards and other related instruments by following a systematic research process that is based on mathematical research and rigorous logic. To invest Long globally using equity securities (including common stock, depositary receipts and exchange traded funds) utilising a quantitative factor model. Systematic stop loss/profit triggers are methodically employed to minimise losses and maximise gains.	Section 5
The type(s) of investors for whom the Fund would be suitable	Designed for investors seeking Absolute Returns with low correlation to traditional asset classes. An investor in the Fund must expect fluctuations in the value of their investment, which could lead to losses in the value of their investment.	Section 5
Recommended investment timeframe	At least 5 years. The minimum suggested investment timeframe for the Fund is 5 years. We recommend that you consider, with your financial adviser, the suggested investment period for the Fund in relation to your own financial circumstances. You should review your investment regularly to ensure that the Fund continues to meet your investment needs.	Section 5
Minimum initial investment	$25,000	Section 7
Minimum additional investment	$25,000	Section 7
Minimum withdrawal amount	$25,000	Section 7
Minimum balance	$25,000	Section 7
Cut off time for applications and withdrawals	Unless otherwise determined: • before 2pm on the last Business Day of the month and your application for units is accepted, you will receive the Application Price calculated for the last Business Day of that month; or • at or after 2pm on the last Business Day of the month and your application for units is accepted you will receive the Application Price calculated for the last Business Day of the following month. Application moneys received between available prices will be held in a non-interest bearing applications account	Section 7
Cooling Off	Not generally applicable to Wholesale Clients	Section 7
Valuation frequency	Generally Monthly	Section 7
Unit pricing	Generally Monthly	Section 7
Applications	Generally Monthly	Section 7
Income distribution	Semi-annual (30 June and 31 December)	Section 7
Management fee	1.50% p.a. of the NAV	Section 9

	Summary	For further information
Entry fee/ exit fee	n/a	Section 9
Buy/Sell Spread	0.35% on the entry price and 0.35% on the exit price when investors buy and sell units.	Section 9
Performance fee	20% (plus GST less RITC) of the investment return above the performance hurdle is payable to Dalton Street as an expense of the Fund	Section 9

2. ASIC Benchmarks

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

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

ASIC Benchmark	Is the benchmark satisfied?	Summary	For further information
Valuation of assets			
This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Yes	Equity Trustees has appointed an independent administrator, RBC, to provide administration services for the Fund, including valuation services for non-exchange traded assets.	Section 5.6
Periodic reporting			
This benchmark addresses whether the responsible entity of the Fund will provide periodic disclosure of certain key information specified by ASIC on an annual and monthly basis.	Yes	The Responsible Entity will provide periodic disclosure of certain key information on an annual and monthly basis.	Section 8

3. Disclosure Principles

	Summary	Section (for further information)
Investment strategy	To invest Long and Short globally using leverage in a diverse range of liquid financial instruments including exchange traded futures, FX and FX forwards and other related instruments by following a systematic research process that is based on mathematical research and rigorous logic. To invest Long globally using equity securities (including common stock, depositary receipts and exchange traded funds) utilising a quantitative factor model. Systematic stop loss/profit triggers are methodically employed to minimise losses and maximise gains.	Section 5.2
Investment manager	Equity Trustees Limited, as responsible entity of the Fund, has appointed Prodigy Investment Partners Limited as the investment manager of the Fund. Prodigy Investment Partners Limited has appointed Dalton Street Capital Pty Ltd as the Sub-Investment Manager to make the day-to-day investment decisions in relation to the Fund. See Section 4 in relation to the expertise of the Investment Manager and the Investment Management Agreement under which the Investment Manager has been appointed.	Section 4
Fund structure	The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme. The responsible entity of the Fund is Equity Trustees Limited. Equity Trustees Limited may appoint service providers to assist in the ongoing operation, management and administration of the Fund. The key service providers to the Fund are: • Prodigy, the investment manager of the Fund; • Dalton Street, the sub-investment manager of the Fund; • RBC, the administrator of the assets of the Fund; and • Morgan Stanley, the prime broker and custodian of the assets of the Fund. See Section 5.5 for further information on key service providers, Equity Trustees' role in monitoring the performance of service providers and a diagram of the flow of funds through the Fund.	Section 5.5
Valuation, location and custody of assets	All positions in the Fund are independently valued by the Administrator. RBC is the administrator of the Fund and provides administrative, accounting, registry and transfer agency services. The Administrator is responsible for calculating the Fund's NAV. Morgan Stanley is the custodian of the Fund and provides custodial services. See section 5.4 for further information on the valuation, custodial arrangements and the geographical location of the Fund's assets.	Section 5.6
Liquidity	Equity Trustees reasonably expects to realise at least 80% of the Fund's assets, at the value ascribed to those assets in calculating the Fund's NAV, within 10 days.	Section 5.7
Leverage	The Fund's investment strategy employs leverage resulting from the use of Derivatives. Please see section 5.8 for an explanation of the leverage arrangements for the Fund.	Section 5.8
Derivatives	The Fund is permitted to hold global exchange traded Derivatives, foreign exchange contracts and swap contracts.	Section 5.9
Short selling	The Fund does not intend, and is unlikely to, engage in short selling of equities.	Section 5.10

	Summary	Section (for further information)
Withdrawals	Unless otherwise determined: • before 2pm on the last Business Day of the month and your withdrawal request for units is accepted, you will receive the Withdrawal Price calculated for the last Business Day of that month; or • at or after 2pm on the last Business Day of the month and your withdrawal request for units is accepted you will receive the Withdrawal Price calculated for the last Business Day of the following month. The minimum withdrawal amount is $25,000. See Section 7 for more information on making a withdrawal, including risks and limitations.	Section 5.11

4. Who is Managing the Fund?

The Responsible Entity

Equity Trustees Limited

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

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

The Investment Manager

Prodigy Investment Partners Limited

Prodigy is a multi-boutique investment firm, established in June 2014. It is owned by Euroz Limited, an ASX listed financial services company, and Prodigy senior staff.

Prodigy partners with experienced investment teams, under a business model that enables a clear focus on investing and is aligned with the interests of the firm's clients.

Prodigy has appointed Dalton Street Capital Pty Limited as the sub-investment manager of the Fund, to make the day-to-day investment management decisions.

The Sub-Investment Manager

Dalton Street Capital Pty Limited

Dalton Street is a boutique investment manager established in November 2015. The business is a subsidiary of Prodigy. The team is made up of investment professionals with deep Global equity market experience coupled with detailed Derivative and leveraged fund management knowledge.

Dalton Street uses complex systematic investment strategies that aims to deliver positive Absolute Returns with low correlation to all major asset classes. The investment strategy is based on mathematically established principles of behavioural finance and rigorous logic that aims to provide positive returns through all market cycles. The Sub-Investment Manager invests in a range of geographically diverse markets based on quantitative and robust risk management techniques.

Alan Sheen is the co-founder and Director of Dalton Street and is the person responsible for making trading decisions on behalf of Dalton Street. Alan will devote at least 80% of his time to the investment strategy. Immediately prior to establishing Dalton Street, Alan was Head of Proprietary Trading for Credit Suisse Australia managing systematic trading across the Asia Pacific region. Prior to Credit Suisse, Alan has held positions as Portfolio Manager at AMP Capital Investors, Chief Investment Officer at Challenger Ltd and Chief Investment Officer and Managing Director at Austock Asset Management. Alan has been responsible for managing funds and businesses with up to $16.0 billion in funds under management and teams of more than 40 investment professionals. Alan commenced trading equities, futures and options in 1996 and holds a Master of Business Administration from the Sydney Graduate School of Management and a Master of Applied Finance (with distinction) from the University of Western Sydney.

Rhett Dinsdale is the Deputy Portfolio Manager and Trader at Dalton Street. Rhett has over 15 years of experience in portfolio management, trading and analysis. Rhett has developed and implemented a range of successful systematic quantitative equity and derivative trading strategies managing books up to $5 billion in funds under management. Rhett worked previously as a Portfolio Manager and Trader at Credit Suisse, where he actively managed systematic quantitative proprietary trading portfolios for the Asia Equities business. Rhett has held positions as an Index Arbitrage and Proprietary Trader at Merrill Lynch and Delta one Swaps and Global Prime Finance Trader at Deutsche Bank

Aji Mathews is the Quantitative Trading and Technology Manager for Dalton Street Capital. Aji is responsible for quantitative analysis, portfolio management and monitoring, trade execution and trading systems. At his previous role at Credit Suisse, Aji worked closely with Alan and Rhett on the Trading desk, while managing quantitative trading strategies and IT systems. Aji holds a Master's degree in Computer Applications, a Bachelor's degree in Commerce and a Post Graduate Diploma in Business Administration.

No significant adverse regulatory finding

No significant adverse regulatory findings have been made against the Investment Manager, the Sub-Investment Manager or the portfolio managers who manage the Fund.

Termination of the appointment of the Investment Manager

Under the Investment Management Agreement between the Investment Manager and Equity Trustees, Equity Trustees can terminate the Investment Manager's appointment where the Investment Manager becomes insolvent, materially breaches the agreement, ceases to carry on its business, if Equity Trustees reasonably considers that it is required to terminate the agreement by law or in certain other circumstances. In the event that Equity Trustees terminates the Investment Manager following one of these events, the Investment Manager's appointment would cease upon any termination date specified in the notice, and the Investment Manager would be entitled to receive fees in accordance with the agreement until the effective date of termination.

From an investor's perspective the Responsible Entity considers that there are no unusual or materially onerous terms in the investment management agreement.

5. How the Fund Invests

5.1 Investment objective

To deliver Absolute Returns with low correlation to traditional asset classes over a rolling five year period.

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

5.2 Investment strategy

To invest Long and Short globally using leverage in a diverse range of liquid financial instruments including exchange traded futures, FX and FX forwards and other related instruments by following a systematic research process that is based on mathematical research and rigorous logic.

To invest Long globally using equity securities (including common stock, depositary receipts and exchange traded funds) utilising a quantitative factor model.

Dalton Street follows a methodical investment process that is based on statistical research of historical data. The initial stage of the process involves collecting, cleansing and systematising huge quantities of historical data. Dalton Street utilises a wide variety of data inputs including factors that are intrinsic to markets such as price, volume, open interest, earnings and dividends. Dalton Street conducts statistical research into the data in an attempt to quantify the probability of a particular individual instrument rising or falling conditional on a variety of quantifiable factors. Dalton Street's research is used to develop mathematical models that select individual instruments potential return, the volatility associated with such returns (often described as "risk"), the correlation between different markets and the transaction costs. These potential return profiles are used in investment strategies that determine what positions should be held to maximise profit within a certain range of risk. As a result of the research, Dalton Street expects that investments made in accordance with this process will have an improved chance of being successful, which is expected to lead to profits over time.

Dalton Street's investment strategies are operated as an automated, computer-based system. This investment system may be modified over time as they monitor operations and undertake further research. Changes to the system may occur as a result of, amongst other things, the discovery of new relationships, changes in market liquidity, the availability of new data or the reinterpretation of existing data. Notwithstanding, all of Dalton Street's investment decisions are made strictly in accordance with the output of its investment system.

The Fund may invest Long and Short, other than equities, using leverage, in any markets that Dalton Street believes are sufficiently liquid and for which there is sufficient data available.

The Fund invests globally in exchange traded futures, FX, FX forwards, equity securities (including common stock of companies of any market capitalisation, depositary receipts and exchange traded funds) and other related instruments to construct a diversified portfolio.

Systematic stop loss/profit triggers are methodically employed to minimise losses and maximise gains.

Please see section 6. "Managing risk" for more detailed information on the risks of investing.

We may change the investment strategy and investment restrictions of the Fund. Any material changes of the Fund will be notified to investors in accordance with the requirements of the Corporations Act.

5.3 Investment Restrictions

Dalton Street is required to observe the following investment restrictions:

- The Funds investable universe:

- Listed equities on the MSCI developed world markets including the following twenty-three markets: America, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Australia, Hong Kong, Japan, New Zealand, Singapore;

- Exchange traded Derivatives, equity index, agricultural and non-agricultural sectors, rates, currency;

- The countries exposure for Derivatives is the MSCI developed world markets including the following twenty-three markets: America, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Australia, Hong Kong, Japan, New Zealand, Singapore; There may be currency exposure to AUD, CAD, CHF, CNH, EUR, GBP, HKD, JPY, NOK, NZD, SEK, SGD, USD.

- Cash or cash equivalent instruments;

- Spot Foreign Exchange instruments for trade settlement; and

- Forward Foreign Exchange contracts to hedge underlying exposure to Australian Dollars

- Derivative swap contracts over financial market instruments including but not limited to equities, currencies, commodities and rates

- The Fund will not invest more than 10 per cent of its assets in any single listed equity security.
- The Fund will not invest in other collective investment schemes, other than:

- Exchange traded funds.

- The Fund will typically hold between 25-50 investments in underlying securities across markets to diversify risk.

All investments carry risks. More information can be found in section 6 "Managing Risks".

5.4 Risk Management

The Investment Manager together with the Responsible Entity is responsible for the overall risk management of the Fund and for reviewing the risk management processes of the Sub-Investment Manager. The Investment Manager will ensure effective supervision of the portfolio management by the Sub-Investment Manager, by verifying that the Sub-Investment Manager is carrying out its obligations effectively and in compliance with the investment strategy, the investment restrictions, its contractual obligations and applicable law and regulation. In monitoring the performance of the Sub-Investment Manager and the Fund, the Investment Manager will rely on periodic reports from, and discussions with, the Sub-Investment Manager, as well as customised third-party reporting. Such reports will generally include details on exposures, key positions, sector weightings and counterparty exposures. The

Investment Manager will issue instructions to the Sub-Investment Manager should the assets of the Fund become inconsistent with the investment strategy or the investment restrictions.

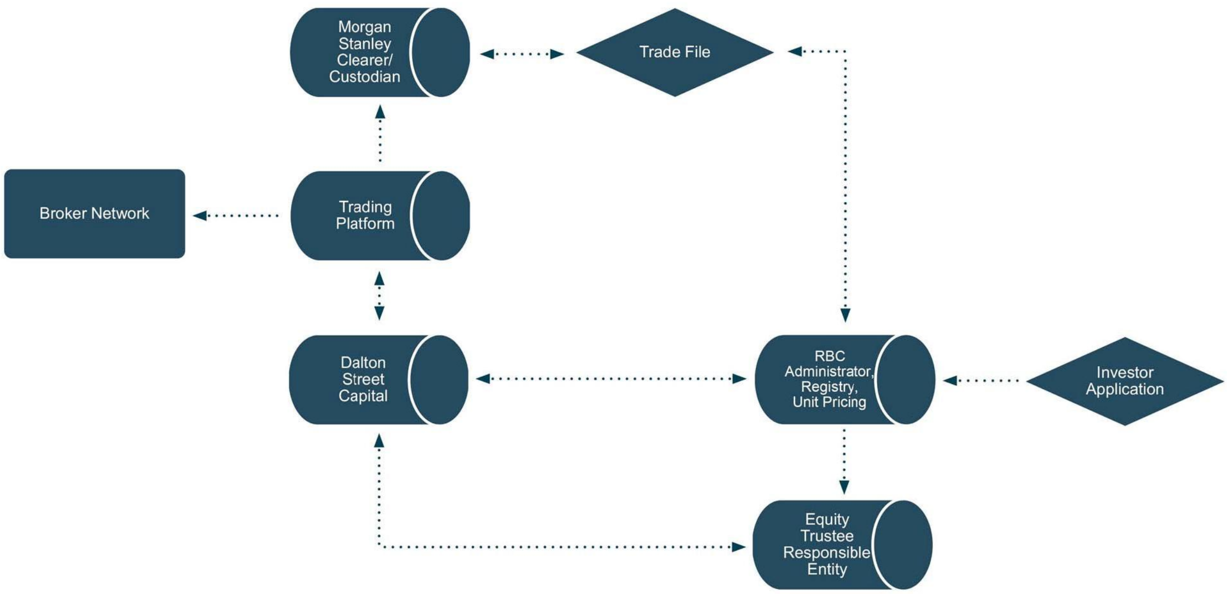
The Investment Manager together with the Responsible Entity will also perform due diligence on, and monitor the performance of, the Prime Broker and the Administrator to verify that each party is carrying out its obligations effectively and in compliance with its contractual obligations and applicable law and regulation.

Management of the risk arising from market fluctuations is an integral part of the strategy. In respect of the Fund, the most important determinant of risk is the level of gearing. In order to determine the level of gearing, comprehensive information is required about the risks the Fund is taking, including the Fund long-term and short-term forecasts of extreme loss frequency and measures of margin employment and leverage. The level of risk borne by the Fund is subject at all times to the restrictions set out under the section headed "Investment Restrictions" above.

5.5 Fund Structure

The Fund is a registered managed investment scheme. It is a unit trust with one class of units and is governed by the Constitution. The Fund comprises assets which are acquired in accordance with its investment strategy. Investors receive units when they invest. In general, each unit represents an individual's interest in the assets of the Fund as a whole subject to liabilities; however it does not give the investor an interest in any particular asset. The value of a unit in the Fund is determined by reference to the assets and liabilities in the Fund. The Responsible Entity has engaged a number of professional service providers to provide a range of investment, administration and back office services to the Fund including custody, administration services and transaction execution. The Responsible Entity has appointed Prodigy as the Investment Manager and Dalton Street as the Sub-Investment Manager, who are related parties. There are no material arrangements in connection with the Fund that are not on arm's length terms. The Responsible Entity has entered into service agreements with the service providers and will, with the assistance of Prodigy, regularly monitor the performance of the service providers against service standards set out in the relevant agreements. All costs and expenses of the Fund are included in the estimated management costs of the Fund. Refer to section 9 "Fees and other costs" for further information. The specific risks associated with the investment structure of the Fund include investment system risk, investment risk, counterparty risk and general risk. An explanation of these risks is set out in section 6 "Managing risk".

The service providers and their relationship to the Fund, and the flow of funds through the Fund are shown in the diagram below.



As at the date of this PDS, the service providers to the Fund are:

- Investment Manager and Sub-Investment Manager: Prodigy is the investment manager of the Fund. Prodigy has appointed Dalton Street as the sub-investment manager. Dalton Street is responsible for managing the investments of the Fund. For further details on Dalton Street's role please refer to section 4. The diagram above shows only Dalton Street who make the investment decisions for the Fund. The Investment Manager and Sub-Investment Manager are located in Australia.
- Prime Broker and Custodian: Morgan Stanley acts as the custodian and is located in London.
- Administrator: RBC provides fund accounting and unit registry services in connection with the Fund. The Administrator is located in Australia.

Service providers to the Fund may change without prior notice to investors. Investors will be notified of any change to service providers in the regular reports available as described in section 8. Risks relating to the use of third party service providers are outlined in section 6.

5.6 Valuation, location and custody of assets

All positions in the Fund are independently valued and reconciled daily by the Administrator.

RBC is the administrator of the Fund and provides administrative, accounting, registry and transfer agency services. The Administrator is responsible for calculating the Fund's NAV.

The Fund will invest Long and Short globally using leverage in a diverse range of liquid financial instruments including exchange traded futures, FX and FX forwards and other related instruments. The Fund will also invest Long globally using equity securities (including common stock, depositary receipts and exchange traded funds) utilising a quantitative factor model.

These instruments will be valued in accordance with the constitution of the Fund and the valuation policies of the Administrator. RBC maintains valuation policy documents across the entire geographical investment universe of the Fund. RBC values the Fund's assets in accordance with standard market practice and market prices are generally electronically sourced from third party vendors for the provision of security pricing and data, including software tools to validate pricing. Where no independent pricing source is available to value an asset, RBC and the Responsible Entity will agree to determine the value of the asset in accordance with acceptable industry standards.

Morgan Stanley is the custodian of the Fund and provides custodial services.

Asset Class	Responsible Custodian	Location of Custodian	Assets as a proportion of NAV of the Fund
Listed Australian Equities	Morgan Stanley	London	0-120%
Listed International Equities	Morgan Stanley	London	0-120%
Exchange Traded Derivatives	Morgan Stanley	London	0 – 4000%

5.7 Liquidity

The majority of assets currently traded and held by the Fund are liquid. The Responsible Entity and Investment Manager expect that the Fund will be able to realise at least 80% of the Fund's assets, at the value ascribed to those assets in the most recent calculation of NAV, within 10 days.

Generally, it is the Sub-Investment Manager's policy to ensure that the Fund remains liquid as the size of the Fund grows.

5.8 Leverage

The Fund uses leverage, in exchange-traded futures contracts, to implement the investment strategy although it does not physically borrow to leverage. Leverage provides a much larger exposure to the underlying assets with a relatively small initial outlay. The Fund, therefore, may have gross market exposure (the sum of the combined market exposures of its long and short futures positions) in excess of 100% of the net asset value of the Fund. While leverage limits are often employed in single sector hedge funds to limit risk, these are less relevant to managed futures portfolios that trade across many different asset classes and as such, the Fund may not have any specific leverage restrictions. While leverage limits are often employed in single sector hedge funds to limit risk, these are less relevant to managed futures portfolios that trade across many different asset classes and as such, the Fund does not have any specific leverage restrictions and does not have a maximum anticipated or allowed level of leverage.

The Fund employs leverage through the use of derivatives, exchange-traded index, interest rates, currency and commodity futures contracts. The equity and cash holdings of the Fund may be utilised as collateral for leveraged positions. The trading of derivative contracts is key to the investment strategy of the Fund.

Example of how leverage works

A simple example of futures contracts and the effect of leverage;

Investor A invests $1,000,000 into the Fund.

The $1,000,000 is invested in listed global equity securities which are used as collateral to take position in the global futures markets.

Example 1

Contract	No of contracts	Notional contract size	Notional leverage
Equity Futures Contracts	10	$2,500,000	$2,500,000/1,000,000=2.5
Interest Rate Futures Contracts	10	$10,000,000	$10,000,000/1,000,000=10

Example 1, illustrates notional leverage is significantly lower if 10 equity futures contracts are held compared to one interest rates futures contract.

Example 2

Contract	No of contracts	Initial margin	Annualised volatility
Equity Futures Contracts	10	$250,000	12%
Interest Rate Futures Contracts	10	$5,000	0.5%

Example 2, shows each contracts respective annual volatility which explains the large variance in initial margin requirements.

1. Effect of Leverage if index futures price increase

With leverage, the equity index price is 5,000 and it increases 10% to 5,500. If the value of a per point move is $25 the fund has just profited (500 x $25) x 10 contracts = $125,000

Without leverage the profit would have been $1,000,000 x 10% = $100,000

(assuming, no other investments and price movement)

2. Effect of Leverage if index future price falls

With leverage, the equity index price is 5,000 and it decreases 10% to 4,500. If the value of a per point move is $25 the fund has just lost (-500 x $25) x 10 contracts = -$125,000

Without leverage the loss would have been $1,000,000 x -10% = -$100,000

(assuming, no other investments and price movement)

5.9 Derivatives

The Fund will trade futures, swaps and use foreign exchange forwards for hedging purposes back to Australian dollars. All futures contracts are exchange traded contracts (ETC). Forward Foreign Exchange contracts and swaps are classified as over the counter (OTC) traded instruments. The derivative counterparties for the trading of Forward Foreign Exchange contracts and swaps are appointed in accordance of an internal risk assessment, review of credit rating and the establishment of formal ISDA or equivalent contract. For more information about Derivatives and how they are used in the Fund, please see section 5.3 Investment Restrictions and section 5.8 Leverage. See also Derivative and Counterparty risk in section 6. Managing Risk.

5.10 Short selling

The Fund does not intend, and is unlikely, to engage in short selling of equities.

5.11 Withdrawals

Withdrawal requests are generally processed within 5 Business Days of receipt. Please see section 7 for further details on applications and withdrawals.

5.12 Suggested investment timeframe

The suggested investment timeframe is 5 years.

5.13 Labour standards and environmental, social and ethical considerations

Except as noted below, neither Equity Trustees, Prodigy nor Dalton Street takes labour standards or environmental, social or ethical considerations into account in the selection, retention or realisation of Fund investments. However, where those factors negatively impact the investment performance or company stability, Dalton Street's investment team will generally discuss these matters with company management and/or review the decision to hold the specific investment. No specific methodology is used for such reviews nor are there pre-determined views about the extent to which such factors will be taken into account in a review.

5.14 Fund performance

Fund performance can be obtained by contacting Prodigy on (03) 9909 2680. Please note that due to the historical nature of performance information and the volatility of returns, future returns may differ from past returns. Past performance is not indicative of future performance. The Responsible Entity, Investment Manager and Sub-Investment Manager do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund.

6. Managing Risk

All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance. Neither Equity Trustees nor Prodigy guarantees the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. You may lose money by investing in the Fund and your investment in the Fund may not meet your objectives. Future returns may differ from past returns. In addition neither Equity Trustees nor Prodigy offers advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial advice, you should contact a licensed financial adviser.

Some of the risks associated with an investment in the Fund and how the Investment Manager manages those risks are listed below. There is no guarantee that any risk mitigation measure described below will be effective.

Investment System Risks

Trade Errors or Connectivity to Trading Systems: The Fund may incur losses or gains as a result of errors in executing specific trading instructions. The Sub-Investment Manager is also reliant upon information technology systems to send electronic trading instructions to brokers and exchanges across multiple markets. Trading systems are subject to risks relating to technology failure or delays. The Investment Manager together with the Responsible Entity actively monitor third party software relationships and the performance of execution.

Quantitative Model Limitations: The Fund utilises the Sub-Investment Manager's investment strategy, which is based on research into past data and the application of that research to the development of mathematical models that attempt to forecast returns, risk, correlation and transaction costs. Mathematical models are representations of reality but they may be incomplete and/or flawed and there is an inherent risk that any forecasts derived from them may be inaccurate, particularly if the research or models are based on, or incorporate, inaccurate assumptions or data.

Investment Risk

International Investments: The Fund invests in international investments which may involve certain risks, including fluctuations in foreign exchange rates, future political and economic developments and the possible imposition of exchange controls or other governmental laws or restrictions. Security prices in different countries are subject to different economic, financial, political and social factors. In addition, investments may be subject to non-recoverable withholding taxes.

Derivative Risk: The Fund may invest in exchange traded derivatives. In the case of derivatives, fluctuations in price will reflect movements in the underlying assets, reference rate or index to which the derivatives relate. The risks associated with derivative instruments include the potential to lose value because of a sudden price move or because of the passage of time, potential illiquidity of the derivative, that the Fund cannot meet payment obligations as they arise, and that the counterparty to any derivative contract does not meet its obligations under the contract. Dalton Street intends on trading only exchange traded futures.

Swaps: The Fund may enter into swap contracts. Swaps are negotiated contracts between two parties, whereby an agreement is entered to exchange the difference between the value of the instrument's on a future date. The risks associated with swap instrument's include; liquidity risk, whereby the underlying instrument is illiquid and counterparty risk, the risk that the counterparty may not be able to meet current and future obligations.

Currency and Currency Hedging Risk: The Fund may invest in securities on listed foreign exchanges. Movements against the Australian dollar may adversely affect the domestic value of the Fund's investments and the income from those investments. To reduce the currency impact the Fund's foreign currency exposure is hedged. However, the hedge may not provide complete protection from adverse currency movements. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

Foreign Exchange Forward Contracts: The Fund will enter into foreign exchange forward contracts to manage the Fund's exposure to exchange rate risk. Foreign exchange forward contracts are currently not traded on exchanges. The contracts do not have limits on daily price movements and therefore, under exceptional circumstances, may be subject to unusually wide spread between the prices.

Stop Loss Signals: The Sub-Investment Manager has systematic stop loss/profit triggers that are methodically employed to minimise losses and maximise gains. This trigger is deployed the following day after a trigger is identified. The risk of trading the following trading day may inadvertently result in realised losses outside of internal parameters. However, this risk is mitigated by the use of an Extreme Event Safeguard which can be triggered intraday.

Commodity-Related Investments: The Fund may invest in commodity futures. Exposure to the commodities future markets may subject the Fund to greater volatility than investments in traditional securities. Prices of commodities may fluctuate significantly over short periods as a result of a variety of factors, including changes in supply and demand relationships, changes in interest or currency exchange rates, population growth and changing demographics and factors affecting a particular industry or commodity, such as drought, floods or other weather conditions, transportation bottlenecks or shortages, competition from substitute products, fiscal, monetary and exchange control programs, disease, pestilence, acts of terrorism, embargoes, tariffs and international economic, political, military, legal and regulatory developments.

Net Asset Value Considerations: The NAV per unit of the Fund is expected to fluctuate over time with the performance of the Fund's investments. An investor may not fully recover their initial investment when they choose to withdraw their units or on compulsory redemption if the NAV per unit of the Fund at the time of such withdrawal is less than the Application Price paid by such investor. The NAV will be generated by the independent Administrator with prices obtained by external pricing providers.

Counterparty Risk

Prime Broker and Administrator: The Fund is at risk of the appointed Prime Broker entering into insolvency. The Fund's right to the return of securities equivalent to those of the Fund's securities to which a Prime Broker takes legal and beneficial title or which a Prime Broker borrows, lends, pledges, charges, rehypothecates, sells, transfers, disposes of or otherwise uses for its own purposes is in accordance with the relevant prime brokerage agreement. However, the Fund will rank as an unsecured creditor of the relevant Prime Broker and, in the event of the insolvency of the relevant Prime Broker, the Fund may not be able to recover such equivalent securities in full, or at all.

The Administrator is responsible for calculating the Net Asset Value of the Fund. The valuation of the assets is obtained by third-party pricing providers and in accordance with the pricing policy of the Administrator. There is a risk that the investor redeems its units from the Fund that is either higher or lower than the value provider by the external valuator. The Investment Manager together with the Responsible Entity performs due-diligence, and monitors the performance of the Prime Broker and Administrator to ensure the services provided meets contractual obligations and operates within the applicable law and regulation.

General Risks

Illiquidity: There may be times when investments may not be readily sold (for example, in a falling market where some traded securities may become less liquid). Moreover, some securities may be thinly traded and there may not be sufficient market depth to facilitate the efficient realisation of those assets at all times. However, in the Investment Manager's opinion, trading volumes of investments that are to be made by the Fund are generally sufficient to satisfy liquidity requirements when necessary. The Fund generally invests in highly liquid investments which are traded in an active market, and can be readily disposed of. The Investment Manager attempts to mitigate the liquidity risk factor by ensuring that the Fund has sufficient cash (or cash equivalent) exposure to meet liquidity requirements. Note that neither the Responsible Entity nor the Investment Manager guarantees the liquidity of the Fund's investments.

Leverage

The Fund may use leverage for the purpose of making investments. The assets, including securities and cash, plus margin, are held against the value of the position. The use of leverage creates particular risks and may significantly increase the Fund's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Fund's exposure to capital risk and, if leverage is in the form of borrowing, interest costs. The exposure of a leveraged portfolio to movements in the instruments and markets in which it invests can be greater than the value of the assets within the Fund. The use of leverage in a market that moves adversely could result in substantial losses to the Fund, which would be greater than if leverage was not used. The Fund is subject to leverage limits and is closely monitored by the Investment Manager in conjunction with the Prime Broker on a daily basis.

7. Investing and Withdrawing

Initial applications

To invest please complete the Application Form accompanying this PDS and send your original Application Form online, via facsimile or directly to:

RBC Investor Services Trust Registry Operations
GPO Box 4471
Sydney, NSW 2001
Australia
Fax: +61 2 8262 5492

The minimum initial application amount is $25,000 (unless otherwise determined by the Responsible Entity). Initial applications can only be processed when copies of the Application Form including relevant supporting identification documents and cleared funds are received.

Application money should be transferred to the bank account details shown in the Application Form. Please note that neither cash nor cheques will be accepted. Investors investing through an Investor Director Portfolio Service ("IDPS") should use the application form provided by the operator of the IDPS.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price, in general terms, is equal to the NAV of the Fund, divided by the number of units on issue plus any transaction costs.

Unit prices are generally calculated monthly however, Equity Trustees may determine the price at a different frequency at its discretion.

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

- before 2pm on the last Business Day of the month and your application for units is accepted, you will receive the Application Price calculated for the last Business Day of that month; or
- at or after 2pm on the last Business Day of the month and your application for units is accepted you will receive the Application Price calculated for the last Business Day of the following month.

If we are unable to issue units immediately after the receipt of your application, the money will be held in a non-interest bearing account with an Australian bank. If we are unable to issue units within a period of one month of receipt of application money, within reasonable circumstances, we will return your application money.

Transaction costs may reduce the number of units which an investor receives when applying for units. See the 'Buy/Sell spread' and 'Transaction and other costs' information in the Fees and Other Costs section for further information.

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

Additional applications

You can make additional investments into the Fund at any time by sending us confirmation of your additional investment amount together with a completed Application Form online, via facsimile or directly to:

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

Fax: +61 2 8262 5492

Investors can add to their investment at any time, subject to Equity Trustees' approval. The minimum additional investment into the Fund is $25,000 (unless otherwise determined by the Responsible Entity).

Terms and conditions for applications

Applications can be made at any time. Application cut-off times and unit pricing are set out in the Initial applications section above.

Please note that we do not pay interest on application monies.

Equity Trustees reserves the right to refuse any application without giving a reason. If we are unable to issue units immediately after the receipt of your application, the money will be held in a non-interest bearing account with an Australian bank. If we are unable to issue units within a period of one month of receipt of application money, within reasonable circumstances, we will return your application money.

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until all the necessary information has been provided. As a result delays in processing your application may occur.

Cooling off period

No cooling off period applies to the offer made in the PDS, as the units offered under this PDS are only available to Wholesale Clients.

The right to cool off may not apply if you are an Indirect Investor, even if you are a retail client. Indirect Investors should seek advice from their IDPS Operator or consult the IDPS Guide or similar type document as to whether cooling off rights apply.

Making a withdrawal

Subject to the withdrawal limitations described in this PDS, investors of the Fund can withdraw all or a portion of their investment by written request to:

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

Fax: +61 2 8262 5492

There is a minimum withdrawal amount of $25,000 (unless otherwise determined by the Responsible Entity). Refer below for "Terms and conditions for withdrawals". Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s). The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price, in general terms, is equal to the NAV of the Fund, divided by the number of units on issue less any transaction costs.

If we receive your withdrawal request:

- before 2pm on the last Business Day of the month and your withdrawal request for units is accepted, you will receive the Withdrawal Price calculated for the last Business Day of that month; or

- at or after 2pm on the last Business Day of the month and your withdrawal request for units is accepted you will receive the Withdrawal Price calculated for the last Business Day of the following month.

Transaction costs may reduce the amount which an investor receives on withdrawal. See the 'Buy/Sell spread' information in the Fees and Other Costs section for further information.

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

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

Access to funds

The Responsible Entity will generally allow you to access your investment within 5 days of the last Business Day of the month by transferring the withdrawal proceeds to your nominated bank account. However, the Constitution allows the Responsible Entity to make payment up to 21 days after receipt of a valid withdrawal request (which may be extended in certain circumstances). The period of time for satisfying withdrawal requests may be extended where the Responsible Entity considers that it is in the best interests of investors to do so and has taken all reasonable steps to realise sufficient assets, but is unable to do so due to circumstances outside its control. In these circumstances the period of time for satisfying withdrawal requests is extended for such further period as those circumstances apply and the Responsible Entity may suspend consideration of redemption requests during that period. Withdrawals will not be funded from an external liquid facility. In such circumstances, where possible, the Responsible Entity will provide investors with 30 days' prior written notice of such extension or suspension.

Equity Trustees reserves the right to fully redeem your investment upon 30 days' notice if your investment balance in the Fund falls below the required minimum balance of $25,000 or such other amount as the Responsible Entity determines from time to time, as a result of processing your withdrawal request. If Equity Trustees increases this minimum balance, Equity Trustees may, after giving 30 days' notice to an investor who holds units with an aggregate Withdrawal Price less than the then current minimum balance, redeem that investor's units without a need for a redemption request. Equity Trustees may also request that an investor dispose their units to a person who is an Eligible Person or where the Fund is liquid (as defined in the Corporations Act), lodge a redemption request in respect of all units the investor holds within 30 days (or such longer period as Equity Trustees may determine from time to time). If the investor fails to comply with that request and the Fund is liquid, Equity Trustees may compulsorily redeem the investor's units.

Terms and conditions for withdrawals

Equity Trustees and/or the Administrator reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, you will be required to re-send the documents.

No withdrawal proceeds will be paid until the Administrator has received the withdrawal request signed by the investor or an authorised signatory. Neither Equity Trustees nor the Administrator shall be responsible for any mis-delivery or non-receipt of any facsimile. Facsimiles sent to the Administrator shall only be effective when actually received by the Administrator.

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

- We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.
- We may contact you to check your details before processing your withdrawal form. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.
- If we cannot satisfactorily identify you as the withdrawing investor, we may refuse or reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms, you and any person claiming through or under you, shall have no claim against us about the payment.
- The Constitution allows Equity Trustees to make payment up to 21 days after we accept a request (which may be extended in certain circumstances).
- Equity Trustees can deny a withdrawal request where accepting the request would cause the Fund to cease to be liquid or where the Fund is not liquid (as defined in the Corporations Act). When the Fund is not liquid, an investor can only withdraw when Equity Trustees makes a withdrawal offer to investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The Fund will cease to be liquid if less than 80% of the assets of that Fund are liquid assets. Broadly, liquid assets are money in an account or on deposit with a financial institution, bank accepted bills, marketable securities, other prescribed property and other assets that the Responsible Entity reasonably expects can be realised for their market value within the period specified in the Constitution for satisfying withdrawal requests while the Fund is liquid.

In addition, if Equity Trustees is unable to repatriate funds to meet withdrawal payments, it may suspend the calculation of the NAV and withhold withdrawal proceeds.

Distributions

The Fund usually distributes income semi-annually at the end of December and June. Distributions are calculated on the last day of period end, and are normally paid to investors within 14 Business Days of the period end, although the distribution at 30 June may take longer, and the Constitution allows for a distribution to be paid up to 3 months after the distribution period. Equity Trustees may amend the distribution frequency without notice.

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

Investors can have their distribution reinvested or paid to a nominated bank account. Investors who do not indicate a preference will have their distributions automatically reinvested and their application will be taken to be received at the end of the relevant distribution period.

The Constitution provides for money payable to an investor to be held where the Responsible Entity attempts to pay the money by electronic transfer and the electronic transfer fails on 3 occasions.

In some circumstances, where an investor makes a large withdrawal request (5% or more of the units on issue in the Fund at the start of the relevant distribution period), their withdrawal proceeds may be taken to include a component of distributable income.

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

Valuation of the Fund

The value of the investments of the Fund is generally determined monthly. Generally, investments will be valued at the next available market value but other valuation methods and policies may be applied by Equity Trustees or the Administrator if appropriate or if otherwise required by law or applicable accounting standards.

The value of a unit in the Fund is based on the value of the investments in the Fund (after taking into account any liabilities of the Fund), in accordance with the Constitution of the Fund. For example, the Application Price of a unit in the Fund is based on the NAV of the Fund divided by the number of units on issue plus an allowance for transaction costs required for buying investments. This allowance is known as the Buy spread. At the date of this PDS, the Buy spread is 0.35%.

Joint account operation

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

Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

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

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

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised representatives; and
- you agree that any instructions received from your authorised representative shall be complete satisfaction of our obligations, even if the instructions were made without your knowledge or authority.

Electronic instructions

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

8. Keeping Track of Your Investment

Enquiries

If you have any questions regarding the Fund you can call Prodigy on 1300 074 894 or visit www.Prodigyinvest.com.au.

Complaints resolution

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

Phone: 1300 133 472
Post: Equity Trustees Limited
GPO Box 2307, Melbourne VIC 3001
Email: compliance@eqt.com.au

We will acknowledge receipt of the complaint as soon as possible and in any case within 3 days of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 45 days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Financial Ombudsman Service ("FOS") or from 1 November 2018, direct the complaint to the Australian Financial Complaints Authority ("AFCA"), which will replace FOS.

Contact details are:
Online: www.fos.org.au or www.afca.org.au
Phone: FOS on 1800 367 287 or AFCA on 1800 931 678
Email: info@fos.org.au or info@afca.org.au
Post: GPO Box 3, Melbourne VIC 3001.

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

Reports

We will make the following statements available to all investors:

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

The latest annual report will be available online from 30 September each year at www.eqt.com.au/insto. If you are an Indirect Investor, please contact your IDPS Operator to obtain a copy of these documents.

The following information is available on Prodigy's website and/or is disclosed monthly:

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

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

The Fund is not currently a disclosing entity as defined by the Corporations Act. If it becomes a disclosing entity (generally this will occur when there are 100 investors or more), it will be subject to regular reporting and disclosure obligations and investors will have a right to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report lodged with ASIC by the Fund;
- any half yearly financial report lodged with ASIC by the Fund after the lodgement of that annual financial report but before the date of the PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual financial report but before the date of this PDS.

Equity Trustees will comply with its continuous disclosure obligations by lodging documents with ASIC as and when required. These documents can also be obtained from ASIC's website or by visiting www.eqt.com.au/insto.

9. Fees and Other Costs

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

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

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

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

TO FIND OUT MORE

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

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

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

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

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	There is no establishment fee payable when you set up your investment in the Fund.
Contribution fee The fee on each amount contributed to your investment	Nil	There is no contribution fee payable when you invest in the Fund.
Withdrawal fee The fee on each amount you take out of your investment	Nil	There is no withdrawal fee payable when you redeem investments from the Fund.
Exit fee The fee to close your investment	Nil	There is no exit fee payable when you close your investment in the Fund.
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	Management fees: 1.50%* (inclusive of the net impact of GST and RITC) p.a. of the NAV of the Fund.	These costs are calculated and accrued daily based on the NAV of the Fund. The accrued fees are paid in arrears by deduction from the Fund assets at the end of each month. These costs reduce the NAV of the Fund and are reflected in the unit price.

Type of fee or cost	Amount	How and when paid
Performance fees	20% (plus GST and less RITC) of the investment return above the performance hurdle for each performance period is payable to Prodigy as an expense of the Fund	The performance fee is calculated and accrued monthly, based on the NAV of the Fund, subject to the high water mark. It is paid semi-annually from the Fund's assets. This fee can be negotiated. See 'Differential fees' in the 'Additional explanation of fees and costs' below.

Additional Explanation of Fees and Costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than by investing directly in the assets.

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

Management fees

The management fees of 1.50% p.a. of the NAV of the Fund are payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees, administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

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

Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Fund exceeds the performance of the RBA Cash Rate plus the management fee. The performance fees are 20% of this excess, calculated and paid semi-annually in arrears from the Fund and calculated based on the beginning NAV of the Fund over the relevant six month period ending 30 June or 31 December.

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

Based on the current calculation methodology for the performance fees, the Responsible Entity has estimated that the typical ongoing performance fees payable per annum may be $700 per half-year assuming an average account balance of $100,000 during the year. For further information, please refer to the "Performance fee example" section below.

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

Performance fee expense

The method for calculating the performance fee expense for each 6 month period ending 30 June and 31 December ("Performance Fee Periods") is as follows:

- For each Business Day, the daily investment return of the Fund (net of capital inflows) is calculated to determine whether the performance hurdle for the Business Day has been exceeded.
- The performance hurdle will be exceeded where the daily performance is above the RBA Cash Rate plus the investment management fee of 1.50%. p.a. calculated on a daily basis.
- The daily investment return of the Fund (net of capital inflows) is calculated by dividing the amount of the gross asset value of the Fund for the Business Day, by the gross asset value for the previous Business Day.
- The daily performance fee amount is then calculated at 20% (net of GST and less RITC) of the difference between the daily investment return of the Fund and the performance hurdle. The daily performance fee amount can be a positive or a negative amount depending on whether or not the performance hurdle has been exceeded.
- The daily performance fee amount is accrued and, where the aggregate amount is positive, the amount is reflected in the daily unit price as an expense provision.

An accrued performance fee is payable if the Fund's performance is positive and in excess of the performance hurdle of the RBA Cash Rate plus the investment management fee of 1.50% p.a. of the NAV of the Fund for the Performance Fee Period.

If no performance fee is payable to the Investment Manager for the period, then any accrued negative performance fee will be carried forward into the next Performance Fee Period. This means that negative performance of the Fund must be made up before a performance fee is payable.

Performance fee example

Assume the following;

- The Fund's performance for the Performance Fee Period is 5% before management costs have been deducted
- The Fund's performance hurdle is 1.50% (RBA Cash Rate as at 1/1/2017) plus 1.50% p.a. (management fee), that is, effectively 1.50% over the same Performance Fee Period
- The high water mark is set at zero
- The Fund's NAV is $250,000

The Fund's return above the Fund's performance hurdle is 3.50% (5% - 1.50%) for the period. The performance fee is calculated as 20.30% x 3.50% x $250,000 = $1,776.25 for that Performance Fee Period*.

If the Fund's performance is lower than the Fund's performance hurdle, a performance fee is not charged but a negative performance fee is recorded. Before the Investment Manager becomes entitled to receive a performance fee for the next Performance Fee Period, any negative performance fee recorded during a previous Performance Fee Period will need to be recouped.

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

*20.30% is equal to 20% plus GST, less RITC. RITC rates may change in the future.

Transactional and operational costs

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

The Buy/Sell Spread reflects the estimated transaction costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The Buy/Sell Spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The Buy/Sell Spread is paid into the Fund and not paid to Equity Trustees or the Investment Manager. The estimated Buy/Sell Spread is 0.35% upon entry and 0.35% upon exit ($350 for each $100,000 invested or withdrawn). The Buy/Sell Spread can be altered by the Responsible Entity at any time. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

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

We estimate that the total transaction costs for the Fund over a financial year will be 3.08% of the NAV of the Fund, of which 16% of these transaction costs is reasonably estimated to be recouped via the Buy/Sell spread when applications or redemptions take place, resulting in a net transaction cost of the Fund of 2.60% p.a.

Differential fees

A separate fee arrangement may be negotiated from time to time with certain investors. Please contact Prodigy on +61 3 9909 2680 to discuss.

IDPS

For Indirect Investors, the fees listed in the 'Fees and other costs' section of this PDS are in addition to any other fees and charges by your IDPS Operator.

Can the fees change?

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

Payments to IDPS operators

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

GST

All fees and other costs quoted include GST less any reduced input tax credits.

Managed investment products – Example of annual fees and costs for the Fund

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

Example – Dalton Street Capital Diversified Futures Fund		
BALANCE OF $100,000 WITH A CONTRIBUTION OF $100,000 DURING THE YEAR*		
Contribution Fees	Nil	For every $100,000 you put in, you will be charged $0
Plus Management Costs comprising of:	2.90% p.a.	**And**, for every $100,000 you have in the Fund you will be charged $2,900 each year
Management Fees	1.50% p.a.	$1,500

Example – Dalton Street Capital Diversified Futures Fund		
Plus Performance fee	1.40% p.a.	Based on the current calculation methodology of the performance fees, the Responsible Entity has estimated that the typical ongoing performance fees payable per annum may be $1,400 assuming an average account balance of $100,000 during the year
Equals Cost of Fund		If you had an investment of $100,000 at the beginning of the year and you put in an additional $100,000 during that year, then you would be charged fees of: $2,900** **What it costs you will depend on the fees you negotiate.**

* This example assumes the $100,000 contribution occurs at the end of the first year, therefore management costs are calculated using the $100,000 balance only.

**Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread. If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fees calculator on its website www.moneysmart.gov.au, which you could use to calculate the effects of fees and costs on your investment in the Fund.

The performance fees stated in this table shows the estimated performance fees for the financial year ended 30 June 2018 as a percentage of the Fund's average NAV. The performance of the Fund, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Fund or the amount of the performance fees in the future. See also under the heading "Performance fees" our estimated typical ongoing performance fee payable per annum. The actual performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Fund, visit Equity Trustees' website at www.eqt.com.au/insto. Past performance is not a reliable indicator of future performance.

10. Taxation

This summary of taxation matters is a general guide that outlines the taxation implications applicable to the Fund and resident investors who hold their investment on capital account and are not considered to be trading in investments for tax purposes. The summary is based on the tax laws as at the date of this PDS. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

A number of tax reform measures are currently under review by the Government, including the proposed new Collective Investment Vehicle (**"CIV"**) regime and rules relating to the treatment of foreign sourced income. These reforms may impact on the tax position of the Fund and its investors going forward. Accordingly, it is recommended that investors seek their own professional tax advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

The tax laws that apply to non-resident investors depend on various factors, including their country of residence. Non-resident investors should seek their own professional tax advice on the taxation implications before investing in the Fund. The information below is based on existing and enacted tax law and practice as at the date of this PDS.

Taxation of the Fund

General

The Fund is a resident trust estate for Australian tax purposes. On the basis that the Fund has distributable income and investors are presently entitled to all of the Fund's distributable income, (which is the Responsible Entity's intention) and the Fund is not a public trading trust, the Fund should be taxed as a flow-through trust. This means that investors should be taxed on their share of the Fund's net taxable income, and the Fund should not be subject to Australian income tax.

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

Attribution Managed Investment Trust ("AMIT") regime

A new regime for the taxation of Managed Investment Trusts (**MITs**) that qualify as an AMIT (**"the AMIT Regime"**) was enacted in 2016. The AMIT Regime may be applicable to the Fund provided the Fund satisfies the relevant eligibility requirements, and the Responsible Entity makes the irrevocable election for the AMIT Regime to apply to the Fund.

The Responsible Entity, together with the Fund's Tax Advisor, has made an assessment that:

a) The Fund qualifies to make the election into the AMIT Regime; and

b) The Fund intends to make the irrevocable election for the AMIT Regime to apply to the Fund (and the timing of the relevant election).

When the AMIT Regime applies to the Fund, the Fund will be deemed to be a 'fixed trust' for taxation purposes, can rely on specific legislative provisions to make annual adjustments to reflect under/over distributions of income for a particular income year, and the Fund's income will be 'attributed' to investors (on a fair and reasonable basis).

The amount attributed to investors will be disclosed in an AMIT Member Annual Statement (**"AMMA Statement"**). This is similar to a tax statement that may otherwise be provided to investors by the Responsible Entity. The AMMA Statement will set out the amount which has been 'attributed' to a particular investor and other relevant tax information.

Under the AMIT Regime, if the Fund attributes amounts to investors which are taxable, the investor is expected to be entitled to increase the tax cost base in their units in the Fund to reflect this attribution. Correspondingly, payments of cash distributions should reduce the investor's tax cost base.

Deemed Capital Gains Tax ("CGT") election

Eligible MITs may make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments, including equities and units and certain rights and options over equities and units but excluding certain derivatives and foreign exchange contracts.

Subject to meeting the eligibility requirements to be a MIT, the Fund intends to make the MIT capital election. As a result, an investor's share of the net taxable income of the Fund may include an amount that consists of net capital gains derived by the Fund.

Taxation of Financial Arrangements ("TOFA")

Broadly, under TOFA, the gains or losses (including income and/or deductions) on financial arrangements are brought to account under a compounding accruals and realisation basis.

Any gain or loss in relation to a financial arrangement, including certain financial instruments such as debt securities, exchange traded futures and foreign exchange contracts where TOFA applies would generally be treated on revenue account (and would not be covered by the MIT capital election).

On the basis that the Fund will elect into the TOFA regime, the Fund will be subject to the TOFA provisions. The Investment Manager and Tax Adviser of the Fund will assist the Responsible Entity with ongoing compliance with the TOFA rules.

Foreign Account Tax Compliance Act ("FATCA")

The United States of America enacted FATCA in 2010 to identify U.S. residents that invest in assets through non-U.S. entities. In April 2014, the Australian Government signed an intergovernmental agreement (**"IGA"**) with the U.S., which requires all Australian financial institutions to comply with FATCA, as modified by the IGA.

Broadly, the Fund is required to collect and review information to determine whether it has an obligation to report information about certain investors in the Fund to the ATO (which will pass that information onto the IRS). Accordingly, the Fund may request certain information from you to enable the Fund to comply with its FATCA obligations.

Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. The Fund will provide information about its FATCA status where required so that FATCA withholding is not applied to the relevant U.S. income or gross proceeds.

If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, the Responsible Entity will not be required to compensate Unit Holders for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

Common Reporting Standard

The Common Reporting Standard (**"CRS"**) is a standardised set of rules developed by the OECD that requires certain financial institutions resident in a participating jurisdiction to implement due diligence procedures to document and identify reportable accounts. Certain financial institutions will also be required to report certain information on those accounts to their relevant local tax authorities.

In this regard, Australia has signed the CRS Multilateral Competent Authority Agreement (**"CMCAA"**) and has enacted provisions within the domestic tax legislation to implement CRS in Australia from 1 July 2017. Australian financial institutions will need to implement due diligence produces to document and identify relevant account holders that are non-resident individuals and entities controlled by non-residents and report certain information with respect to those account holders to the ATO. The ATO may then exchange this information with foreign tax authorities in other relevant signatory countries.

It is expected that the Fund will be a reporting financial institution under the CRS. The Fund intends to comply with its CRS obligations, which will be fulfilled by the Responsible Entity of the Fund. In this regard, Unit Holders may be required to provide certification of tax residency to the extent units are held on or after 1 July 2017. Penalties may apply if a Unit Holder provides a false certification, and Unit Holders may not be able to continue holding Units in the Fund if the appropriate certification is not provided.

The Fund will report information on certain Unit Holders to the ATO, which will in turn report this information to relevant foreign tax authorities in other participating jurisdictions. The Responsible Entity will also provide information about the Fund's CRS status when requested by other financial institutions. Unlike FATCA, there is no withholding that is applicable under CRS.

The Fund and the Responsible Entity will not be liable for any loss that a Unit Holder may suffer as a result of the Fund's compliance with CRS.

Taxation of Australian Resident Investors

Distributions

Under the AMIT regime, each Australian resident will be subject to taxation on their attributable share of the net taxable income derived by the Fund, including amounts that are received in a subsequent year of income or which are reinvested.

Investors who are attributed an amount from the Fund in respect of a financial year will receive an annual tax statement detailing all relevant taxation information.

The tax consequences for investors of being attributed amounts from the Fund depend on the components of the distributable income to which investors have been attributed.

Foreign Source Income and Foreign Income Tax Offset ("FITO")

The Fund is expected to predominantly derive income that consists of foreign source income that may be subject to tax overseas, for example withholding tax, which (under some circumstances) may be distributed to investors. Where a distribution to the investor consists of foreign taxes paid, the investor may be entitled to a FITO for the tax paid.

The FITO may be used to offset the Australian tax payable on the foreign source income. Investors should include their share of both the foreign income and the amount of the FITO (if any) in their assessable income. To the extent to which the investor does not have sufficient foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year and as such will be lost.

Franked dividends

As the Fund's investments may also include equity securities, income distributions from the Fund may include franked dividends. Generally, investors should include the franked dividends and any franking credits (imputation credits) they receive in their assessable income.

Certain additional requirements, including the 45 day holding period rule may need to be satisfied in order to obtain franking credits in relation to dividends. The investor's particular circumstances and that of the Fund will be relevant to determine whether the investor is entitled to any franking credits, in respect of the investor's share of the franked dividends.

Any excess imputation credits may be refundable to some investors, such as individuals and complying superannuation funds.

Non-assessable distributions

Under current practice, distributions of non-assessable amounts are generally not subject to tax in the hands of passive investors. However, the receipt of certain non-assessable amounts will generally reduce the cost base of the Australian resident investor's units in the Fund for CGT purposes. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's units in the Fund. A capital gain may also arise in circumstances there are excess amounts of non-assessable amounts after the cost base has been reduced to nil. Please consult your tax advisor for more information.

Capital Gains

An investor's share of the net taxable income of the Fund may include an amount of net capital gain, derived by the Fund. Where the Fund's net capital gain includes discount capital gains, the investor needs to 'gross up' any discount capital gain (by the amount of any reduction in the discount capital gain that the Fund obtained). Regardless of whether the 'discount concession' amount is distributed by the Fund, individual, trust, and complying superannuation fund investors may be entitled to the discount capital gain concessions in determining their net capital gain. Investors may also be able to offset certain other capital losses they may have against their share of the capital gains included in the net taxable income distributed by the Fund (after grossing up any discount capital gains).

Disposal of Units

If an Australian resident investor transfers or redeems their units in the Fund, this will generally constitute a disposal for tax purposes. Where an investor holds their units in the Fund on capital account, a capital gain or loss on the disposal may arise and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 1/3% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for more than 12 months. No CGT discount is available to companies.

If an Australian resident investor realises a capital loss on their investment, the loss may be applied against other capital gains the investor may have. Unused capital losses can be carried forward and may be utilised in a future income year.

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

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions 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.

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

Australian Taxation of Non-Resident Investors

Non-resident investors

The following comments are general in nature and non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/Exchange of Information Agreement (**"EOI"**) between Australia and their country of residence.

Tax on Income

The Fund expects to derive foreign source income which would generally not be subject to Australian withholding tax when distributed by the Fund to non-resident investors.

The Fund is required to withhold Australian tax from distributions to non-resident investors for certain types of Australian sourced net taxable income, including unfranked dividends, Australian sourced interest income or other Australian sourced income (e.g. certain options or derivative gains). The rate of tax deducted will depend on the type of income distributed and the country of residence of the investor.

For investors that are tax resident and provide an address or place for payment in countries that hold a tax EOI with Australia, a concessional withholding tax rate of 15% applies to 'fund payments', which are distributions of other Australian source income. The fund payment withholding tax rate is 30% for fund payments to non-resident investors who are tax resident or provide an address or place for payment in countries that do not hold an EOI with Australia.

Capital gains

Based on the Fund's investment profile, generally non-resident investors should not be subject to Australian capital gains tax on the disposal of units in the Fund unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia.

The CGT discount is not available for non-resident investors. It is strongly recommended that non-resident investors seek their own tax advice.

11. Other Important Information

Consents

Prodigy has given and, at the date of this PDS, has not withdrawn, their written consent:

- to be named in this PDS as the Investment Manager of the Fund; and
- to the inclusion of the statements made about them, the Fund and the tables and statistical information, which are attributed to them, in sections 1, 2, 3, 4, 5, 6, 8 and 9 in the form and context in which they appear.

Prodigy has not otherwise been involved in the preparation of this PDS and have not caused or otherwise authorised the issue of this PDS. Prodigy and their employees and officers do not accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which it has provided its consent.

Dalton Street has given and, at the date of this PDS, has not withdrawn, their written consent to be named in this PDS as the Sub Investment Manager of the Fund including statements made about them, the Fund and related matters. which are attributed to them.

The Administrator

RBC has been appointed as the Fund's administrator to perform certain administrative, accounting, registrar and transfer agency services for the Fund.

RBC has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. RBC has not independently verified the information contained in this PDS and, accordingly, accepts no responsibility for the accuracy or completeness of the information. RBC does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

The Custodian and Prime Broker

Morgan Stanley & Co. International plc. (as the "Prime Broker" and "Custodian"), a member of the Morgan Stanley Group of companies, based in London, will provide prime brokerage services to the Fund under the terms of the International Prime Brokerage Agreement (the "Agreement") entered into between the Fund and the Prime Broker for itself and as agent for certain other members of the Morgan Stanley Group of companies (the "Morgan Stanley Companies"). These services may include the provision to the Fund of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Fund may also utilise the Prime Broker, other Morgan Stanley Companies and other brokers and dealers for the purposes of executing transactions for the Fund. The Prime Broker is authorised by the Prudential Regulatory Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA.

As security for the payment and discharge of all liabilities of the Fund to the Prime Broker and the Morgan Stanley Companies, the investments and cash held by the Prime Broker and each such Morgan Stanley Company will be charged by the Fund in their favour and will therefore constitute collateral for the purposes of the FCA rules. Investments and cash may also be deposited by the Fund with the Prime Broker and other members of the Morgan Stanley Group of companies as margin and will also constitute collateral for the purposes of the FCA rules.

The Fund's investments may be borrowed, lent or otherwise used by the Prime Broker and the Morgan Stanley Companies for its or their own purposes, whereupon such investments will become the property of the Prime Broker or the relevant Morgan Stanley Company and the Fund will have a right against the Prime Broker or the relevant Morgan Stanley Company for the return of equivalent assets. The Fund will rank as an unsecured creditor in relation thereto and, in the event of the insolvency of the Prime Broker or the relevant Morgan Stanley Company, the Fund may not be able to recover such equivalent assets in full.

Neither the Prime Broker nor any Morgan Stanley Company will be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the Agreement unless such loss results directly from the negligence, wilful default or fraud of the Prime Broker or any Morgan Stanley Company. The Prime Broker will not be liable for the solvency, acts or omissions of any sub-custodians or other third party by whom or in whose control any of the Fund's investments or cash may be held. The Prime Broker and the Morgan Stanley Companies accept the same level of responsibility for nominee companies controlled by them as for their own acts. The Fund has agreed to indemnify the Prime Broker and the Morgan Stanley Companies against any loss suffered by, and any claims made against, them arising out of the Agreement, save where such loss or claims result primarily from the negligence, wilful default or fraud of the indemnified person.

As the Custodian, Morgan Stanley will also provide a custody service for all the Fund's investments, including documents of title or certificates evidencing title to investments, held on the books of the Custodian as part of its prime brokerage function in accordance with the terms of the Agreement and the rules of the FCA. The Custodian may appoint sub-custodians, including the Morgan Stanley Companies, of such investments.

In accordance with FCA rules, the Custodian will record and hold investments held by it as custodian in such a manner that the identity and location of the investments can be determined at any time and that such investments are readily identifiable as belonging to a customer of the Prime Broker and are separately identifiable from the Custodian's own investments. Furthermore, in the event that any of the Fund's investments are registered in the name of the Custodian where, due to the nature of the law or market practice of jurisdictions outside the United Kingdom, it is in the Fund's best interests so to do or it is not feasible to do otherwise, such investments may not be segregated from the Custodian's own investments and in the event of the Custodian's default may not be as well protected.

Any cash which the Custodian holds or receives on the Fund's behalf will not be treated by the Custodian as client money and will not be subject to the client money protections conferred by the FCA's Client Money Rules (unless the Custodian has specifically agreed with or notified the Fund that certain cash will be given client money protection). As a consequence, the Fund's cash will not be segregated from the Custodian's own cash and will be used by the Custodian in the course of its investment business, and the Fund will therefore rank as one of the Custodian's general creditors in relation thereto.

The Prime Broker is a service provider to the Fund and is not responsible for the preparation of this document or the activities of the Fund and therefore accepts no responsibility for any information contained in this document. The Prime Broker will not participate in the investment decision-making process.

Non-listing of units

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

Termination of the Fund

The Responsible Entity may resolve at any time to terminate and liquidate the Fund (if it provides investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Fund into cash and payment of, or provision for, all costs (including anticipated costs) of winding up the Fund, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among all investors according to the sum of the Withdrawal Price for the units they hold in the Fund against the aggregate Withdrawal Price for all the units on issue in the Fund.

Our legal relationship with you

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution of the Fund, as well as the Corporations Act and general trust law. The Constitution of the Fund contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity of the Fund, and investors.

Equity Trustees may amend the Constitution if it considers that the amendment will not adversely affect investors' rights. Otherwise the Constitution may be amended by way of a special resolution of investors.

To the extent that any contract or obligation arises in connection with the acceptance by Equity Trustees of an application or reliance on this PDS by an investor, any amendment to the Constitution may vary or cancel that contract or obligation. Further, that contract or obligation may be varied or cancelled by a deed executed by Equity Trustees with the approval of a special resolution of investors, or without that approval if Equity Trustees considers the variation or cancellation will not materially and adversely affect investor's rights.

A copy of the Constitution of the Fund is available, free of charge, on request from Equity Trustees.

Investor liability

The Constitution of the Fund provides that unless there is a separate agreement with an investor, no investor can be called on to contribute to the assets of the Fund or to its creditors if the Fund is liquidated or becomes insolvent except to the extent that any amounts remain unpaid in relation to an investor's subscription for units. Therefore it is expected that investors will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested at law and so it is not possible to give an absolute assurance that an investor's liability will be limited in all circumstances.

In general, an investor's liability is limited to the amount (if any) which remains unpaid in relation to their subscription for units in the Fund and any outstanding tax obligations arising from the operation of the Fund. The Responsible Entity may redeem some or all of an investor's units to satisfy an amount of money due from the investor to the Responsible Entity. The Responsible Entity is also permitted to deduct certain amounts of money from the proceeds of an investor's withdrawal request. The Responsible Entity is entitled to be indemnified in certain circumstances by an investor or a person who was at any time an investor in respect of any tax referable to that person.

Compliance plan

Equity Trustees has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan describes the procedures used by Equity Trustees to comply with the Corporations Act and the Constitution of the Fund. Each year the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

Unit pricing discretions policy

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

Indemnity

Equity Trustees, as the responsible entity of the Fund, is indemnified out of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers in the proper performance of its duties in relation to the Fund. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, Equity Trustees may retain or pay out from the assets of the Fund any sum necessary to affect such an indemnity.

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

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

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

Under the AML/CTF laws, Equity Trustees is required to submit ongoing regulatory reports to, and share collected information with, AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may be prohibited by law from informing applicants or investors that such reporting has occurred. AUSTRAC may require Equity Trustees to deny you access to your investment (temporarily or permanently). This could result in loss of the capital invested or you may experience significant delays when you wish to transact on your investment. In order to comply with AML/CTF Laws, the Responsible Entity may also disclose information that it holds about the applicant, an investor, or any beneficial owner, to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether inside or outside Australia).

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

The Constitution

The Fund is governed by the Constitution. The Constitution sets out how the Fund must operate and, together with the PDS, the Corporations Act and other laws, regulates the Responsible Entity's legal relationship with investors. If you invest in the Fund, you agree to be bound by the terms of the PDS and the Constitution.

Your privacy

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

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

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

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

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

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

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

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

Full details of Equity Trustees' Privacy Policy is available at www.eqt.com.au. You can also request a copy by contacting Equity Trustees' Privacy Officer on +61 3 8623 5000 or by email to privacy@eqt.com.au.

Information on underlying investments

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

Foreign Account Tax Compliance Act ("FATCA")

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

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

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

Common Reporting Standard ("CRS")

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

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

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

12. Glossary of Important Terms

Absolute Return

Absolute return funds aim to deliver returns in both rising and falling markets. To do this, they invest in a wide range of asset classes and employ various investment strategies.

As a result, the fund's performance is often not tied to the performance of traditional asset classes such as shares, property or fixed interest.

AFSL

Australian financial services licence issued by ASIC under section 913B of the Corporations Act.

Application Form

The Application Form used by investors who wish to subscribe for units directly in the Fund and accompanying this PDS.

ASIC

The Australian Securities and Investments Commission.

Business Day

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

Buy/Sell spread

The Buy Spread is the difference between the NAV per unit and the Application Price for units in the Fund, whereas the Sell Spread is the difference between the NAV per unit and the Withdrawal Price of units in the Fund. Collectively this is known as the Buy/Sell Spread. The Buy/Sell Spread reflects the estimated transaction costs associated with buying and selling the assets of the Fund, when investors invest in or withdraw from the Fund.

Constitution

The Constitution of the Fund which describes the rights, responsibilities and beneficial interest of both investors and the Responsible Entity in relation to the Fund.

Corporations Act

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

Derivatives

Generally, a derivative is a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Examples include options contracts, futures contracts, forward foreign exchange contracts, options on futures contracts, swap agreements (including, but not limited to, long and short credit default swaps and forward swap spread locks) and options on swap agreements.

Eligible Person

Any person:

- other than a US Person; or
- other than a person that the Responsible Entity has determined is not eligible to hold units in the Fund from time to time.

Gross Asset Value (GAV)

The value of assets of the Fund before subtracting the value of the liabilities of the Fund.

IDPS

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.

IDPS Operators

An entity responsible for operating an IDPS.

Long positions

A long position is one in which the Fund owns shares in a company. The Fund will seek to profit as the price of the shares appreciates.

Net Asset Value (NAV)

The value of assets of the Fund less the value of the liabilities of the Fund (excluding net assets attributable to investors).

Retail Client

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

RITC

Reduced Input Tax Credit. Equity Trustees will apply for reduced input tax credits on behalf of the Fund, where applicable, to reduce the GST cost to the Fund.

Short positions

A short position is one in which the Fund has sold shares that the Fund doesn't own. The Fund seeks to profit as the value of the shares falls, thereby reducing the size of the liability to re-purchase the shares. Short sales are generally covered, that is, the seller will "borrow" the investment to settle the sale and then will buy the same investment in the open market to return the borrowed investment. The difference between the sale price and the purchase price of the investment in the open market is the profit or loss earned by the Fund.

STIR

Short Term Interest Rates. Interest rate securities are a class of investment where, essentially, you lend money to a company or institution which pays you interest for a period of time. Interest rate futures are derivatives contracts with an interest-bearing instrument, like a Treasury, as their underlying asset. There are several different types of interest rate futures, depending on the instrument being used. Typically short term interest rate futures include Treasury Bills futures contracts as the maturity dates are less than a year into the future.

US Person

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

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

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

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

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

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

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

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

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

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

Wholesale Client

Person or entity which is a wholesale client as defined under section 761G of the Corporations Act.