

Artesian Corporate Bond Fund



Information Memorandum

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Contents

Fund at a glance	3
About the Responsible Entity	5
About the Investment Manager	5
About the Administrator	5
About the Fund Investments	6
Investment Management Team	8
Credit Analyst Team	8
Risk Management Team	8
Managing risk	9
Investing and redeeming	10
Keeping track of your investments	12
Taxation	12
Fees and other costs	13
Other important information	14
Glossary of important terms	16

Investment Manager

Artesian Corporate Bond Pty Ltd
ACN 618 342 895
Authorised representative number
001260177
Level 3, 45 Wangaratta Street,
Richmond, VIC 3121
Ph: +61 3 9028 7392
Web: www.artesianinvest.com

Administrator and Custodian

Mainstream Fund Services Pty Ltd
ACN 118 902 891
GPO Box 4968
Sydney NSW 2001
Ph: 1300 133 451
Web: www.mainstreamgroup.com

Responsible Entity

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

This is the Information Memorandum ("IM") for Class B units in the Artesian Corporate Bond Fund (referred to as the "Fund") and was issued on 4 May 2020. This IM has been prepared and issued by Equity Trustees Limited (ABN 46 004 031 298) AFSL 240975 in its capacity as the trustee of the Fund (referred to throughout this IM as the "Trustee" or "Equity Trustees"). The issue of this IM is authorised solely by Equity Trustees. No other person (whether or not related to Equity Trustees) is responsible for any information contained in this IM. The investment manager of the Fund is Artesian Corporate Bond Pty Ltd (ACN 618 342 895 Authorised representative number 001260177) and is referred to throughout this IM as the "Artesian or Investment Manager". The administrator of the Fund is Mainstream Fund Services Pty Limited (ACN 118 902 891) and is referred to throughout this IM as "Mainstream Fund Services" or "Administrator".

This IM has not been, will not be and is not required to be lodged with the Australian Securities and Investments Commission ("ASIC"). It does not constitute a product disclosure statement, prospectus or other disclosure document within the meaning of the Corporations Act.

This IM is prepared for your general information only. It is not intended to be a recommendation by the Trustee, the Investment Manager or any associate, employee, agent or officer of the Trustee, the Investment Manager or any other person to invest in the Fund. This IM 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 IM. You should consider the suitability of the Fund in view of your financial position and investment objectives and needs and you may want to seek professional advice before making an investment decision. A glossary of important terms used in this IM can be found in the "Glossary of Important Terms" section.

This IM does not constitute an offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended ("US Securities Act"). The units in the Fund have not been, and will not be, registered under the US Securities Act or the laws of any State, and the

Fund is not registered as an investment company under the US Investment Company Act of 1940, as amended. The Fund 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.

The Trustee, the Investment Manager, the Administrator and their respective employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or investment performance of the Fund. Past performance is no indication of future performance. Units are offered and issued by the Trustee subject to the Trust Deed of the Fund, and on the terms and conditions described in this IM. You should read this IM because you will become bound by it if you become a unitholder of the Fund. The offer made in this IM is available only to persons receiving this IM in Australia (electronically or otherwise) who are Wholesale Clients.

If you received this IM electronically, a paper copy will be provided free upon request. Please call Equity Trustees on +613 8623 5000 for a copy.

This IM should be read together with the Trust Deed of the Fund. A copy of the Trust Deed is available from Equity Trustees by calling +613 8623 5000 or from the Investment Manager by calling +613 9028 7392.

Certain information in this IM relating to the Fund is subject to change. Where considered appropriate by Equity Trustees, we will notify you in writing of any changes. Copies of any updated information may be obtained:

- by calling Equity Trustees on +613 8623 5000
- by calling the Investment Manager on +613 9028 7392

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

Unless otherwise stated, all fees quoted in the IM are inclusive of GST after allowing for an estimate for Reduced Input Tax Credits ("RITCs"). All amounts are in Australian dollars unless otherwise specified and all references to legislation are to Australian law unless otherwise specified.

Fund at a glance

Name of Fund	Artesian Corporate Bond Fund
Trustee	Equity Trustees Limited
Investment Manager	Artesian Corporate Bond Pty Ltd
Fund structure	
Structure	<p>The Fund is an open-ended, wholesale unit trust scheme.</p> <p>The Trustee may offer and issue separate classes of units in the Fund.</p> <p>The Fund will invest in AUD corporate bonds and cash.</p> <p>For more information, refer to the structure chart contained in this IM under "About the Fund investments."</p>
Classes of units	<p>The Trustee may issue different classes of units in the Fund. Different classes of units that are issued in the Fund will have rights to the specific assets of the Fund that have been acquired using the application monies paid by unitholders to acquire those assets. Unitholders holding units of such class will not have rights to other assets held by the Trustee on behalf of other classes of unitholders in the Fund, though they may under certain circumstances be exposed to the losses of other classes.</p> <p>This IM relates to Class B units. Class A units in the Fund are offered under a product disclosure statement.</p>
Investing in the Fund	
Minimum initial investment (AUD)	\$5,000,000 unless the Trustee accepts a lower amount, in its absolute discretion.
Minimum additional investment (AUD)	\$5,000 unless the Trustee accepts a lower amount, in its absolute discretion.
Minimum balance (AUD)	\$5,000,000 unless the Trustee accepts a lower amount, in its absolute discretion.
Minimum redemption (AUD)	\$5,000 unless the Trustee accepts a lower amount, in its absolute discretion.
Applications	<p>Only Wholesale Clients can apply for units.</p> <p>If we receive a correctly completed Application Form, acceptable identification documents (if applicable) and cleared application money:</p> <ul style="list-style-type: none">• on or before 2pm (Melbourne time) on a Business Day, the application will generally be processed on that Business Day. If your application for units is accepted, you will receive the Application Price calculated for that Business Day; or• after 2pm (Melbourne time) on a Business Day, the application will generally be processed on the next Business Day. If your application for units is accepted you will receive the Application Price calculated for the next Business Day. <p>This minimum timing requirement can be waived in Equity Trustees' sole discretion.</p> <p>Equity Trustees may accept or reject applications in its sole discretion.</p>
Fund investments	
Investment objective and strategy	<p>The Fund is an absolute return fund that aims to achieve the RBA cash rate +2.75% through all interest rate cycles.</p> <p>The Investment Manager's strategy for the Fund is to invest in a diversified portfolio of liquid, fixed and floating rate corporate bonds. At the date of this IM, with Australian interest rates at all-time lows, floating rate note securities (FRNs) offer fixed income investors opportunities to take advantage of potentially rising rates. Although the Fund will also invest in fixed rate securities, more emphasis will be placed on FRNs to mitigate interest rate risk.</p> <p>See "About the Fund investments" in this IM for more information about the Fund's investment strategy.</p>
Target return	RBA daily cash rate +2.75%.
Target return range	RBA cash rate +2.25% to 3.25%. Note the target return and target return range is not a forecast. It is merely an indication of what the Fund aims to achieve over the medium term on the assumption that credit markets remain relatively stable throughout the investment timeframe. The Fund may not be successful in meeting the target return or target return range. Returns are not guaranteed.
Operational matters	
Income distribution	<p>Distributions are intended to be paid quarterly out of the proceeds of distributions, if any, received from underlying investments of the Fund.</p> <p>For more information, refer to the information under the heading "Quarterly Distributions" in the "Investing and Redeeming" section of this IM.</p>

Redemptions	Redemption requests must be received by 2pm (Melbourne time) on a Business Day for processing that day and will generally receive the Withdrawal Price for that Business Day. Redemptions will be subject to the redemption charge, redemption limits and suspension events described in the "Investing and redeeming" section of this IM.
Liquidity	It is intended the Fund will offer daily liquidity to investors.
Risks	An investment in the Fund is subject to risks, which are summarised in the "Managing Risk" section of this IM.
Valuation	Valuations are generally undertaken by the Investment Manager on a daily basis.
Fees and Incentive Allocation	
Investment management fee	0.55% (plus GST) of the net asset value (NAV) of the Fund. The investment management fee will impact the returns received by unitholders in the Fund. The investment management fee is described further in the "Fees and other costs" section of this IM.
Administration fee	0.20% (plus GST) of the NAV of the Fund.

About the Responsible Entity

About 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 Artesian Corporate Bond Pty Ltd 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.

About the Investment Manager

About the Investment Manager

Artesian Corporate Bond Pty Ltd

Equity Trustees has appointed Artesian Corporate Bond Pty Ltd as the investment manager of the Fund. Artesian is an alternative investment management company that was part of ANZ Banking Group's capital markets business until 2004 when it became a standalone business. Artesian is wholly owned by its directors and employees. Since 2004, Artesian has managed specialised funds focused on credit arbitrage and relative-value strategies across global financial markets. Artesian has offices in Sydney, Melbourne, Singapore, Shanghai, London and New York and leverages its global relationships, risk systems, knowledge and research with the aim of delivering above market returns for investors.

About the Administrator

About the Administrator

Mainstream Fund Services Pty Limited

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

The Trustee has entered into an Administration Agreement with the Administrator, which governs the services that will be provided by the Administrator to the Fund.

The Investment Manager may at any time, in consultation with the Trustee, select any other administrator to serve as administrator to the Fund.

About the Fund Investments

Fund Overview

Artesian has been managing fixed income funds for over 15 years, with each partner of the business having more than 20 years' experience in Australian fixed income markets. The Fund will aim to achieve returns above the RBA cash rate +2.25% to 3.25%, by leveraging Artesian's extensive network of employees and relationships, combined with its lengthy experience in the bond markets throughout major periods of both turmoil and calm.

Note the target return is not a forecast. It is merely an indication of what the Fund aims to achieve over the medium term on the assumption that credit markets remain relatively stable throughout the investment timeframe. The Fund may not be successful in meeting the target return. Returns are not guaranteed.

The Fund aims to provide investors with daily liquidity and quarterly distributions through investment in an actively managed and diversified portfolio of Australian fixed income securities, such as floating and fixed rate corporate bonds. The Investment Manager will leverage its trading, research and analysis teams to enhance the yield of the Fund in a low yield environment not previously experienced in Australia. The Fund's concentrated floating rate note exposure aims to provide investors with a higher yield than prevailing interest rates.

Investment Objectives

- absolute return fund that aims to achieve the RBA cash rate +2.75% through all interest rate cycles
- the Fund will invest in investment grade, AUD corporate bonds with a floating rate note bias
- the portfolio is likely to consist of 50-60% floating rate securities, 30-40% fixed rate securities, and the balance in cash to invest opportunistically in both fixed and floating rate securities
- the Fund is a total return fund and does not track an index
- excess returns are expected to be generated through a well-constructed portfolio plus high velocity turnover in the Australian bond market

Investment Strategy

The Fund will invest in Australian dollar corporate bonds and cash. These corporate bonds will be issued by Australian and international companies. The Fund will invest in liquid securities which allow the Investment Manager to enter and exit positions easily (in normal market conditions) resulting in daily liquidity for investors.

Investing in the Fund offers a number of benefits, including:

- access to investment opportunities and diversification that individual investors are otherwise unable to achieve.
- a disciplined risk management process that manages different levels of investment risk relative to anticipated investment returns.
- an experienced, skilled investment management team, with a broad and multi-faceted base of knowledge and experience.
- participation in any income distributions from the Fund.

Investment Guidelines

Asset allocation

The asset classes in which the Fund invests are: fixed rate corporate bonds – target exposure 35% (range 0% to 70%); floating rate corporate bonds – target exposure 55% (range 0%

to 100%); cash – target exposure 0-20% (range 0% to 100%). Cash products are cash held by Australian Authorised Deposit-taking Institutions, including certificates of deposit, bank bills and other cash-like instruments.

Assets are held directly or indirectly.

Further, this is a new fund and the Investment Manager does not expect to be able to fully implement the investment strategy and asset allocation parameters stated in this section until the Fund reaches approximately \$12 million funds under management. In the meantime, the Investment Manager will seek to do so as far as practicable.

Market sectors

The Investment Manager aims to deliver the following:

- a diversified portfolio with potential sector exposures to financial institutions, technology, media and telecommunications, utilities, real estate, manufacturing and consumer goods/services. The largest sector exposure is likely to be financial institutions who are the largest issuers in the Australian market.
- an optimally constructed portfolio selected from diverse market sectors.
- a prudently diversified portfolio with the aim of reducing risk to idiosyncratic market events.
- an actively managed portfolio which will include the rebalancing of sector bias.

Table 1. Minimum, maximum and target sector weights.

	Min	Max	Target
Exposure to financials	0%	55%	40%
Exposure to each other sector	0%	30%*	10%*
Number of sectors in the portfolio	4	–	6

* Per sector.

These weights are indicative only and the portfolio may fall outside these weights from time to time.

Market region and product

The Investment Manager aims to provide the following:

- a portfolio containing exposure to Australian and international floating rate and fixed rate bonds and cash. Cash products are cash held by Australian Authorised Deposit-taking Institutions, including certificates of deposit, bank bills and other cash-like instruments.
- a global team to facilitate international credit and market analysis for the increasing issuance of Australian dollar debt by foreign companies.
- a carefully selected large floating rate note exposure in order to reduce interest rate risk.
- an active trading approach to generate income for investors in the primary and secondary markets.

Table 2.1. Minimum, maximum and target region weights.

	Min	Max	Target
Exposure to foreign bond issuers	0%	50%	30%
Exposure to Australian bond issuers	0%	100%	60%
Exposure to cash	0%	100%	0-20%

Table 2.2. Minimum, maximum and target product weights.

	Min	Max	Target
Exposure to fixed rate bonds	0%	70%	35%
Exposure to floating rate bonds	0%	100%	55%
Exposure to cash	0%	100%	0-20%

Table 2.3. Minimum, maximum and target subordinated debt exposure.

	Min	Max	Target
Exposure to subordinated debt	0%	25%	20%
Exposure to ASX listed hybrids*	0%	10%	5%

* Exposure to ASX listed hybrids included in total 25% max subordinated debt exposure in row above. A hybrid security or "hybrid" typically promises to pay a rate of return until a certain date, in the same way debt securities do but may have equity-like features that may result in a higher rate of return than regular debt securities.

These weights are indicative only and the portfolio may fall outside these weights from time to time.

Credit ratings

- the Fund will invest at least 90% of funds not invested in cash, in investment grade debt rated either BBB- or higher by Standard & Poor's and Fitch or Baa3 or higher by Moody's.
- although not a key focus for the Fund, the Fund may invest up to 10% of the portfolio in non-rated Australian dollar issued debt if deemed appropriate by the Investment Manager.
- although not a key focus for the Fund, the Fund may invest up to 10% of the portfolio in non-investment grade Australian dollar issued debt if deemed appropriate by the Investment Manager.

Table 3. Minimum, maximum and target credit rating weights.

	Min	Max	Target
Exposure to investment grade debt	72%	100%	90%
Exposure to non-rated debt	0%	10%	0%
Exposure to non-investment grade debt	0%	10%	0%
Exposure to cash	0%	100%	0-20%

These weights are indicative only and the portfolio may fall outside these weights from time to time.

Interest rate risk management

The Fund does have sensitivity to movements in interest rates. The Investment Manager will observe the following risk metrics when managing the interest rate risk of the portfolio:

Table 4. Minimum, maximum and target interest rate risk duration.

	Min	Max	Target
Average duration exposure to rates	0 years	3.5 years	1 years

These durations are indicative only and the portfolio may fall outside these durations from time to time.

Credit risk management

The Fund will have large credit risk exposure which will remain unhedged. The Investment Manager will observe the following risk metrics when managing the credit risk of the portfolio:

Table 5. Minimum, maximum and target credit risk duration.

	Min	Max	Target
Average duration exposure to credit	0 years	6 years	4 years

These durations are indicative only and the portfolio may fall outside these durations from time to time.

Concentration risk management

The Fund will aim to avoid concentration risk in the portfolio. The Investment Manager will observe the following risk metrics when managing the concentration risk of the portfolio:

Table 6. Minimum, maximum and target concentration risk weights.

	Min	Max	Target
Exposure to any one bond as a % of total portfolio	0%	20%	3%
Exposure to any one bond as a % of total bond issue size	0%	10%	0-3%

These weights are indicative only and the portfolio may fall outside these weights from time to time.

Investment Management Team

MATTHEW CLUNIES-ROSS Managing Partner Chief Investment Officer <i>Melbourne</i>	Matthew was one of the founding partners of Artesian which was created in 2004 with capital from the partners and ANZ Private Equity. Matthew has been managing Artesian's global bond fund for 10+ years. Prior to co-founding Artesian, Matthew spent 12 years trading and selling global bond/credit products for investment banks including ANZ, HSBC and Macquarie Bank in Australia & the United Kingdom. Matthew has a Bachelor of Economics from Monash University.
DAVID GALLAGHER Portfolio Manager <i>Sydney</i>	David joined Artesian in June 2013 and has been managing the Australian portfolio with Matthew since that time. Prior to joining Artesian, David spent 9 years in the United Kingdom working for Deutsche Bank and RBS. David has extensive risk and portfolio management trading experience. In David's previous role, David managed a credit portfolio with outright risk ranging between £1-2.5 billion. David has a Master of Applied Finance from Kaplan (formerly Securities Institute of Australia). Whilst studying at the Securities Institute of Australia, David was awarded with the Macquarie Bank Dux Award for being the top graduating student.

Credit Analyst Team

KURT TAN Snr Credit Analyst <i>New York</i>	Kurt joined Artesian in 2005 and is currently a Senior Credit Analyst & Portfolio Manager responsible for US credit. Previously, he was part of the team at Barclays Capital that developed the firm's credit derivatives trading technology. Kurt holds a BSE in Computer Engineering from The University of Michigan and an MBA from NYU Stern School of Business.
NIKOLAS KOUKIASAS Snr Credit Analyst <i>London</i>	Nikolas is an experienced multi-asset class portfolio manager and trader with over fifteen years of experience. His competence extends to a broad range of credit products, both cash and derivatives. He has additional experience in other asset classes including interest rates and foreign exchange markets. During his career he has managed a substantial emerging markets portfolio and co-managed a multi-billion dollar bank and financials portfolio (Europe & USA) with consistent returns. Nikolas studied at CASS Business School with a Master Degree in Mathematical Trading and Finance.
JOHNNY TJHENG Snr Credit Analyst <i>Singapore</i>	Johnny is a senior credit analyst and has been with Artesian since March 2010. His role necessitates him to work closely with the CIO in areas of research and investment idea generation for the credit portfolio. Johnny covers the Asia Pacific region. Johnny graduated from Nanyang Business School of Nanyang Technological University in Singapore in 2009 with a Bachelor's Degree in Business (Honours) majoring in Banking & Finance. He is a CFA Charterholder.
DYLAN ER Credit Analyst <i>Singapore</i>	Dylan is a credit analyst also covering the Asia Pacific region. He is adept at using a combination of technical and bottom up approaches in evaluating credit and generating relative-value trade ideas. Dylan graduated from The University of Birmingham with a Bachelor of Economics (Honours).

Risk Management Team

JOHN MCCARTNEY Managing Partner Chief Risk Officer <i>New York</i>	John previously held the position of Head of International Credit Trading within ANZ Capital Markets. The position was created in 2001 and the trading book formed the 'beta site' for the investment strategy employed by Artesian. John joined ANZ in 1995 and has held a series of securitisation and trading positions within the Capital Markets Group, including the Head of Government Bond Trading across Australia, New Zealand and India. John holds both a Bachelor and Masters Degree in Economics from the University of Western Australia.
TIM HEASLEY Partner Chief Operating Officer <i>Melbourne</i>	Tim is a Partner and COO of Artesian. Before joining Artesian in 2004, Tim ran ANZ's Alternative Asset Management business and was Head of Legal & Compliance for ANZ Investment Bank focusing on financial markets and alternative asset funds management. Tim has 25 years' experience working as a banking and finance lawyer in Australia and New Zealand. Tim graduated from the University of Melbourne with a Master of Banking and Financial Services, Law. Tim also has a Bachelor of Law and a Bachelor of Science (Botany) from the University of Canterbury.
PANKAJ KHANNA Chief Financial Officer <i>Melbourne</i>	Before joining Artesian in 2004, Pankaj was a Manager in the financial services division of Ernst & Young, Australia where he managed various internal and external audits. He was also involved in providing accounting and compliance advisory services to the clients. Prior to joining Ernst & Young in 1999, Pankaj worked in the audit & tax division of a CPA firm in Kenya. Pankaj graduated at the Institute of Chartered Accountants, Australia.

Managing risk

Managing risk

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. You should consider the significant risks below when deciding whether to invest in the Fund. You may want to consider these risks in light of your risk profile. 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.

You may lose money by investing in the Fund and your investment in the Fund may not meet your objectives. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may also change in the future.

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

Key Risks

Market risk

Investment returns are influenced by the performance of the market as a whole. Economic, technological, political and legal factors and market sentiment can change. These changes may affect the value of investment markets, the Fund's investments and the value of the units.

Investment specific risk

The price of a specific investment of the Fund may be affected by market risk (above) but also by factors which are specific to that investment; for example, a circumstance or change impacting a particular company, sector, region or type of product in which the Fund has invested.

Liquidity risk

Under abnormal or difficult market conditions, some normally liquid assets may become illiquid, restricting our ability to sell them and to make withdrawal payments to investors without a potentially significant delay.

Investment manager risk

Like other investment managers, the Investment Manager's approach directly impacts the value of the Fund's performance. There is no guarantee the Fund will achieve its performance objective or produce results that are positive. Changes in key personnel within the Investment Manager may also impact the Fund's future return.

Fund risk

Risks specific to the Fund include the risk that the Fund could terminate and that the fees and costs payable by the Fund could change. There is also a risk that investing in the Fund may give different results than direct investing because of income or capital gains accrued in the Fund and the consequences of investments and withdrawals by other investors.

Counterparty risk

There is a risk that a counterparty may breach its obligations. This could include, but is not limited to, failing to make settlement payments or returning margin payments.

Interest rate risk

The yield and face value of securities can be affected by interest rate movement. In instances where interest rates rise, the face value of certain fixed rate securities may decline. Equally, in circumstances where interest rates decline, the yield of certain floating rate securities will drop to reflect the floating rate nature of the yield. Equally, longer term interest rate expectations have the ability to impact the value of longer dated fixed rate securities. The expectation of future rates is embodied in the "yield curve".

Derivative risk

The Investment Manager may use derivatives, such as interest rate futures or swaps, to hedge interest rate risk arising from the corporate bonds in the portfolio. Risks particular to derivatives include the risk that the value of a derivative may not move in line with the underlying asset and the risk that a particular derivative may be difficult or costly to trade. Derivatives will only be used for risk management purposes. Derivatives will not be used within the Fund for speculative or gearing purposes.

Pandemic and other unforeseen event risk

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the economies and financial markets either in specific countries or worldwide and consequently on the value of the Fund's investments. Further, under such circumstances the operations, including functions such as trading and valuation, of the Investment Manager and other service providers could be reduced, delayed, suspended or otherwise disrupted.

Investing and redeeming

Investing in the Fund

Only Wholesale Clients can apply for Class B units pursuant to this IM. If we receive a correctly completed Application Form, acceptable identification documents (if applicable) and cleared application money:

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

Making an application

To invest, please complete and sign the Application Form attached to this IM.

For initial applications the duly completed Application Form, together with the relevant certified identification documents, must be mailed to the Administrator via the following postal address:

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

Please note that cash cannot be accepted.

Cheques should be made payable to "Equity Trustees Limited as trustee for the Artesian Corporate Bond Fund".

Alternatively, you can direct credit your application as follows:

a/c name: Equity Trustees Limited as RE for the Artesian Corporate Bond Fund Application Account
BSB number: 082401
Account Number: 715331487

If using direct credit, please send the original, completed Application Form via mail. Please note the application will not be accepted until cleared funds are received and cash cannot be accepted.

The minimum initial investment in the Fund is \$5,000,000 subject to the Trustee agreeing to accept a lower amount, in its discretion.

For additional applications

Unitholders can apply for additional units, and the minimum additional investment amount is \$5,000 or such other amount as the Trustee determines from time to time.

If payment is made by way of electronic transfer, then you must complete and duly sign the Application Form and fax it to +612 9251 3525 or emailed to registry@mainstreamgroup.com (please insert the fund name in the subject line of the email).

Then mail to the Administrator:

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

Alternatively, if payment for additional units is made by cheque, please follow the instructions given for initial applications above.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the *Foreign Account Tax Compliance Act (FATCA)* 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.

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees or the Administrator refuses or is unable to process your application to invest in the Fund, the Administrator will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

Valuation of the Fund and application price of units

The value of the investments of the Fund and Unit prices are generally determined daily.

The value of a Unit reflects the value of the assets of the Fund less the liabilities of the Fund and is determined in accordance with the Trust Deed. The application price of a Unit is, in general terms, based on the NAV referable to the Class B units of the Fund, divided by the number of Class B units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this IM, the Buy Spread is 0.125%. The Application Price will vary as the market value of assets in the Fund rises or falls. The Buy/Sell Spread may change depending on the liquidity of the assets within the Fund's portfolio at that time and <https://www.artesianinvest.com/australian-corporate-bond-fund> will be updated as soon as practicable to reflect any change.

Where the Trustee issues classes of units that are referable to specific assets in the Fund, the Unit price will be determined having regard to the value of the assets referable to that class.

Similarly, where the Trustee will issue a new class of units and assets acquired using the proceeds of issue of those units will be specifically referable to that class of units, the Unit price for the initial units in that class will be an amount equal to the highest Unit price for any units of any other class issued in the Fund at the relevant time.

Making a redemption

Subject to the redemption limitations described in this IM, unitholders of the Fund can redeem all or a portion of their investments by written request to:

Mainstream Fund Services
Client Services Registry Team
GPO Box 4968
Sydney, NSW, 2001
Or sending it by fax to: +612 9251 3525
Or emailing the request to registry@mainstreamgroup.com (please insert the fund name in the subject line).

The minimum redemption amount is \$5,000. Refer below for "Terms and conditions for redemptions".

Redemption price

The redemption price of a Unit is based on the NAV of the Fund referable to the Class B units, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this IM, the Sell Spread is 0.125%. The Buy/Sell Spread may change depending on the liquidity of the assets within the Fund's portfolio at that time and <https://www.artesianinvest.com/australian-corporate-bond-fund> will be updated as soon as practicable to reflect any change.

As with the issue of units, where units in the Fund have been issued in a class of units to which specific assets in the Fund are directly referable, the redemption price will be calculated on the basis of the NAV of the assets of the Fund which are directly referable to the class of units. The NAV per Unit can be reduced by the Trustee to make an allowance for the transaction costs required for selling investments which is known as the Sell Spread.

The amount a unitholder will receive on the redemption of their units will be the redemption price, less any redemption charge which is applicable.

Access to funds on redemption

Generally, we will instruct that your withdrawal proceeds be transferred to your nominated bank account within 3-5 days from the time we receive your withdrawal request.

However, the Trust Deed allows Equity Trustees to make payment up to 30 days after the date of a redemption request it has accepted if it considers that it is in the best interests of investors to do so, which may be extended in exceptional circumstances. An "Exceptional Circumstance" is where it is not possible or not in the best interest of investors for Equity Trustees to process redemption requests or pay the redemption price in respect of a redemption request it has accepted. Such circumstances may include but not necessarily limited to:

- restricted or suspended trading;
- extreme price fluctuation; and
- uncertainty in the market for an asset of the Fund

Where we receive a large redemption request, we have discretion to determine that the redemption price applicable to that redemption request will be the first redemption price calculated following the expiry of five Business Days after the Business Day on which we have received and accepted the redemption request. However, the Investment Manager will engage with the investor/s making the redemption to ensure they are aware of the timing, ensuring the redemption is processed as soon as practically possible.

For these purposes, a large redemption request is a request that is:

- in respect of 5% or more of the NAV of the Fund at the time the redemption request is received and accepted by us; or
- received on a day on which we receive aggregate redemption requests for 5% or more of the NAV of the Fund on that day.

We may contact you to check your details before processing your withdrawal request. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

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

Fund liquidity

Under the Trust Deed, the Trustee has the power to deny any redemption request. The Trustee and Investment Manager are not required to and may not be in a position to give unitholders any prior notice before redemption requests are denied or temporarily suspended.

Terms and conditions for redemptions

The Trustee may deny a redemption request if it is for less than the minimum balance amount determined by the Trustee from time to time and does not relate to the balance of a unitholder's investment.

Equity Trustees has the right to fully redeem a unitholder's investment in the Fund after giving the unitholder notice, where their holding falls below the minimum balance amount. At the time of this IM, the minimum balance is \$5,000,000.

Equity Trustees will refuse to comply with any redemption request if the requesting party does not satisfactorily identify themselves as the unitholder. Redemption payments will not be made to third parties (including authorised nominees) and will only be paid directly to the unitholder's bank account held in the name of the unitholder at a branch of an Australian domiciled bank. By lodging a facsimile redemption request the unitholder releases, discharges and agrees to indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any facsimile redemption request.

The unitholder also agrees that any payment made in accordance with a facsimile redemption request shall be a complete satisfaction of the obligations of Equity Trustees, notwithstanding any fact or circumstance including that the payment was made without the unitholder's knowledge or authority. The unitholder agrees that if the payment is made in accordance with a facsimile redemption request, the unitholder and any person claiming through or under them shall have no claim against Equity Trustees in relation to the payment.

Quarterly Distributions

Distributions are intended to be made by the Fund quarterly (i.e. "Distribution Period") as at 31 March, 30 June, 30 September and 31 December. A distribution comprises a unitholder's share of any distributable income earned by the Fund (or the relevant class of units in the Fund in which a unitholder has invested). A unitholder's share of any distributable income is generally based on the number of units held by the unitholder at the end of the Distribution Period.

Generally, the income entitlements of unitholders of the Fund will be distributed within 15 days after the date they are determined, although the distribution at the end of a financial year (i.e. 30 June) may take longer (for example, if there is a delay in completing an audit). Under the Trust Deed, the Trustee has 3 months after the end of any Distribution Period to make any distributions.

All income distributions will be automatically reinvested in additional units unless investors opt to have distributions paid to their nominated account. Applications for reinvestment will be taken to be received prior to the next valuation time after the relevant distribution period. There is no Buy Spread on distributions that are reinvested.

In some circumstances, where an investor makes a large withdrawal request (5% or more of the units on issue), their withdrawal proceeds may be taken to include a component of distributable income. The Trust Deed provides for money payable to a unitholder to be reinvested where the Trustee attempts to pay the money by electronic transfer and the electronic transfer fails.

Appointment of authorised nominee to operate account

Unitholders may elect to appoint an authorised nominee to operate their account. If you wish to appoint an authorised nominee, then the relevant sections in the Application Form which is attached to this IM need to be completed, including the name and signature of the authorised nominee, the signature of the unitholder and the date. Only unitholders can appoint authorised nominees. If you appoint an authorised nominee we suggest that you ensure that:

- they cannot appoint another nominee; and

- the appointment lasts until cancelled by you in writing or by the Trustee.

If the Trustee determines that the circumstances require, the Trustee may cancel an appointment by giving the unitholder 14 days' notice in writing. If an appointment is cancelled, the Trustee will not be obliged to act on the instructions of the authorised nominee. If the instructions are varied, the Trustee will act only in accordance with the varied instructions. By completing and lodging the relevant sections on authorised nominees in the Application Form you release, discharge and agree to indemnify the Trustee from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from the Trustee acting on the instructions of your authorised nominee.

You also agree that any instructions of your authorised nominee to the Trustee, which are followed by the Trustee, shall be a complete satisfaction of the obligations of the Trustee, notwithstanding any fact or circumstance, including that the instructions were made without your knowledge or authority. You agree that if the authorised nominee's instructions are followed by the Trustee, you and any person claiming through or under you shall have no claim against the Trustee in relation to the instructions.

Powers of an authorised nominee

An authorised nominee can, among other things:

- apply for additional investment units;
- request that distribution instructions be altered;
- change bank account details,
- request redemption of all or part of your investment; and
- enquire as to the status of your investment and obtain copies of statements.

Redemption payments will not be made to third parties. If a company is appointed as an authorised nominee, the powers will extend to any director and authorised officer of the company. If a partnership, the powers will extend to all partners.

Keeping track of your investments

Regular, simple to read reports are provided to unitholders in the Fund. These reports comprise:

- Annual Report including financial statements and auditor's report will be made available on the Equity Trustees website at from 30 September each year (you may elect to receive a hard copy of this report by indicating this in the appropriate place in the Application Form).
- Transaction Reports confirming all additional investments, redemptions, and payments (issued following transactions and on request).
- Distribution Statements - issued in line with distribution frequency, notifying you of the value of your investment, income from investments and confirming the reinvestment or payment to your nominated account.
- Tax Statements issued annually, providing unitholders with taxation information including a detailed summary of the components of any distributions.

You can contact Equity Trustees on +613 8623 5000 for updated information on performance, Unit prices, fund size and other general information about the Fund.

Enquiries and Complaints

Equity Trustees seeks to resolve complaints over the management of the Fund to the satisfaction of unitholders. If a unitholder wishes to lodge a formal complaint please write to:

Compliance Team
Equity Trustees Limited
GPO Box 2307
Melbourne VIC 3001 Australia
Email: compliance@eqt.com.au
Phone: +613 8623 5000

Equity Trustees will seek to resolve any complaint and will respond within 14 days of receiving the letter.

Taxation

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

The Fund is an Australian resident for tax purposes and does not pay tax on behalf of its members. Australian resident unitholders are assessed for tax on income and capital gains generated by the Fund to which they become entitled.

Fees and other costs

Management costs

The Management costs include Trustee fees, custody fees, administration fees, audit fees and other ordinary expenses related to the establishment and operation of the Fund.

The Management costs* of the Fund are as follows:

Investment management fee	0.55% p.a. (plus GST) of the NAV of the Fund. The Management costs are reflected in the NAV and in the Unit price of the Fund. The investment management fee does not include transaction costs and abnormal expenses
Administration fee	0.20% p.a. (plus GST) of the NAV of the Fund.

* In addition to the Management costs set out above, the Trustee may also charge any transaction costs and abnormal expenses to the Fund. The administration fee covers both the Trustee and Administrator fees.

Further information regarding fees and other costs

What do the Management costs pay for?

The Management costs include responsible entity fees, investment management fees, custodian fees, administration fees and other expenses of the Fund. The Management costs are calculated and accrued daily based on the Gross Asset Value ("NAV") of the Fund. The accrued fees are paid in arrears from the assets of the Fund within 14 days of the end of each month. The Management costs reduce the NAV of the Fund and are reflected in the Unit price.

Transaction and other costs

All government taxes such as stamp duty and GST will be deducted from the Fund as appropriate. RITCs will also be claimed by the Fund where appropriate to reduce the cost of GST to the Fund.

Buy/Sell Spread

The Buy/Sell Spread reflects the estimated transaction costs associated with buying and selling the assets of the Fund when unitholders invest in, or redeem from, the Fund. The Buy/Sell Spread is an additional cost to the unitholder but is included in the Unit price and incurred when a unitholder invests in or redeems units from the Fund and is not charged as an additional fee.

Where a fee or transaction costs is specifically applicable to a particular class of units, the Trustee may allocate the cost to that particular class of units.

The Buy/Sell Spread is paid into the Fund and not retained by Equity Trustees or the Investment Manager.

As at the date of this IM, the Buy/Sell Spread for units is 0.10%/0.10%. No Buy Spread is applied to reinvested distributions. The Buy/Sell Spread may change depending on

the liquidity of the assets within the Fund's portfolio at that time. The Buy/Sell Spread can be altered by the Responsible Entity at any time and <https://www.artesianinvest.com/australian-corporate-bond-fund> will be updated as soon as practicable to reflect any change. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Depending on the liquidity of the fixed income market, the Buy/Sell Spread will vary, widening as risk and spreads increase. The Australian iTraxx Index ("Index") is calculated daily by Markit, an independent data and valuation provider. The Index comprises 25 equally-weighted investment grade Australian corporate entities.

We use the Index as a guide when determining the appropriate Buy/Sell Spread for the Fund. Table 7 shows indicative Buy/Sell Spread for the Fund using the Index as a guide.

Table 7. Indicative Buy/Sell Spread applicable to the units of the Fund.

Australia iTraxx Index	Indicative Buy/Sell Spread
0-100 bps	0.10%
101-150 bps	0.125%
151-300 bps	0.20%
>300 bps	0.50%

The index level is published on <https://source.markit.com>

Abnormal expenses

In addition to the Management costs, the Trustee may additionally recover abnormal expenses (such as the costs of unitholders meetings, legal advice/proceedings and other irregular expenses). The Trust Deed does not place any limit on the amount of the abnormal expenses that can be paid from the Fund.

Can the fees change?

All fees can change without unitholder consent, subject to the maximum fee amounts specified in the Trust Deed of the Fund. Reasons might include changing economic conditions and changes in regulation. Equity Trustees have the right to recover all proper expenses incurred in managing the Fund and as such these expenses may increase or decrease accordingly. We will notify unitholders of any changes to fees and expenses in accordance with the law and the Trust Deed. The Trust Deed in some circumstances defines the maximum fees that can be charged for some fees described in this IM.

Apportionment of fees and costs

In circumstances where the Trustee issues different classes of units in the Fund, the fees and costs will generally be apportioned by the Trustee across all Unit classes (on a pro-rata basis, having regard to the value of the assets in the Fund).

However, fees and expenses which are directly referable to a particular class of units will be charged to unitholders in that particular class of units.

Other important information

Cooling off period

No cooling off period applies to units offered under this IM.

Unitholder's liability

The Trust Deed for the Fund provides that unless there is a separate agreement with a unitholder, no unitholder can be called on to contribute to the assets of the Fund or to its creditors if the Fund is liquidated or becomes insolvent. Therefore, it is expected that unitholders 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 and so it is not possible to give an absolute assurance that a unitholder's liability will be limited in all circumstances.

In general, the liability of a unitholder is limited to the amount (if any) which remains unpaid in relation to their subscription for units and certain amounts in respect of tax. The Trustee is permitted to deduct certain amounts owed to the Trustee from amounts payable to unitholders.

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 Trustee may resolve at any time to terminate, liquidate and wind up the Fund in accordance with the Fund's Trust Deed. The Fund may otherwise terminate if required by law. A notice will be provided to unitholders advising of the Fund's termination. Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata amongst all unitholders according to the number of units they hold in the Fund.

Our legal relationship with you

You will receive units when you invest. Subject to the rights, obligations and liabilities of a class, each Unit represents an equal proportionate beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give you an interest in any particular assets or property of the Fund. We note in this regard that the Trustee may determine that it is appropriate to issue units of different classes and may determine that specific assets of the Fund should be directly referable to particular classes of units. This IM relates to Class B units. Class A units are offered through a product disclosure statement.

Equity Trustees' responsibilities and obligations, as the Trustee of the Fund, are governed by the Trust Deed of the Fund, the Corporations Act as well as general trust law. The Trust Deed contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Trustee, and unitholders. Some of the provisions of the Trust Deed are discussed elsewhere in this IM. Other provisions relate to a unitholder's rights under the Trust Deed, and include:

- a unitholder's right to share in any Fund income, and how we calculate it;
- what you are entitled to receive when you redeem or if the Fund is wound up;
- a unitholder's right to redeem from the Fund - subject to the times when we can cease processing redemptions - such as if the Fund becomes 'illiquid';
- the nature of the units - identical rights attach to all units within a class; and
- a unitholder's rights to attend and vote at meetings.

There are also provisions governing our powers and duties, including:

- how we calculate unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Trust Deed - generally we can only amend the Trust Deed by deed, although we will generally only do so where we reasonably believe that the changes will not adversely affect unitholders' rights or if the amendments are approved at a meeting of unitholders;
- when we can retire as the Trustee of the Fund - when permitted by law;
- when we can be removed as the Trustee of the Fund - which is when required by law; and
- our broad powers to invest, borrow money and generally manage the Fund - we do not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Trust Deed of the Fund.

The Trust Deed also deals with our liabilities in relation to the Fund and when we can be reimbursed out of the Fund's assets, for example:

- we are not liable for acting in reliance and good faith on professional advice;
- we are not liable for any loss unless we fail to act in good faith or we act negligently; and
- we can be reimbursed for any liabilities we incur in connection with the proper performance of our powers and duties in respect of the Fund.

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

Indemnity

Equity Trustees, as the Trustee of the Fund, is indemnified out of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Trustee. Equity Trustees may retain and pay out any monies in its hands all sums necessary to affect such an indemnity.

Related party transactions

The Trustee and its associates are entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arm's length commercial terms. The Trustee and its associates are also permitted to hold units in any capacity.

Investment Manager consents

Artesian has given, and at the date of this IM has not withdrawn, its written consent:

- to be named in this IM as the Investment Manager of the Fund; and
- to the inclusion of the statements made about it, the Fund, the investment strategy of the Fund and to the statistical information attributed to it in the form and context in which this information appears.

Artesian has not otherwise been involved in the preparation of this IM, nor has it caused or otherwise authorised the issue of this IM. Neither Artesian nor their employees or officers accept any responsibility arising in any way for errors or omissions from this IM, other than in relation to the statements for which they have provided consent.

Administrator consents

Mainstream Fund Services has given, and at the date of this IM has not withdrawn, its written consent:

- to be named in this IM as the Administrator of the Fund; and
- to the inclusion of the statements made about it and the Fund in the form and context in which this information appears.

Mainstream Fund Services has not otherwise been involved in the preparation of this IM, nor have they caused or otherwise authorised the issue of this IM. Neither Mainstream Fund Services nor their employees or officers accept any responsibility arising in any way for errors or omissions from this IM, other than in relation to the statements for which they have provided consent.

Indemnification of the Investment Manager

Under the terms of the Investment Management Agreement, Equity Trustees, in its capacity as trustee of the Fund, indemnifies and agrees to hold harmless the Investment Manager against any loss or liabilities reasonably incurred by the Investment Manager, and any direct costs, charges and expenses incurred by the Investment Manager by reason of the Investment Manager performing its duties and obligations under the Investment Management Agreement. The Investment Manager will not be entitled to be indemnified in relation to any such loss, liability, cost, charge or expense to the extent to which it is caused by the Investment Manager's negligence, fraud or dishonesty.

Privacy Statement

The Privacy Act 1988 (Privacy Act) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

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

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

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment
- those providing services for administering or managing the Fund, including the Investment Manager, the administrator, custodian, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

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

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

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

Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to a unitholder in the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the unitholder 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 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 unitholders 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 a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and

implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. From 1 July 2017, Australian financial institutions will 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. However, penalties may apply for failing to comply with the CRS obligations.

Glossary of important terms

AFS

Australian financial services.

Application Form

The Application Form that accompanies the IM.

ASIC

Australian Securities and Investments Commission.

ATO

Australian Taxation Office.

AUSTRAC

Australian Transaction Reports and Analysis Centre.

Business Day

A day other than Saturday or Sunday on which banks are open for general banking business in Melbourne or if the administrator of the Fund 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 NAV price and the application price, whereas the Sell Spread is the difference between the NAV price and the redemption price of units. 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 unitholders invest in or redeem units from the Fund. The purpose of the Buy/Sell Spread is to protect the interests of non-transacting unitholders of the Fund from dilution.

Corporations Act

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

GST

Goods and Services Tax.

Net Asset Value (NAV)

The value of assets of the Fund (or a class of units in the Fund) less the value of the liabilities of the Fund (or a class of units in the Fund), as the context requires.

Trust Deed

The constitution of the Fund which sets out the rights, responsibilities and beneficial interest of both unitholders and the Trustee in relation to the Fund.

Unit

A beneficial interest in the Fund.

US Person

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

- a) any citizen of, or natural person resident in, the US, its territories or possessions; or
- b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or
- c) any agency or branch of a foreign entity located in the US; or
- d) a pension plan primarily for US employees of a US Person; or
- e) a US collective investment vehicle unless not offered to US Persons; or
- f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or
- g) any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or
- h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or
- i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

We, us

Refers to Equity Trustees.

Wholesale Client

A person or entity defined as such under the Corporations Act