



Harness Asset Management

Small Companies Value Fund

“Bringing value to the world”

Investment Manager

Harness Asset Management Pty Limited
ABN 18 168 523 171 AFSL 469551
www.harnessam.com.au

Trustee

Theta Asset Management Ltd
ABN 37 071 807 684 AFSL 230920
www.thetaasset.com.au

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Before you start

Harness Asset Management Pty Limited (**Harness** or the **Investment Manager**) is the investment manager for the Harness Asset Management Small Companies Value Fund (the **Fund**).

Theta Asset Management Ltd (**Theta, we, us** or the **Trustee**) is the trustee of the Fund and the issuer of this information memorandum (**Information Memorandum**).

This is an important document and we encourage you to read it carefully. Because it does not take into account your personal circumstances, we encourage you to seek professional advice before investing. The Information Memorandum is not intended to be a recommendation by us, Harness, or any of our or Harness's associates or any other person to invest in the Fund. Information in this document is subject to change from time to time and, provided the changes are not materially adverse to investors may be updated by us by publishing such information at www.harnessam.com.au. A paper copy of any updated information will be given upon request and is free of charge.

MANAGERS VALUES:

INTEGRITY

KNOWLEDGE

INDEPENDENCE

TRUST



1. Key features

Fund name	Harness Asset Management Small Companies Value Fund
Investment focus	The focus of the Fund is to invest in under researched and undervalued Australian listed, small to medium sized, primarily industrial, companies that have the potential to be compelling investments. When such investment opportunities cannot be found the Investment Manager will remain invested in cash, and can use some derivatives subject to strict limits.
Return objective	The investment objective of the Fund is to preserve capital and produce consistent risk-adjusted absolute returns, after management fees and usual expenses, over rolling 3 year periods. Returns will comprise both capital and income. The goal is that overall returns from the Fund outperform the broad Australian share market over time.
Investment Manager	Harness Asset Management ¹ was established in 2014 and is an independent Australian fund manager lead by Nigel Littlewood.
Investment timeframe	You should consider this a longer term investment of at least 3-5 years.
Risk	As a standalone investment, the Fund should be considered medium to high risk but as an appropriate part of an overall investment strategy, the Fund has the potential to reduce overall risk and volatility, and smooth returns.
Volatility	Medium to high
Who can invest	The Fund is a wholesale fund so you need to be a wholesale client as defined by law. Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices.
Costs paid from the Fund	<ul style="list-style-type: none">■ Management fee: 0.5% of the value of the Fund plus net GST.■ Expenses: usual expenses estimated at \$110,000 p/a.■ Performance fee: 20% plus GST of any gains made, subject to a high water mark. Please see the Costs section for more information.
Applications	The minimum initial application that will be accepted is \$100,000 (unless otherwise agreed with the Manager) with additional applications subject to a minimum of \$25,000. Applications will be accepted on a monthly basis and must be received at least 10 Sydney business days before the end of the relevant period.
Withdrawals	The minimum withdrawal request is \$25,000 subject to your balance being at least \$100,000. Withdrawals will be processed on a monthly basis providing the withdrawal request is received at least 30 Sydney business days before the end of the relevant period.
Buy/sell spread	+0.5% on entry and -0.5% on exit
Distributions	Distributions of income will be paid annually, at the end of each financial year. Distributions will automatically be reinvested unless you request they be paid to your nominated bank account.

¹ The manager or its officers, from time to time, may own shares in companies that are also owned by the fund. For further information refer to the section Assets held by the Manager on page 8.

2. Investment philosophy

Inefficiencies exist to exploit

Harness believes that the Australian equity market is often inefficient. As a result, opportunities exist to add value for active, value-oriented investors and their managers and for those who take a long-term focus and display a patient temperament.

Harness considers that the market inefficiency is particularly evident in small cap stocks where coverage by the stockbroking and investment community is less extensive and where small market capitalisations often constrain investors from taking exposure to those stocks. Companies that are not listed on the ASX index are also subject to less investor attention due to structural bias toward index stocks.

Harness is primarily focussed on ASX listed securities but may also invest on the National Stock Exchange (NSX).

Our passion is small caps

Harness's passion is identifying the best small to medium sized Australian listed (primarily) industrial companies.

Small caps offer what Harness believes is a fruitful risk reward trade-off for the astute investor. What is often perceived as a higher risk type of stock, a mispriced small cap can reap attractive returns in the long run.

Harness considers that small caps represent an opportunity for investors with conviction and wisdom to buy sensibly.

Small caps vs large caps

Harness also believes that over the long term small cap stocks should outperform their large cap rivals for a number of reasons, as outlined below.

Elephants don't run

Small companies often have the ability to grow earnings at a faster pace than a big company.

Many big companies have large market shares in established, lower growth industries. As legendary investor Jim Slater said "elephants don't run." In contrast, small cap companies are often in the position of operating in either a new and rapidly expanding

industry or are busy stealing market share in a larger, established industry.

Investors not only benefit from the significant earnings growth, but the corresponding market re-rating (Price/Earnings expansion) can be equally profitable.

If an investor can select a small cap company at the right time in its business cycle then the upside can be very attractive.

Inefficiency = opportunity

Efficient Market Hypothesis is the theory that says it is impossible to beat the market because stock market efficiency causes existing share prices to incorporate and reflect all relevant information. However, Harness believes that markets are not so easily explained and inefficiencies abound.

Harness believes that as you move from large cap stocks to small cap stocks, market inefficiency increases providing investment opportunities.

Although there is a large group of analysts and investors closely watching the top 100 listed companies in Australia, there remains over 2000 stocks that are not covered with the same scrutiny, or in many cases not covered at all.

It is in this space that Harness operates, seeking the value, which others miss.

Better to be a target

Corporate activity such as takeovers, mergers and reconstructions often generate attractive return for investors.

Bigger companies swallow smaller companies on a regular basis, but it is virtually impossible for the opposite to happen.

When a company is taken over and control passes from one group of shareholders to the bidder company, then a premium for control is usually paid. The size of the premium is often in dispute but Harness believes that the long-term average sits at close to 30% above the prevailing share price. This can provide an enormous kick for a small cap stock, one that does not usually exist in the big cap realm.

Feast not famine

The small cap universe is significantly larger and considerably more diverse than the large cap end of the market. There are close to 2,300 companies listed



on the ASX of which about 2,000 are small caps. This gives Harness a vast range of potential investments to choose from, often neglected by other investors. Harness can also invest on the NSX, providing even greater choice.

The opportunity is to uncover the hidden value not yet unearthed by the stock broking or professional investment market and not yet 'priced in' by such investors.

This scenario is virtually impossible to replicate among the top 200 companies, which are followed in microscopic detail. This fundamental difference between small and large cap stocks is a tremendous benefit to those investing in this space.

Volatility as a marker

Smaller companies often carry the challenge of operating in a less liquid environment, increasing their volatility and market beta (volatility relative to the market).

This relative illiquidity is often perceived by the investment community (and investment theoreticians) as higher risk. However, it also creates an investment opportunity for those prepared to invest.

Investors in the small cap space should accept the possibility that their portfolio may be more volatile in the short run than the broader market.

Harness maintains the view that although there are no guarantees in this world, higher levels of volatility are, for the patient investor, often the fair exchange for long run higher potential returns. This market volatility may also be exploited by investors with a thorough understanding of the value of their underlying investments.

Index unaware

Market indices are often used as a benchmark to compare investment performance of fund managers. However, this can result in many fund managers running quasi index funds with a core focus on being under or over-weight particular stocks that are represented in their benchmark index.

Harness prefers to be index ambivalent and does not consider index weightings when making investment decisions. This can include investing in stocks that are not components of any index when initially purchased.

Flexibility is a key

Harness considers that investing with a flexible mandate is important because:

- looking for diversification for the sake of diversification – for example a minimum number of stocks or a specific spread across industries - can be sub-optimal. Concentration may well be warranted from time to time.
- flexibility allows Harness to shift the portfolio to the most attractive value at any given time, and
- cash can act as a safe haven when markets are overpriced and investment risk excessive.

This flexibility allows Harness to buy in gloom and sell in boom and sit in cash rather than be forced to stay invested through the cycle, as many investment managers are required to do.

This style of investing may result in underperformance in a mature bull market (or boom) when value is hard to find. Harness believes this is a necessary short-term cost when the goal is capital preservation and long-term out-performance.

Industrials vs resources

Harness does not usually favour owning small mining companies due to their unpredictability, the volatility of revenue and what is often an unfavourable risk reward equation. Having said that, Harness is a value manager, and at the right price, a mining opportunity could be compelling.

Harness considers generally that restricting investments primarily to small industrial companies provides ample scope for a depth of ideas and opportunities.

Alignment of incentive

Many fund managers are incentivised (via their fee structure) to grow funds under management (FUM) as their fees are mostly a fixed percentage of FUM.

A fund manager in such a situation has significant incentive to continually raise more money and grow its FUM. As FUM get bigger their investment universe shrinks as does their ability to outperform. Large fund managers are forced to focus on large capped stocks, which makes out-performance significantly more difficult.



Harness's response is to focus on FUM growth via investment performance, charging a modest ongoing management fees and an appropriate performance fee so that the manager and client interests are aligned.

The Chief Investment Officer is also a significant investor in the Fund.

3. Selecting investments

The ideal investment

The ideal investment the Harness Asset Management Small Companies Value Fund is hunting for has five key attributes:

- the price represents **good value** (meaning 'it's on sale')
- the company possesses **good management**
- the company has a **strong core business**
- the stock is suffering from **poor sentiment**, which Harness understands the roots of but which it disagrees with or no longer thinks is relevant, and
- there are **few if any professional shareholders** on the register.

Such investments are shunned by much of the market. However, in some cases what lies beneath the surface of these unpopular stocks makes them attractive investments.

Identifying targets

There are several catalysts monitored that may pique Harness's initial interest in a company including:

- trading activity by management and board
- share buy-back announcements
- substantial shareholder changes, and
- ideas generated from our regular meetings with companies, investors and/or brokers.

Harness maintains an open and curious view of the world and understands that insight can come from anywhere at anytime.

Value

Harness's valuation process attempts to assess the financial position of a company and calculate an assessed fair value range. To do this, they look at:

- forecast two year Earnings Per Share growth relative to Price/Earnings (known as the PEG ratio)

- cashflow yield: provided by current operating and free cashflow relative to capitalisation and enterprise value,
- return on equity/assets, and
- balance sheet strength.

Ideally, the Fund will purchase an entity attractively priced relative to its appraised value while exhibiting strong growth and surplus cashflow. In addition, Harness is looking for well managed companies having a sound position in an industry with a solid long term outlook.

While this may be the ideal scenario, it is unusual to find the 'perfect' investment. Invariably the Fund is forced to make compromises. However, Harness will not compromise on its primary principle of capital preservation.

Once Harness decides what it considers to be the fair value and target price for a company, buy, hold and sell decisions are then based on this.

Good management

Harness puts significant weight in assessing the quality of management in the companies the Fund invests in, believing that high quality management outperforms poor management over time. As in most endeavours, winners keep winning.

Harness looks for management with

- integrity
- good capital allocation skills
- passion
- significant equity in the companies they run, and
- strong individualism that allows them to exploit cycles rather than fall victim to them.

The decisions made by senior management have far more impact on a smaller company's performance than a large company. For small cap companies, one false step can be terminal, but for a large cap company poor management is less likely to destroy the business.

Excellent management helps Harness maintain the confidence to buy when others are selling.

If Harness is not totally comfortable with the quality and integrity of senior management and board, the Fund is unlikely to invest.

Buying quality

To review the quality of the business, Harness attempts to assess its future competitiveness and



ability to survive and thrive. This is generally determined by studying the industry and changes occurring at the margin of the company. Some of the variables Harness considers are:

- industry trends
- management skills/depth
- proprietary technology
- innovative marketing/brand
- corporate culture, and
- board composition.

Company visits

Harness visits companies in order to assist their understanding of the business, management, strategy, culture and so on. Being able to check research with such due diligence is a key part of its investment process.

Harness may also attempt to visit competitors or other industry experts to improve its understanding of a company or industry.

The purchase catalyst

To further narrow its focus, Harness often seeks to identify a potential catalyst or an event that, should it occur, would likely lead to an upward revaluation of a company.

This is designed to specifically avoid stocks commonly known as 'value traps'. These are stocks that remain cheap for prolonged periods of time and where shareholders are not compensated for their patience.

How long do we hold?

Harness is prepared to take a long term view and may hold an investment for a number of years.

Harness's view is that markets will usually reflect true value in the long run, but timing is difficult to predict. The team will generally sell a stock once its price exceeds their valuation of it, or where they form a view that their initial assessment was sub optimal.

Harness may also take advantage of relative short-term arbitrages and mispricing, rather than feeling compelled on all occasions to take a long-term position in a stock.

Diversification

Harness aims that the Fund will hold between 10 and 30 stocks at any one time with no single stock comprising more than 25% of the portfolio.

When appropriate investment opportunities cannot be found the Investment Manager will remain invested in cash

in unusual circumstances cash could be up to 100%.

Special situations

Although the primary focus of the Fund is investing in small to medium cap Australian listed industrial stocks, the Fund can also exploit special situations which represent attractive risk/reward propositions. These may include:

- initial public offerings
- capital raisings
- block trades
- oversold positions
- takeovers
- listed investment companies (**LIC**) arbitrage
- stocks trading at a discount to their net tangible asset (**NTA**) backing, and
- earnings momentum / surprises.

Leverage and derivatives

The Fund will not borrow.

Derivatives use is limited and focussed. The Fund will not use futures. Equity-oriented listed options and warrants can be employed, but Fund exposure will not exceed 25% of the Fund's net assets at the time of their purchase. These instruments may be used to capitalise on expected shorter-term movements in individual stocks.

Short selling

The Investment Manager has the ability to short sell stocks in this Fund. This involves selling a security the Fund does not own in anticipation that the security's price will decline.

Short sales can generate performance in declining markets or provide a hedge to long market exposure.

In searching for companies with dynamic positive change, the Investment Manager invariably will identify companies which exhibit deteriorating



fundamentals or which appear to have become significantly overvalued relative to their prospects.

The ability to short sell will enable the Fund to capitalise on such opportunities and should help to reduce the market risk associated with a portfolio that is generally long equities.

Having the ability to short sell also allows Harness to pairs trade, where the Fund purchases a stock believed to be undervalued and at the same time sells short another company in the same industry that appears overvalued. This allows the overall market risk as well as industry risk of the portfolio can be reduced.

4. The team

The Investment Manager

Harness Asset Management was established in 2014 by Nigel Littlewood and is an independent Australian fund manager.

Nigel Littlewood began his stock market career in 1986 with Rivkin James Capel. He moved from floor trading to advising and ultimately finished his institutional advisory role at SBC Australia (now UBS) in 1995 before establishing the Rivkin Report with Rene Rivkin in 1996.

In 2000, Nigel left The Rivkin Report and joined MMC asset manager as assistant portfolio manager and CEO.

In 2002, Nigel left MMC to return as CEO to The Rivkin Report after Rene Rivkin left the business.

In 2008 Nigel finally ended his relationship with the Rivkin Report by selling his equity and pursuing a full time investment career. He considers his Rivkin Report experience invaluable providing direct exposure to crisis management, business building and then management of a challenged venture. The lessons learnt and skills developed have been unique and powerful.

After managing a large portion of his own capital from 2008 to 2013, Nigel decided he was ready to start another venture with the establishment of Harness Asset Management as a wholesale funds management business with a primary purpose "To bring value to the world" while adopting core values of integrity, knowledge and independence.

Nigel is both a passionate practitioner and student, of the art of investing and is the largest single investor in the Fund.

This newly established fund represents Nigel's vision to make available his deep trading experience to a small

group of valued investors via a wholesale managed fund with a fee structure that aligns the interests of the Investment Manager and the investor.

Nigel has a significant investment in the Fund reinforcing the alignment of interests between manager and clients.

Assets held by the Manager

The manager, Harness Asset Management Pty Ltd, or any one of the officers of the company, or the investment committee members, may from time to time, invest in and therefore own shares in the underlying investee companies that are also owned by the fund.

It is the intention of the manager, for its officers and employees to refrain from investing in the same assets that the fund holds however, when the fund was established in 2014 the manager maintained some positions in stocks that were also owned by the fund for short to medium term costs such as tax. Wherever there is a conflict of interest between assets of the manager and or its officers, the decision will always be made to prioritise the interests of the fund over all others. (Details are maintain in a conflicts register).

The investment committee members provide general advisory services to Harness Asset Management only and have no direct responsibility for making investment decisions nor are they included in portfolio management decisions. In any discussions between the manager and committee members, holdings of members are disclosed for the sake of transparency. However, due to their independence, the investment committees personal investment activities are not considered a potential conflict of interest by the manager, as such no register is maintained in this instance.

The Investment Committee

Harness also utilise an Investment Committee which assists with stock ideas and robust debate around the outlook for various stocks. In addition to Nigel Littlewood, this Committee comprises 3 other investment professionals, as follows.

Matthew Kidman

Matthew sits on the investment committee in a non-executive capacity and is a responsible manager of Harness.

Mathew was a Fairfax, finance journalist from 1994 before joining Wilson Asset Management in 1998 as Chief Investment Officer helping to build an excellent



long-term investment track record. In 2011 Matthew left his executive position (he remains a director of listed company WAM) to pursue various interests including writing an investment book *Bulls Bear and a Croupier*. Matthew also co-authored two other investment books: *Master CEOs* (2010) and *Masters of the Market* (2003).

Matthew currently sits on the board of six publicly listed companies, including the chairmanship of the listed Watermark Market Neutral Fund. He is also a director of not for profit SCEGGS Darlinghurst Trust Ltd.

Matthew is a passionate hunter of undervalued small companies with a contrarian nature.

Kristian Dibble

Kristian has over 12 years' experience in financial services and has developed management, analytical and advisory skills.

He has had experience across a variety of industries including privately owned businesses and government agencies.

Kristian is a partner in several businesses while providing additional investment analysis capacity at Harness. He is a passionate value investor having launched his own blog known as the *cigar butt investor*.

Paul Hindes

Paul sits on the investment committee in a non-executive capacity. He is a passionate stock analyst with a love of value investing and a true energy for the hunt of undervalued companies.

After graduating from University in 1993, Paul immediately commenced his career in the financial markets with the Bank of Queensland, working in the Treasury & Money Markets division. In 1997 he moved into equity analysis with Deutsche Bank, Australia. During the subsequent eight years Paul was a highly rated research analyst covering Banks and Diversified Financials before heading up the Emerging Companies Research Team.

In 2005 he moved to Mathews Capital Partners for 2 years in order to obtain valuable funds management experience, investing directly in domestic and international equity markets as well as trading a broad spectrum of commodity markets.

In 2007 Paul returned to Deutsche Bank to help reinvigorate The Emerging Companies Research Team. However this proved to be a brief stint, with Paul electing to leave the constraints of the corporate world

towards the end of 2007 to become a full time investor, by starting and continuing to operate Alexander Capital Investment, which is responsible for investing the bulk of his personal wealth.

The Trustee

Part of the Theta group of companies, Theta is a professional Australian independent trustee company and operator of investment trusts.

The Theta group is dedicated to providing comprehensive and independent responsible entity and trustee services to boutique and established fund managers.

The Theta group offers an effective mix of expertise, experience and perspective with over 70 years in aggregate in the financial services sector. Its clients range from start up boutique managers through to large and well recognised global managers.

Robert Marie, is the managing director, with over 20 years' experience in financial services at Macquarie Bank, the Bridges group and BankWest.

The total retail and wholesale funds under issuance by the Theta group is approximately \$600 million.

Theta is independent of the Investment Manager and as trustee, is responsible for all compliance and regulatory aspects of operating the Fund in addition to representing the interests of investors.

Theta provides access to, and management of, all the essential functions required to operate the Fund including:

- fund accounting
- unit registry
- custody providers, and
- co-ordination of Fund audit.

The administrator and custodian

Theta has appointed White Outsourcing Pty Ltd (WO) as an independent professional administrator and as custodian of the Fund.

WO is a specialist provider of outsourced middle and back office administration and accounting services to a range of fund managers.

WO has a proud history built on its reputation for quality, tailored and cost effective integrated solutions for fund managers. Its business has grown as a result of referrals.

As at June 2014, WO service over 70 clients and have



around \$35 billion of funds under administration.

The sub-custodian

WO has appointed J.P.Morgan as an independent professional sub-custodian.

J.P.Morgan is one of the world's leading investment banks with deep client relationships and broad product capabilities in Australia. The firm's offices are located in the financial centres of Sydney and Melbourne in Australia, and in Wellington, New Zealand.

J.P. Morgan's Worldwide Securities Services safekeeps, values, clears and services securities and portfolios for investors and broker/dealers. The business is a global leader in providing innovative solutions, helping clients in more than 90 markets optimise efficiency, mitigate risk and enhance revenue through custody and investor services, as well as securities clearance and collateral management offerings.

The auditors

The accounts of the Fund are audited, as is the AFSL held by Harness, by G.C.C. Business & Assurance Pty Ltd (trading as Graeme Green Chartered Accountant, Sydney (GCC)). GCC is a registered with ASIC as an audit company.

The firm specialises in company audits and superannuation fund audits. It conducts audits of over 20 Australian financial services companies. These companies are involved in a range of activities including consultancy firms, fund managers and operators, managed discretionary account operations and insurance brokers and agents.

The firm also undertakes audit of public listed and large private companies together with foreign companies.

5. Risks

An investment in Harness Asset Management Small Companies Value Fund should be seen as a medium to high risk, relatively volatile and long term investment. Investors should be thinking to invest for at least 3-5 years.

Neither the performance of your investment, nor capital invested in the Fund is guaranteed. This is a new fund and there is no performance history.

All investments are subject to varying risks, and the value of your investment in the Fund will rise and fall

over time. Changes in value can be significant and they can happen quickly - the greater and faster the changes the greater the volatility.

Different types of investments have different risk characteristics, which will affect investment performance. As risk cannot be entirely avoided when investing, the philosophy employed for the Fund is to identify and manage risk as far as is practicable.

However, neither we nor the Investment Manager, can promise that the ways in which risks are managed will always be successful and, if certain risks materialise, any distributions and the value of your investment could be adversely affected. Some risks can never be practically managed.

Significant risks associated with investments in the Fund are discussed below.

Markets

Markets and economies change in value and become more volatile. Reasons include changes in political, economic, financial, technological or legal conditions, natural and man-made disasters, conflicts and changes in market sentiment.

Small caps

Small caps stocks are less researched and market pricing is often based on less information. Whilst mispricing creates opportunity, it comes with associated risks, which as a general rule are higher than the market average.

The market in small cap stocks is shallower, meaning that buy as well as sell opportunities are more limited. Their price tends to be more volatile, and they are with smaller capitalisation subject to greater speculation and price movement.

Small caps tend to be more susceptible to investment risk, being the risk that the value of an individual investment may change in value or become more volatile, potentially causing a reduction in the value of the portfolio and increasing its volatility.

Matters which may be a hiccup for a large company can move a small cap price significantly. Reasons can be many, and include changes in a company's operations, management or business environment, or what people think of the company.

The Fund has a small cap focus. As such is it relatively concentrated in comparison to the entire investment

universe. Within the portfolio there may be a limited number of stocks.

Investment opportunities may not present themselves and at times cash holdings can be high.

Structural

Risks associated with investing in the Fund include:

- it could be terminated
- there can be changes in the Trustee or the Investment Manager, or in investment and management teams or key relationships, or there could be disputes amongst them
- the dependence on Nigel Littlewood
- someone involved with your investment (even remotely) does not meet their obligations or perform as expected
- assets may be lost, not recorded properly or misappropriated
- the Fund may not grow as anticipated and usual expenses, as a percentage of funds under management, could remain relatively high
- laws and regulator practices may adversely change
- investment decisions, although taken carefully, are not always successful and
- investing in the Fund may give inferior results compared to investing directly
for example, you avoid the impact of others coming and going and may be able to manage your tax situation better.

We and the Investment Manager take as much care as is practicable. We both diligently comply with laws.

We have, and regularly test, disaster recovery systems and procedures and we both maintain insurance as law requires.

Financial instruments

The Fund can use certain listed financial instruments such as exchange traded options and warrants to gain exposure to investments and to manage risk.

Risks associated with using these instruments include:

- the value of a derivative failing to move in line with the underlying asset
especially when there are significant and fast changes in the prices of the underlying assets
- potential illiquidity making positions being difficult or costly to reverse
- the underlying physical market moving quickly or being low in liquidity causing gapping issues
- the Fund not being able to meet payment

obligations as they arise

- the other party to a transaction not being able to meet payment obligations as they arise
- margin calls requiring assets to be realised at less than ideal prices
- the passing of time eroding the value of some derivatives, and
- risks associated with trading electronically such as communications, computers and networks.

Derivatives use is limited and focussed. The Fund will not use futures. Equity-oriented listed options and warrants can be employed, but Fund exposure will not exceed 25% of the Fund's net assets at the time of their purchase. These instruments may be used to capitalise on expected shorter-term movements in individual stocks.

Exposures are monitored daily, and adjusted to maintain exposures considered appropriate by Harness at the time.

Liquidity

Harness's goal is to provide monthly access to your investment.

Many of the stocks the Fund will own are expected to be relatively illiquid so high levels of relative volatility are common. This is part of the landscape of small company investing.

Harness seeks to ensure it has, or anticipates having, access to enough liquid assets when this is expected to be needed.

In limited circumstances we may not be able to meet your withdrawal requests when you expect. This is because selling investments is not always possible, practicable or consistent with the best interests of investors.

The constitution for the Fund specifies limited circumstances where there could be a delay in meeting your withdrawal requests, calculating unit prices or paying distributions. See the section 10.

Leverage

The Fund will not directly borrow. However the Fund may use derivatives which can create significant leverage. Harness's policy is to manage this such that the Fund exposure will not exceed 25% of the Fund's net assets at the time of their purchase.

Equity investments of the Fund may also borrow or be exposed to borrowing. The extent of borrowing is



considered as part of Harness’s due diligence on each investment.

Inflation

There is the risk that increases in inflation will undermine the performance of the various companies in which the Fund invests.

Reasons for inflation are varied. Some reasons can include (but are not limited to) growth of the money supply and the rising costs of raw materials, labour and/or production.

Currency risk

This is the risk that changes in the value of currencies can have a negative impact on returns.

This risk arises because the Fund invests in Australian companies, but those companies can be exposed to other countries. When currencies change in value relative to one another, the value of investments based on those currencies can change as well.

Interest rates

Changes in interest rates can have a negative impact on the Fund. Reasons for interest rate changes include changes in inflation, economic activity and Central Bank policies.

Interest rate risk is inherent in the Fund and rate movements will have both a positive and negative impact on the Fund.

Short sales

The Investment Manager has the ability to short sell stocks in this Fund. This theoretically presents unlimited risk on an individual stock basis since the Fund may be required to buy back the security sold short at a time when the security has appreciated in value.

However, the Investment Manager always imposes a limit order it considers prudent in all the circumstances.

Management of risks

Whenever the Fund invests, Harness carefully assesses the potential for returns in light of the likely risks involved.

As the investment manager for the Fund, Harness rigorously monitors and seeks to manage, as far as is

practicable, risk across the entire investment process.

As the trustee for the Fund, Theta:

- has completed due diligence on Harness and continues to monitor the performance of its obligations regularly, and
- maintains a comprehensive risk management program at the company operational level and maintain a business continuity plan which is tested regularly.

However, many risks are difficult or impractical to manage effectively and some risks are beyond our control altogether.

6. Costs

Summary

Entry fee	nil	-
Management fees	0.5% pa of the value of the Fund plus net GST	Calculated and paid in arrears at the end of each month
Performance fees	20% (plus net GST) of any increase of an investor’s unit price, subject to a high water mark as detailed below	Generally payable as at the end of the financial year or on exit from the Fund
Expenses paid from the Fund	usual expenses initially estimated as 2% of the value of the Fund	Paid in arrears at the end of each month
Exit fee	nil	-

Management fee

Under the Fund’s constitution, we are entitled to a management fee but in practice we waive this and instead pay the Investment Manager an investment management fee of 0.5% pa of the value of the Fund plus net GST.

Performance fee

The performance fee is essentially 20% plus net GST of any increase in an investor’s unit price.



Importantly, a performance fee is calculated for each investor on the performance achieved for their particular unit holding.

This means that if because of timing differences, your units in the Fund have not increased in value over the relevant period, no performance fee is payable by you nor do you bear the burden of any performance fee payable on others' unit holdings.

To implement this, holdings will be consolidated by reference to the net asset value (**NAV**) of each series of units being consolidated. Applications will then be made at the NAV for the oldest series of units to have borne the performance fee for that performance fee period and fund will issue such additional units and redeem.

The entitlement to a performance fee is subject to a high-water mark. This is the highest price calculated for the Fund in the period during which you have held your units. This is the first thing we calculate. To then see if you must pay a performance fee, we next calculate:

- your opening unit price, being the price either at the start of the financial year if you were an investor at that time, or else if you joined the Fund during the year, the price when you joined, and
- your closing unit price, being the price either at the end of the financial year if you are still an investor, or if you left during the year, the price when you left.

If your closing price is higher than both the high water mark and your opening price, then Harness is entitled to 20% plus net GST of that difference.

When we calculate prices for these purposes we adjust for any distributions and ignore any buy/sell spread.

You authorise us to redeem units, or deduct from withdrawal proceeds payable to you, to pay any performance fee to Harness. Note also that when we redeem units, there are likely to be tax implications for you.

Expenses

Expenses are paid from the Fund. These include Fund establishment costs, Trustee costs, administration and custody, accounting and audit, professional advice, the Trustee's external consultants, stationery and postage, compliance, operations costs, insurance costs and regulatory expenses.

Usual expenses are initially estimated as 2% of funds under management. If the Fund reaches its initial target size of \$10 million, then usual expenses are expected to fall, and be in the range 1% to 1.2% of funds under management.

If incurred, unusual expenses, such as investor meetings, Fund termination or any dispute management, may be additionally recovered from the Fund.

The Investment Manager pays its personal costs from its own moneys, including premises, research, wages and director fees, insurance, its own accounting and any audit, licensing and any early termination fee payable to the Trustee for terminating the agreement without cause.

There is no cap on either usual or unusual expenses.

The fund usually pays our fees. In the event the fund cannot pay our fees or there is a shortfall, the Investment Manager is expected to pay.

Changes in fees and costs

All fees and expenses can change. Reasons might include changing economic conditions and changes in regulations.

The constitution for the Fund sets the maximum amount we can charge for all fees. There is no specific limit in the constitution on the level of expense recovery. A copy of the constitution is available free on request.

We currently charge fees at less than the maximum amounts allowed for in the Fund's constitution or waive those rights to fee payment and expense recovery. If we wished to raise management fees or performance fees above the maximums, we would need to amend the constitution.

We will ensure that there is at least a withdrawal processing date before any increase to fees takes effect.

Buy/Sell spread

We adjust the unit prices by a small amount, known as a 'spread', for our estimate of transaction costs (being those costs associated with buying and selling such as brokerage, stamp duty, government or bank charges). The adjustment is:

- down for the withdrawal price, currently -0.5% of



the unit price, and

- up for the application price, currently +0.5% of the unit price.

These spreads are paid to the Fund and not to us.

Does anyone else receive fees?

We and the Investment Manager can pay some of our fees to others if we choose and subject to relevant law may charge lower fees to some investors. These payments do not impact returns you may receive from the Fund.

Are fees negotiable?

Fees are not usually negotiable. Any discussion you may wish to have about fees should be directed to the Investment Manager.

Bank and government charges

All government fees, duties and bank charges will apply to your applications and withdrawals as appropriate.

Goods & Services Tax

Quoted fees and other costs take into consideration the net effect of GST. That is, including any benefit of reduced input tax credits.

7. Investing with us

The Fund is a wholesale fund so you need to be a wholesale client as defined by law. To be a wholesale client the general rule is that you need to invest at least \$500,000 or if you invest less (the minimum is \$100,000) then ask your accountant to complete an Accountant's Certificate. An accountant's certificate simply states that the investing entity has a certain minimum income or assets, and in working this out, some aggregation is allowed. There are some other categories: if in doubt, seek advice.

Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices.

Getting started

The minimum investment is generally \$100,000 or as agreed with the Manager.

Simply complete the attached application form and the identification form which is right for you, and send them to our administrator, WO, as follows:

White Outsourcing Pty Limited

GPO Box 5482
Sydney NSW 2001

Faxes and emails are not accepted for initial applications.

You need to pay for your investment by electronic transfer from your Australian financial institution account as follows:

How to pay

Bank	ANZ
BSB	012-006
Account	8365-14087
Account Name	Theta Asset Management Ltd Harness Asset Management Small Companies Value Fund

You will receive confirmation when your application is accepted.

All EFT payments must be accompanied by a notification email to registry@whiteoutsourcing.com.au in order to ensure that the investor account is properly credited.

Processing days

We generally process applications as at the last calendar day each month, using the unit price struck at the end of that month.

To allow the Investment Manager to manage the portfolio appropriately, we usually need to have your completed application and cleared application monies by 5pm at least 10 Sydney business days before the end of the month.

For applications, the unit price next calculated after 5pm Sydney time as at the last calendar day each month is used.

Interest on application monies received prior to processing days is credited to the Fund.

We may refuse investment applications and need not provide reasons.



Additional applications

The minimum amount for further investments into the Fund is generally \$25,000.

Use the **Additional Investment Form** available from Harness. Please mail, fax or email this form:

White Outsourcing Pty Limited

GPO Box 5482, Sydney NSW 2001

E: registry@whiteoutsourcing.com.au

F: 02 9221 1194

Payment of your additional investment can be by electronic funds transfer from your Australian financial institution account.

You will receive confirmation when your additional application is accepted.

Application price

We determine the unit price at the end of each month based on the information we have most recently available.

We calculate unit prices in three steps:

- we calculate the value of the investments of the portfolio and subtract the value of any liabilities – this gives us the net asset value
- we divide this by the number of units we have on issue, and
- we generally make an adjustment of 0.5% for the buy spread.

Cooling off

There are no cooling off rights as this is a wholesale fund. Lodged applications cannot generally be withdrawn.

8. Distributions of income

It is intended that no income tax will be payable by the Fund. As such, in each financial year ending on 30 June the full amount of taxable income available for distribution from the Fund will be distributed to investors. This income will generally be distributed to investors annually in June, with the payment expected to be made within six weeks after 30 June.

You may elect to have your distributions from the Fund reinvested in further units in the Fund or paid to you by direct credit to your nominated bank account. You make the choice on the application form but if no

election is made your distribution will automatically be reinvested. Any change to your choice should be advised to the administrator at least 10 Sydney business days before the end of the relevant distribution period.

Immediately after a distribution is declared, the unit price of the Fund will usually fall by the amount of the distribution. This is because the distribution reduces the Fund's assets. Distributions are not pro-rated for investors who were not unitholders for the whole period, meaning that you may receive some of your investment back immediately as income if you invest just before a distribution. Conversely, if you withdraw from the Fund just before a distribution, you might in effect turn income into a capital gain.

9. Withdrawing your investment

How to withdraw

To withdraw part or all of your investment in the Fund, complete the Redemption Request Form available from Harness.

The minimum withdrawal amount is \$25,000, and you need to keep a minimum of \$100,000 invested otherwise we may redeem your investment. We may waive these requirements generally, or on a case-by-case basis.

Send your Redemption Request Form by mail, fax or email to our administrator, WO, as follows:

White Outsourcing Pty Limited

GPO Box 5482, Sydney NSW 2001

E: registry@whiteoutsourcing.com.au

F: 02 9221 1194

Once lodged, withdrawal requests cannot generally be withdrawn.

Your withdrawal will be paid by transfer to your nominated account, normally at least 10 Sydney business days of the request being processed. There can be delays in certain circumstances, as set out below.

Processing days

We generally process redemptions as at the last calendar day each month.

To allow the Investment Manager to manage the portfolio appropriately, we usually need to have your completed redemption request by 5pm at least 30 Sydney business days before the end of the relevant month.

Withdrawal price

We determine the unit price to apply to withdrawals at least each month based on the information we have most recently available.

We calculate unit prices in three steps:

- we calculate the value of the investments of the portfolio and subtract the value of any liabilities – this gives us the net asset value
- we divide this by the number of units we have on

issue and

- we generally make an adjustment of 0.5% for the sell spread.

Delays

We can delay unit redemption for up to 180 days or such longer or shorter period as is appropriate in all the circumstances for example if:

- there is a circumstance outside our reasonable control which we consider impacts on our ability to properly or fairly calculate unit price, for so long as the circumstance continues
for example, if the assets or relevant currencies are subject to restrictions or if there is material market uncertainty
- we have determined to honour redemption requests in relation to a particular processing day and the total redemption moneys which would be payable at this time represent more than 20% of the value of the net assets of the Fund
and in this case we can redeem the units at such future time, or at times over such period, as we determine, and payments to each investor must be in the proportion that their redemption moneys bear to all other redemption moneys which were payable at that time , and
- such other circumstance as we determine to be appropriate in our absolute discretion having regard to the best interests of investors as a whole.

Unit prices are generally calculated at the time the delay ends.

For more information on unit prices, visit www.harnessam.com.au or contact Harness directly.

Deductions

We may deduct from any money payable to an investor (including on winding up) or otherwise recover from an investor:

- any moneys due to us by the investor, and
- any money we (as trustee or in any other capacity) owes someone else relating to the investor
for example, to the tax office.

Compulsory redemptions

We may redeem units without a withdrawal request in limited circumstances, including:

- if you have otherwise agreed
for example, to pay any performance fee owing to the Investment Manager,



- if you have breached your obligations to us,
- to satisfy any amount of money due to us (as Trustee or in any other capacity) by you,
- to satisfy any amount of money we (as Trustee or in any other capacity) owe someone else relating to your investment *for example, to the tax office,*
- if you cease to maintain the minimum holding of units current from time to time
currently \$100,000
- where we suspect that law prohibits you from legally being an investor in the Fund, and
- such other circumstance as we determine to be appropriate in our absolute discretion having regard to the best interests of investors as a whole.

10. Reporting

Regular reports

You will receive the following regular reports:

- **transaction statements**
each time you invest or withdraw
- **distribution / income statements**
each time the Fund makes a distribution
- **monthly reports**
detailing Fund pricing and
- **tax return information**
as soon as we can after the end of the financial year.

The Fund's most recent audited annual financial statements are available from Harness on request usually completed within 12 weeks of the end of financial year.

We and Harness usually communicate by email but paper copies of documents which sent to you are available on request.

For more information on unit prices and Fund performance, visit www.harnessam.com.au or contact Harness directly.

Privacy

We use personal information about you to administer your investment and comply with laws.

We won't tell anyone any information that we have about you unless:

- you agree
- the law requires
- it is the Investment Manager we are telling
- we consider that they need the information

typically because they are your adviser or assist us to administer your investment or

- the Investment Manager wishes to contact you regarding further investment opportunities.

If you think our records are wrong or out of date - particularly your address, email address or adviser - it's important that you contact us and we'll correct them.

If you do not provide us with your contact details and other information we may not be able to have or keep you as an investor.

Our privacy policy is available on our website.

Any personal information you provide will also be handled in accordance with WO's privacy policy, a copy of which can be found at www.whiteoutsourcing.com.au or free from WO on request.

By making application to be an investor, you consent to your personal information being collected and handled by WO in accordance with that policy.

AML

We are committed to meeting the regulatory requirements for anti-money laundering and counter terrorism financing (AML). To comply with these requirements we may:

- require you to provide to us, or otherwise obtain, any additional documentation or other information
- suspend, block or delay transactions on your account, or refuse to provide services to you, and
- report any, or any proposed, transaction or activity to anybody authorised to accept such reports relating to AML or any other law.

Information from you

You must provide to us in a timely way all information that we reasonably request or which you suspect that we should know to perform our functions

for example, regarding your identity or the source or use of invested moneys – if you do not, we may refuse to provide financial service to you and/or redeem your investment.

11. Tax

This section is not tax advice. You should seek professional tax advice in relation to your own position.

Generally

You may need to pay tax in relation to your investment in the Fund, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability depends on your circumstances and we recommend that you seek professional advice before you invest or deal with your investment.

We will send you all the information you need each year to complete your tax return.

Tax on distributions

You may have a tax liability when you receive distributions from the Fund. The amount depends on what makes up the distributions, and on your personal financial circumstances. Distributions could comprise:

- income
for example, dividends and interest
- net capital gains
from the sale of portfolio investments
- tax credits
for example, franking credits attached to dividend income and credits for tax paid on foreign income and
- tax deferred income.

Tax when you withdraw

You may have a tax liability when you withdraw from the Fund.

Australian residents are generally subject to capital gains tax on gains when they withdraw any money for themselves or to invest in another fund or transfer units to someone.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

ABN and TFN

If you are making this investment in the course of a

business or enterprise carried on by you, you may quote an Australian Business Number (**ABN**) instead of a Tax File Number (**TFN**). It is not mandatory to quote your TFN, however, failure to quote an ABN or TFN or claim an exemption may cause us, as trustee, to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to you.

You may be able to claim a credit in your tax return for any TFN/ABN tax withheld.

By quoting your TFN or ABN, you authorise us to apply it in respect of all your investments with us.

US tax

Certain US legislation will target US tax residents who do not correctly disclose their worldwide income to the US Internal Revenue Service (**IRS**). We are required to comply with certain requirements including the provision of information to the IRS. The information will only relate to investors who are or are assumed to be US residents for tax purposes. See the Application Form.

Those identified may be subject to a 30% withholding tax on part or all of the payments they receive from US sources.

12. Legal

Wholesale

The Fund is an Australian resident open-ended unit trust and is not required to be nor is it registered under the Corporations Act. An investment in the Fund is only available to wholesale clients as defined by the Corporations Act.

The constitution

Our legal relationship with you is governed by the Fund's constitution together with this Information Memorandum and certain financial services laws. Some provisions are discussed elsewhere in this Information Memorandum and others include:

- the nature of units of the Fund
all units are of the same class, although the amount of accrued performance fee and unpaid performance fees for each investor will vary
- our powers
and how and when we can exercise them



- **when the Fund terminates**
subject to our agreement with the Investment Manager, we can terminate the Fund at any time, and if we do the relevant investors share the net proceeds on a pro-rata basis, adjusted for any unpaid performance fees, **and**
- **changing the constitution**
with the Investment Manager's agreement not to be unreasonably withheld, we may amend the constitution however approval of 50% by value of units voted (in person or by proxy) at any relevant meeting is needed if we consider the amendments are not in the best interests of investors as a whole.

The investments of the Fund can be combined with other assets.

We will send you a copy of the constitution free of charge if you ask.

Our duties

We are the trustee of the Fund.

However all obligations which might otherwise be implied or imposed on us by law or equity are expressly excluded to the extent permitted by law.

If we act in good faith and without gross negligence we are not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

Our liability to any person other than an investor in respect of the Fund is limited to our actual indemnification from the assets for that liability.

We have entered into the constitution in our capacity as trustee of the Fund and not in our personal capacity.

We are entitled to be indemnified out of the assets of the Fund for any liability incurred by us in relation to the Fund including any liability incurred because of a delegate or agent.

We may take and may act (or not act as relevant) on any advice, information and documents which we have no reason to doubt as to authenticity, accuracy or genuineness.

We may:

- deal with ourselves (as trustee of the Fund or in any other capacity), any associate or any investor
- be interested in any contract or transaction with ourselves (as trustee of the Fund or in any other capacity), any associate or investor and
- may act in the same or a similar capacity in relation to any other trust or managed investment scheme, and retain any benefit or benefits from so.

Each Investor indemnifies us for all liability incurred by us arising directly or indirectly from the investor's breach of its obligations to us

this indemnity is in addition to any indemnity under law and continues to apply after the investor ceases to be an investor.

Investor meetings

Calling a meeting

We may at any time call a meeting of investors to consider any matter, including resolutions and must do so if the Investment Manager requires.

We need not convene a meeting if requisitioned to do so.

Notice

A meeting of investors must be convened by notice sent to every investor entitled to attend and vote at the meeting.

We must give at least 5 Sydney business days' notice of a meeting to relevant investors or such shorter notice as 25% by value of all relevant units agree.

Quorum

The quorum for a meeting of investors is at least 2 investors present in person or by proxy together holding at least 10% of all units, unless:

- there is only 1 relevant investor
in which case that investor constitutes a quorum **OR**
- there is any proposal to remove us (other than a proposal contemplated by our agreement with the Investment Manager), then the quorum is at least 2 investors present in person or by proxy together holding at least 75% of all units.

If a quorum is not present within 15 minutes after the scheduled time for the meeting, the meeting is:

- if it was to consider any proposal to remove the Trustee (other than a proposal contemplated by our agreement with the Investment Manager) or if convened by investors, dissolved else
- adjourned to such place and time as we decide.

At any adjourned meeting, those investors present in person or by proxy constitute a quorum.

The chair

We may appoint a person to chair a meeting of investors. A poll cannot be called by investors on the issue of appointment of the chair unless we agree.

The decision of the chair on any matter relating to the



conduct of the meeting is final

for example who can address the meeting.

The chair has power to adjourn a meeting for any reason to such place and time as the chair thinks fit. A poll cannot be called by investors on the issue of adjournment unless the chair agrees.

The chair of the meeting has a casting vote.

Voting

We, the chair or at least 2 Investors present in person or by proxy holding at least 10% by value of relevant units may demand a poll.

On a show of hands each Investor has 1 vote and on a poll each whole unit is worth 1 vote.

Generally all resolutions are decided by a simple majority, that is a majority of half plus one, by number or, on a poll, by value, of those actually voting (in person or by proxy).

We, the Investment Manager and any associate of either may vote on any units held in connection with any resolution. The value of a vote is reduced to the extent that the unit is not fully paid or, being partly paid, all moneys called are not paid.

If a unit is held jointly, only the person whose name appears first in the register may vote.

A resolution binds all investors, whether or not they were present at the meeting.

Other matters

A meeting of investors, any notice of meeting or any proceeding at a meeting is not invalidated because of the accidental omission to give notice of the meeting or the non-receipt of the notice or because of any procedural irregularity.

We may hold meetings any way we determine for example, phone hook-up, video conference, electronic voting, circular resolution or the necessary investors agreeing in writing (this includes e-mail and fax).

Change of trustee

The constitution provides that we may retire on 1 month's notice to investors or such shorter period as Investors agree by ordinary resolution. However this is subject to our agreement with the Investment Manager and under our agreement, often this would be a longer period to allow for the orderly transition to a new trustee.

We must retire when required by law.

When the trustee changes, we may appoint a replacement. However under our agreement with the Investment Manager, it is sometimes the Investment Manager that would choose or propose the replacement. Generally, if a replacement is not appointed, the Fund will terminate.

Investment management agreement

We have an investment management agreement with the Investment Manager which governs:

- the investment services which the Investment Manager provides to us, and
- the services we provide such as operating the Fund.

The Investment Manager's role includes promoting, investing and managing the Fund consistently with the investment policy, objectives and strategy of the Fund.

The Investment Manager has promised to us that it will exercise all care, skill, due diligence and vigilance expected of a professional investment manager in carrying out its functions, powers and duties under that agreement.

The appointment of the Investment Manager in relation to the Fund is exclusive.

Our agreement with the Investment Manager continues for 5 years (the Initial Term) unless terminated earlier as the agreement contemplates. At the end of this period this agreement continues for rolling 1 year periods.

As a general rule, if our agreement with the Investment Manager ends then a replacement trustee will be sought but if one cannot be appointed, the Fund would terminate.

We can terminate the agreement on 3 months' notice or if Nigel Littlewood ceases to be substantially involved in the performance of the Investment Manager's obligations under the agreement without our consent.

Either we or the Investment Manager can terminate the agreement by notice if there is a Termination Event, which includes:

- a party fails to comply with a provision of the relevant law which causes material loss to the Fund or material reputational damage to the other party and such non-compliance is not remedied
- a party fails to perform its role under the agreement in a professional and diligent manner, or to a standard reasonably expected of a person



who professionally performs such functions

- a party fails to maintain adequate resources or
- an insolvency event happens to the other party.

We can also terminate the agreement if the Fund does not reach a size of at least \$10 million within 24 months of the start of our agreement.

The Investment Manager can terminate the agreement by simply giving us notice, but must pay to us a termination fee. The Investment Manager can also terminate the agreement by 3 months' notice.

The agreement contains other provisions we do not consider unusual including fees and expense arrangements, dispute management, limits on indirect loss and indemnities.

Transferring your units

You can transfer your units and we can refuse to register transfers and need not give reasons. Contact us for the required form and remember that you will generally need to pay stamp duty.

Terminating the Fund

Subject to our agreement with the Investment Manager we can decide to terminate the Fund anytime.

Withdrawal processing ceases on termination of the Trust. This means that we may not exercise any discretion to allow a withdrawal, lodged withdrawal requests which are unprocessed lapse and, if we determine, withdrawal requests processed but awaiting payment lapse.

After termination, we will wind up the Fund: generally we will sell all the investments, pay all monies owing (including fees and expenses), and distribute the net proceeds to investors as appropriate as soon as we consider practicable.

We can distribute assets rather than cash to some investors and not to others. We would first deduct any moneys an investor owes. It can take some time to finalise this process.

In spite of our powers under our agreement with the Investment Manager, in some circumstances we must allow the Investment Manager to arrange for the Fund to continue.

Limits on your responsibility

The constitution limits your liability to any unpaid part of the issue price of your units and that you need not indemnify us if there are not enough assets to meet the claim of any creditor of ours.

In the absence of separate agreement with an investor, our recourse and any creditor is limited to the Fund assets.

However, we cannot give you an absolute assurance about these things – the issue has not been finally determined by Australian courts.

Other matters

The Information Memorandum which is current time to time is the one which governs your investment.

If we issue a new Information Memorandum or a supplement, a copy will be sent to you. We recommend that you read it carefully.

Copies are always available at www.harnessam.com.au or contact Harness directly.

The offer made in this Information Memorandum is available only to persons who may legally receive this Information Memorandum (electronically or otherwise). If you received this Information Memorandum electronically, we will provide a paper copy free of charge upon request during the life of this Information Memorandum.

The Fund is not currently registered with the Australian Securities and Investments Commission, but may be at some future point in time. By investing in the Fund, you consent to the Fund being registered at some future point should the Trustee consider it appropriate. You also consent to registration taking place without the Trustee holding a meeting of investors to approve the application for registration.

Unless otherwise stated, all figures are in Australian dollars and are inclusive of the net impact of GST (that is, taking into account any reduced input tax credits).

The ASIC takes no responsibility for the contents of this Information Memorandum.

13. Directory

Investment Manager

Harness Asset Management Pty Limited

ACN 168 523 171 AFS licence 469551

P: 02 92233751

M: 0414 585 070 Nigel Littlewood

E: info@harnessam.com.au

Suite 11.02, Level 11, 37 Bligh Street | Sydney NSW 2000

www.harnessam.com.au

Administrator and registry enquiries

White Outsourcing Pty Limited

E: registry@whiteoutsourcing.com.au

P: 02 8262 2800

F: 02 9221 1194

GPO Box 5482, Sydney NSW 2001

Level 3 | 99 Bathurst Street | Sydney NSW 2000

www.whiteoutsourcing.com.au

Trustee

Theta Asset Management Ltd

ABN 37 071 807 684 AFS licence 230920

E: invest@thetaasset.com.au

Sydney Office

Suite 501, Level 5, 210 Clarence Street, Sydney NSW 2000

PO Box Q423, QVB Sydney NSW 1230

P: +612 8012 0638

www.thetaasset.com.au

Auditor

Graeme Green

GCC Business & Assurance Pty Ltd

trading as

Graeme Green Chartered Accountant, Sydney

Level 8 | 109 Pitt Street

Sydney, NSW, 2000

14. How to Invest

To invest in the Fund you will need to complete and sign the attached Application Form and provide all supporting identification documentation and applicable certificates.

- Supply of Tax File Numbers (**TFN**) is discretionary. It is not an offence if you decide not to supply your TFN. If you do not supply your TFN, however, tax will be deducted from your income earned at the highest marginal tax rate (plus Medicare levy) and forwarded to the Australian Taxation Office. These deductions will appear on your statements.
- Joint applications must be signed by all applicants. Joint investments will be deemed to be held as joint tenants.
- Applications under Power of Attorney must be accompanied by a certified copy or the original of the Power of Attorney with specimen signatures.

The minimum initial investment in the Fund is generally \$100,000 and additional investment is generally \$25,000. All investors will need to qualify as a wholesale client (as the Corporations Act defines this). The Trustee may vary these minimum investment amounts from time to time. Interest on monies received prior to processing days is credited to the Fund generally.

Application monies should be received by 5.00pm (EST) 10 business days prior to the last calendar day of the month by electronic transfer to:

Bank: ANZ
BSB: 012-006
Account Number: 8365-14087
Account Name: Theta Asset Management Ltd
Harness Asset Management
Small Companies Value Fund

All EFT payments must be accompanied by a notification email to **registry@whiteoutsourcing.com.au** in order to ensure that the investor account is properly credited.

Cash is not accepted.

Applications are processed monthly. We must receive all your paperwork and cleared funds at least 10 Sydney business days prior to the last calendar day of the month.

Please send completed Application Forms (and cheques if applicable) to:

White Outsourcing Pty Limited
GPO Box 5482
Sydney NSW 2001

How do you qualify as a wholesale client?

If you are applying for \$500,000 or more you'll be automatically deemed wholesale client and no additional documentation is required.

If you are investing less than \$500,000, the easiest way to establish that you are a wholesale client is to arrange for your accountant to provide an accountant's certificate certifying that:

- the Investor themselves has the Required Net Assets or the Required Gross Income OR

- together with any trusts or companies the Investor controls, the Investor has the Required Net Assets or the Required Gross Income OR
- the Investor is a trust or company controlled by a person who has the Required Net Assets or the Required Gross Income.

Required Net Assets means net assets of at least \$2,500,000

Required Gross Income means for each of the last two financial years, at least \$250,000 a year.

There are other ways that you can qualify as a wholesale client, including:

- based on your investing experience (the 'professional investor' exemption) – we have a Adviser's Certificate that you can arrange to be completed to attest to this – contact the administrator
- you hold an Australian financial services licence or
- giving us a statutory declaration that you meet any of the other categories of wholesale client. These include that you:

- are a trustee of a superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 with net assets of at least A\$10 million,
- control at least A\$10 million for the purposes of investment in securities including any amount held by an associate or under a trust that the investing entity manages,
- are a manufacturer and employs 100 or more people, or
- the investing entity is not a manufacturer but employs 20 or more people.

Please contact the Administrator if you need assistance in providing the appropriate documentation to certify that you are a wholesale client.

Regular information

Following acceptance of your application, you will be sent an application advice. You should check the details on the advice carefully and contact the Administrator if you have any questions.

Additional investment

The minimum amount for further investments is generally \$25,000.

To invest more, use the **Additional Investment Form** available at www.harnessam.com.au or contact Harness directly.

Originals, but also faxes and emails, are accepted for additional investments.

You need to pay for your additional investment by electronic funds transfer. All EFT payments must be accompanied by a notification email to registry@whiteoutsourcing.com.au in order to ensure that the investor account is properly credited.

You will receive confirmation when your additional application is accepted.

If you have any questions

If you have any questions about any matter relating to the Fund, please telephone the Trustee, Investment Manager or Administrator as appropriate. Refer to the **Contacts** page at the end of this Information Memorandum.

Examples of correct names and required signatures

Type of Investor	<input checked="" type="checkbox"/> Correct Name	<input checked="" type="checkbox"/> Incorrect Name	Signature Required
Individual/ joint investors <ul style="list-style-type: none"> use full name of each applicant, do not use initials 	Alexander John Smith Laura Sue Barden	Alex Smith Laura S Barden	<ul style="list-style-type: none"> signature of each applicant
Company <ul style="list-style-type: none"> use full company title, do not use abbreviations 	ABC Pty Ltd XYZ Limited	ABC P/L, ABC Co, XYZ Inc.	<ul style="list-style-type: none"> by two directors, or by a director and a secretary, or if there is only one director by that sole director
Trusts/minors <ul style="list-style-type: none"> use trustee(s)/ individual(s) name(s) use trust/minor name as designation 	Paul Ryan Smith ATF <Smith Family Trust> Paul Ryan Smith <Joel Smith>	Paul Smith Family Trust Joel Smith	<ul style="list-style-type: none"> signature of each trustee/ individual if trustee is a company see above
Superannuation fund <ul style="list-style-type: none"> use trustee(s) personal name(s) use fund name as designation 	Amy Rachel Wood ATF <Amy Wood Super Fund> ABC Pty Ltd ATF <Smith Superannuation Fund>	A R Wood Super Fund Smith Super Fund	<ul style="list-style-type: none"> signature of each trustee if trustee is a company, see above
Deceased estates <ul style="list-style-type: none"> use executor(s) personal names, do not use name of the deceased 	John Smith <Est Jane Smith A/c>	Estate of the Late Jane Smith	<ul style="list-style-type: none"> signature of the executor(s)

APPLICATION FORM

Harness Asset Management Small Companies Value Fund

This Application Form relates to the Information Memorandum dated 11th May 2016 (**Information Memorandum**) issued by Theta Asset Management Ltd ABN 37 071 807 684 AFSL 230920. Please read the Information Memorandum in full before completing this Application Form. Unless otherwise specified, terms defined in the Information Memorandum have the same meaning in this Application Form.

PART A: INVESTOR & INVESTMENT DETAILS

Is this an application from a new investor or an existing investor?

NEW INVESTOR – please provide the name of the holding (in a format that you want to appear on the register of unitholders) Refer to examples on previous page.

New investor name:

Type of Investor: (Please tick applicable box)

Superannuation Fund
 Other Trust
 Individual /Joint Individuals
 Company
 Other

Please continue below to section 1. Contact Details

EXISTING INVESTOR - If this is an application from an existing investor please provide your investor number

Investor number:

I / We am an existing investor and I / we have previously completed the Identification Documentation parts of this document sufficient for Anti-Money Laundering/Counter Terrorism Financing Legislation

- Yes - please continue to next question
 No - please complete this form in full including PART B: Investor Identification (sections 1 through 4 as applicable)

If you are an existing investor, have there been any significant changes in your circumstances or Identification Documents since your last application?

- No - please complete the *Additional Application Form* instead of this form
 Yes - please complete PART B: Investor Identification (sections 1 through 4 as applicable)

1. Contact Details

Full given name(s)

Surname

Company name / Trustee Name / Account Name

Telephone

Facsimile

Email

Used for all correspondence.

Mailing Address

Street

Suburb State Postcode Country

2. Investment Details

Amount

Please note the minimum initial investment amount is \$100,000 and the minimum additional investment amount is \$25,000.

Source of funds being invested

retirement income employment income business activities sale of assets

inheritance/gift financial investments Other

3. Payment Details

Electronic Funds Transfer (EFT) to :
 Bank: ANZ
 BSB: 012-006
 Account Number: 8365-14087
 Account Name: Theta Asset Management Ltd
 Harness Asset Management
 Small Companies Value Fund

All EFT payments must be accompanied by a notification email to registry@whiteoutsourcing.com.au in order to ensure that the investor account is properly credited.

4. Taxation Details

Where the investment in the Fund is held jointly by 2 or more unitholders taxation details for each unitholder need to be provided. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your Application Form.

INVESTOR 1

Name:

Are you a resident of Australia for taxation purposes? (Select one of the following options)

- Yes - please complete the below
 No – please provide country of tax residence: _____

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs (Select one of the following options):

- Company
 Trust or Superannuation Fund
 Individual
 Other – please specify: _____

Exemption Number (if applicable):

INVESTOR 2

Name:

Are you a resident of Australia for taxation purposes? (Select one of the following options)

- Yes - please complete the below
 No – please provide country of tax residence: _____

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs (Select one of the following options):

- Company
- Trust or Superannuation Fund
- Individual
- Other – please specify: _____

Exemption Number (if applicable):																			
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Please note: You are not obliged to provide either your TFN or ABN but if you do not provide either your TFN or ABN and unless you claim a TFN exemption, the Trustee will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth).

5. Distributions and withdrawal proceeds

Distributions Please confirm how you would like to receive any distributions – either paid into an Australian bank account or automatically reinvested as additional units in the Fund.

- Reinvestment** **Payment into bank account** (please provide bank account details below)

If no election is made, any distributions will be reinvested.

Please inform the Investment Manager before the end of the financial year if you would like to change your allocation position

Your bank account details

IMPORTANT INFORMATION:

Please provide us your bank account details for the purpose of payment of future withdrawal proceeds. If this section is not completed it may cause a delay in processing of your redemption proceeds. Additional security checks to verify bank account changes will be performed at the time of payment of your redemption proceeds.

Distributions and withdrawal proceeds are generally only paid to an Australian bank account in the name of the unitholder and cannot be paid by cheque or to third party accounts. By completing this section you confirm that any distributions and withdrawal proceeds sent by EFT to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

Please pay distributions and withdrawal proceeds to the following bank account:

Bank			
Branch Name			
BSB		Account Number	
Account Name			

If you would like distributions and/or redemption proceeds to be paid into a bank account outside Australia please provide the following additional details (note that payment into such an account is entirely at the Trustee’s discretion):

Beneficiary Bank Address			
National Beneficiary Bank Clearing Code (if applicable)		Beneficiary Bank SWIFT Code	
Intermediary Bank details (if applicable)			

NB: All payments will be remitted in AUD. You, the beneficiary will bear all currency exchange risk and any costs by overseas or intermediary banks.

PART B: INVESTOR IDENTIFICATION

If you are a new investor, please complete *PART A: Investor & Investment Details* section (being the first three pages) and *PART B: Investor Identification* section of the Application Form, and send all documents to the Administrator at the address below. If your investor type does not fall into any of the three investor categories in sections 1 - 3 of this form please contact White Outsourcing to enquire about what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

Our verification procedure and requirements (including certified identification evidence) is included for your reference. If you are an existing investor making an additional investment, you may fax your instruction to the Administrator to fax number (02) 9221 1194. Existing investors whose details have changed must also complete the Identification Documentation section and send all documents to the Administrator at the address below.

Please send your completed Application Form and Identification Documents to:

White Outsourcing Pty Limited
GPO Box 5482, Sydney NSW 2001

SECTION 1 - INVESTOR TYPE : AUSTRALIAN & FOREIGN COMPANY

Please note, if you are an Australian Company acting as trustee of a fund, please also complete Section 2.

1.1 General Information

Full name
as registered by ASIC or foreign registration body

Registration number
(select the following categories which apply to the company and provide the information requested)

ACN
 ARBN

Foreign body registration number

Please also provide name of the foreign registration body below:

Country of formation / incorporation / registration

Registered office address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Principal place of business (if any) (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

1.2 Regulatory/ Listing Details (select the following categories which apply to the company and provide the information requested)

Regulated company (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence Number

Australian listed company or Foreign listed company as defined in the IFSA/FPA Guidelines

Name of market /
exchange

Majority-owned subsidiary of an Australian listed company

Australian listed
company name

Name of market
or exchange

Foreign company

Country of formation /
incorporation /
registration

1.3 Company Type (select only ONE of the following categories)

Public *Section 1 now completed, continue to Section 4*

Proprietary/Private *Go to Section 1.4 and 1.5 below.*

Other *Go to Section 1.4 and 1.5 below*

1.4 Directors (only needs to be completed for proprietary, private and other companies)

This section does NOT need to be completed for public and listed companies.

How many directors are there? provide full name of each director

	Full given name(s)	Surname
1	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>

If there are more directors, provide details on a separate sheet of paper and attached it to your Application Form.

If the company is a regulated company (as selected in 1.2 above) section 1 is now completed, continue to Section 4.

1.5 Shareholders – beneficial owners (only needs to be completed for proprietary, private or other companies that are not regulated companies as selected in Section 1.2)

Provide details of **ALL individuals** who ultimately own 25% or more of the company's issued share capital (through direct or indirect shareholdings).

Shareholder 1

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Shareholder 2

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Shareholder 3

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

If there are more shareholder beneficial owners, provide details on a separate sheet of paper and attached it to your Application Form.

Other beneficial owners

If there are no individuals who meet the requirements of shareholder beneficial owners, provide the names of the individuals who directly or indirectly control* the company.

* includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf).

Beneficial Owner 1

Full given name(s)

Surname

Date of Birth (dd/mm/yyyy)

 / /

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as managing director)

Beneficial Owner 2

Full given name(s) Surname Date of Birth (dd/mm/yyyy)

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as managing director)

Beneficial Owner 3

Full given name(s) Surname Date of Birth (dd/mm/yyyy)

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as managing director)

If there are more beneficial owners, provide details on a separate sheet of paper and attach it to your application form.

IDENTIFICATION DOCUMENTS FOR INDIVIDUAL BENEFICIAL OWNERS:

For all Individual beneficial owners please provide the following information in addition to completing this section:

- Original certified copy ² of a Primary Photographic Identification Document (see section 3 for definition); or
- Original certified copy ¹ of a Primary Non-Photographic Identification Document AND a Secondary Identification Document (see section 3 for definitions).

If the company is an Australian company or Foreign company **registered with ASIC** the form is now COMPLETE.

If the company is a **Foreign company not registered with ASIC** please also attach certified copy ³ of the certification of registration issued by the relevant foreign registration body.

² For the definition of certified copy and list of people that can certify documents refer to Section 5 on page 12 of this application form.
³ For the definition of certified copy and list of people that can certify documents refer to Section 5 of this Application Form.

SECTION 2 - INVESTOR TYPE : ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

2.1 General Information

Full name of trust	<input style="width: 100%;" type="text"/>
Full name of the Trustee/(s) of the trust	<input style="width: 100%;" type="text"/>
Country where trust established	<input style="width: 100%;" type="text"/>

2.2 Type of Trust (select only one of the following trust types and provide the information requested)

Registered managed investment scheme

Provide Australian Registered Scheme Number (ARSN)

Regulated trust (e.g. an Self-Managed Superfund)

Provide name of the regulator (e.g. ASIC, APRA, ATO)

Provide the trust's ABN or registration / licensing details

Government superannuation fund

Provide name of the legislation establishing the fund

Other trust type

Trust description (e.g. unregistered, fixed, family, unit)

Full name of settlor(s)

For **other trust type** please also provide the following documentation:

Certified copy⁴ or certified extract of the trust deed; or

Notice of assessment or certified copy¹ of assessment issued by the ATO in the last 12 months.

2.3 Trustee Details

How many trustees are there?

⁴ For the definition of certified copy and list of people that can certify documents refer to Section 5 of this Application Form.

2.3 Trustee Details (continued)

Trustee 1

Full given name(s) or Company name

Surname

Trustee 2

Full given name(s) or Company name

Surname

If there are more trustees, provide details on a separate sheet of paper and attached it to your Application Form.

For all trust types please complete the following additional sections:

- If you are completing this form as an **Individual Trustee** please complete 'Section 3 - Investor Type: Individual' for at least ONE of the trustees in addition to completing applicable sections 2.3 and 2.4.
- If you are completing this form as a **Corporate Trustee** please complete 'Section 1 - Investor Type: Company' in addition to completing applicable sections 2.3 and 2.4.
- If you are completing this form both as **Individual** and **Corporate Trustee** please complete 'Section 3 -Investor Type: Individual' and 'Section 1 - Investor Type: Company' in addition to completing applicable sections 2.3 and 2.4.

2.4 Beneficiary Details (only complete if "Other trust type" is selected in section 2.2 above)

Do NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

- Yes** Provide details of the membership class/es
(e.g. unit holders, family members of named person, charitable purpose)

- No** How many beneficiaries are there?

provide full name of each beneficiary below:

	Full given name(s)	Surname
1	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>

If there are more beneficiaries, provide details on a separate sheet of paper and attached it to your Application Form.

2.5 Beneficial Ownership Details (only complete if "Other trust type" is selected in section 2.2 above)

Do NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.

Provide the names of the individuals that directly or indirectly control* the trust. If this is confirmed to be the individual identified as the trustee above, they must be listed again below to confirm that they are the trust's beneficial owners.

* includes control by acting as trustee; or by means of trusts, agreements, arrangements, understandings and practices; or exercising control through the capacity to direct the trustees; or the ability to appoint or remove the trustees.

Beneficial Owner 1

Full given name(s)	Surname	Date of Birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as trustee or appointor)

Beneficial Owner 2

Full given name(s)	Surname	Date of Birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as trustee or appointor)

Beneficial Owner 3

Full given name(s)	Surname	Date of Birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

Occupation

Role (such as trustee or appointor)

If there are more beneficial owners, provide details on a separate sheet of paper and attach it to your application form.

IDENTIFICATION DOCUMENTS FOR INDIVIDUAL BENEFICIAL OWNERS:

For all Individual beneficial owners please provide the following information in addition to completing this section:

- **Original certified copy⁵ of a Primary Photographic Identification Document** (see section 3 for definition); or

Original certified copy¹ of a Primary Non-Photographic Identification Document AND a Secondary Identification Document (see below for definitions).

⁵ For the definition of certified copy and list of people that can certify documents refer to Section 7

SECTION 3 - INVESTOR TYPE : INDIVIDUAL

Please note, if you are an individual(s) acting as trustee(s) of a fund, please also complete Section 2.

INVESTOR 1

Investor's name must match investor's ID exactly.

Full given name(s)	Surname	Date of Birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full business name	ABN (if any)
<input type="text"/>	<input type="text"/>

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

INVESTOR 2

Investor's name must match investor's ID exactly.

Full given name(s)	Surname	Date of Birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>

Residential address (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full business name	ABN (if any)
<input type="text"/>	<input type="text"/>

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb State Postcode Country

If there are more than 2 joint individual investors, provide details on a separate sheet of paper and attached it to your Application Form.

IDENTIFICATION DOCUMENTS FOR INDIVIDUAL INVESTOR(S):

For all Individual investors please provide the following information in addition to completing this section:

- **Certified copy⁶ of a Primary Photographic Identification Document** (see below for definition); or
- **Certified copy¹ of a Primary Non-Photographic Identification Document AND a Secondary Identification Document** (see below for definitions).

What are the Identification Documents?

Primary Photographic Identification Documents;

- 1) *Licence or permit issued by State or Territory of Australia or equivalent authority of a foreign country for the purpose of driving a vehicle that contains a photograph of the person in whose name the document is issued.*
- 2) *Passport issued by Commonwealth of Australia.*
- 3) *Passport issued for purpose of international travel that is issued by a foreign government and contains a photograph and the signature of a person in whose name the document is issued (accompanied by a written translation prepared by accredited translator where required).*
- 4) *Card issued by a State or Territory of Australia for the purpose of proving a person's age that contains a photograph of the person in whose name the document is issued.*
- 5) *National Identity Card issued by a foreign government, for the purpose of identification that contains a photograph of the person in whose name the document is issued (accompanied by a written translation prepared by accredited translator where required).*

Primary Non-Photographic Identification Documents;

- 1) *Birth Certificate or Birth Extract issued by a State or Territory of Australia.*
- 2) *Citizenship Certificate issued by Commonwealth of Australia.*
- 3) *Citizenship Certificate issued by a foreign Government (accompanied by a written translation prepared by accredited translator where required).*
- 4) *Birth certificate issued by a foreign government (accompanied by a written translation prepared by accredited translator where required).*
- 5) *Pension card issued by Centre Link that entitles financial benefits to the person in whose name the card is issued.*

Secondary Identification Documents;

- 1) *A notice that was issued to an individual by the Commonwealth, a State or Territory of Australia within the preceding 12 months that contains the name of the individual and his or her residential address and records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory.*
- 2) *A notice that was issued to an individual by a local government or utilities provider in Australia within the preceding 3 months that contains the name of the individual and his or her residential address and records the provision of services by that local government body or utilities provider to that address or to that person.*

⁶ For the definition of certified copy and list of people that can certify documents refer to Section 5 of this Application Form.

SECTION 4: CERTIFIED COPY OF AN ORIGINAL DOCUMENT

Certified copy means a document that has been certified as a true copy of an original document.

Certified extract means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

People who can certify documents or extracts are:

- a **lawyer** - a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described);
- a **judge** of a court;
- a **magistrate**;
- a **chief executive officer** of a Commonwealth court;
- a **registrar** or **deputy registrar** of a court;
- a **Justice of Peace**;
- a **notary public** (for the purposes of the Statutory Declaration Regulations 1993);
- a **police officer**;
- a **postal agent** - an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- the **post office** - an **permanent employee** of The Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public;
- an **Australian consular officer** or an **Australian diplomatic officer** (within the meaning of the Consular Fees Act 1955);
- an **officer** with 2 or more continuous years of service with one or more **financial institutions** (for the purposes of the Statutory Declaration Regulations 1993);
- a **finance company officer** with 2 or more continuous years of service with one or more financial companies (for the purposes of the Statutory Declaration Regulations 1993);
- an **officer** with, or **authorised representative** of, a **holder of an Australian financial services licence**, having 2 or more continuous years of service with one or more licensees; and
- an **accountant** - a member of the institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, ***"I certify this is a true copy of the original document"***.

For photographic documents, the certified copy must include the statement, ***"I certify this is a true copy of the original document and the photograph is a true likeness"***.

Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

PART C UNITED STATES TAX STATUS

ALL investors must complete

The Foreign Account Tax Compliance Act (**FATCA**) is a United States (**US**) regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian and US Governments (through their tax offices) have an agreement which means we must ask you, and you must answer, these questions. Information we gather is reported to the ATO and in turn to US tax authorities. For more information visit the ATO Website: <https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Foreign-Account-Tax-Compliance-Act/>.

If you are unsure of any of the answers please seek professional advice. Not enough room? Write their details clearly and attach them.

1. If you are investing as an individual

whether for yourself or as a trustee

Are you a US citizen or a resident of the US for tax purposes?

- No - skip to Part D of this Application Form.
- Yes - please complete your TIN below and skip to Part D of this Application Form:

Investor 1		TIN	
Investor 2		TIN	

Help ↓

TIN: this is not your tax file number (or TFN). It stands for **US Taxpayer Identification Number**, one of a number of identification numbers issued by US authorities it could for example be a US Social Security Number, a US Individual Taxpayer Identification Number or an US Employer Identification Number.

US citizen or resident of the US for tax purposes:

- anyone born in the US who hasn't renounced their US citizenship
- a US citizen including persons with dual or multiple citizenships

US lawful permanent residents eg green card holders

2. Are you a Complying Australian Super fund?

- Yes - skip to Part D of this Application Form.
- No – please continue to question 3.

For example, a complying self-managed super fund, a complying APRA regulated super fund, any government super fund and any pooled superannuation trust

3. Are you are trustee of a testamentary trust?

- Yes - skip to Part D of this Application Form.
- No – please continue to question 4.

4. Are you a US company or trust?

- No – please continue to question 5.
- Yes - please complete your TIN below.

TIN	
-----	--

US company or trust:

- a company created in the US, established under the laws of the US or which is a US taxpayer
- a trust subject to the laws of the US and controlled by one or more persons that are citizens or residents of the US

5. Are you an institutional type of investor?

Are you any of these?

- a Financial Institution,
- Australian Regulated Trust or
- a trust whose trustee is a Financial Institution.

- Yes - please complete your GIIN below and skip to Section 6 of this Application Form.

- No - please continue to question 6.

GIIN	
------	--

Financial Institution:

- a **depository institution**
you accept deposits in the ordinary course of a banking or similar business eg a bank
- a **custodial institution**
a substantial portion of your business (20 %+of gross income) is held in financial assets for the account of others eg a custodian
- an **investment entity**
this includes entities that trade in financial assets or that are investing, administering, managing funds, money, or certain financial assets on behalf of other persons eg investment companies. **Note:** if you are a professional trustee, custodian or investment company, you will usually fall within this

If you ticked **Yes** but don't have GIIN, please tell us your FATCA status:

<input type="checkbox"/>	Deemed compliant Foreign Financial Institution	<input type="checkbox"/>	Excepted Foreign Financial Institution
<input type="checkbox"/>	Registered deemed compliant Foreign Financial Institution	<input type="checkbox"/>	Non participating Foreign Financial Institution
<input type="checkbox"/>	Exempt Beneficial Owner	<input type="checkbox"/>	Non reporting IGA Foreign Financial Institution
<input type="checkbox"/>	GIIN applied for but not yet issued		
<input type="checkbox"/>	Other: please detail ⇒		

category, but family discretionary trusts should answer **No** and move to question 6.

- certain prescribed entities
eg types of insurance companies that have cash value products or annuities.

More information can be found at:
www.irs.gov/Businesses/Corporations/Information-for-Foreign-Financial-Institutions

Australian Regulated Trust:

- ASIC registered management investment schemes
- other trusts which are registered with the ATO or ASIC, or
- super entities without a GIIN
self-managed superannuation funds, APRA regulated superannuation funds, Australian Government or Semi-Government Superannuation Funds and pooled super trusts.

GIIN:

Global Intermediary Identification Number, a unique ID number issued by US tax authorities to non-US financial institutions when they register for FATCA

6. Are you a public company?

- No – please continue to question 7
- Yes - skip to Part D of this Application Form.

7. Are you a passive type of entity?

- Yes
- No

Please now continue to question 8.

Generally, consider ticking 'Yes' if, in the last calendar or financial year:

- more than half of your gross income, or
- more than half of your assets produce or are held to produce, passive income.

Passive income includes investment income such as dividends, interest, rents and royalties.

When thinking about this, include income and assets held directly or indirectly (for example through subsidiaries or companies in which you invest).

If you tick 'Yes', you are also telling us that you are not otherwise caught as an active type of entity (this depends on the law – seek advice if you are not sure).

8. Are you still completing this form?

Almost there! Are any of the people listed below a **US citizen or resident of the US for tax purposes**:

- ☉ anyone that beneficially owns 25% or more of your issued capital
- ☉ anyone that exercises control over you
by way of determining decisions about the financial and operating policy
- ☉ if you are a trust, any beneficiary or settlor?

- Yes- please complete their details below
- No - skip to Part D of this Application Form.

A **US citizen or resident of the US for tax purposes** is defined above.

name	address	TIN
name	address	TIN
name	address	TIN
name	address	TIN

PART D: DECLARATION AND SIGNATURE

I/We acknowledge declare and agree that by signing this Application Form:

- I/We have received and read the Information Memorandum to which this Application Form applies and have received and accepted the offer to invest in Australia or otherwise in a jurisdiction in which it is lawful for me/us to receive and accept the offer to invest.
- I/We am/are at least 18 years of age.
- I/We declare that I/we am/are a wholesale client as defined in sections 761G and 761GA of the Corporations Act 2001 (Cth).
- If I/we have received the Information Memorandum from the internet or other electronic means that I/we received it personally or a print out of it, accompanied by this Application Form.
- All details provided by me/us in this Application Form are true and correct.
- I/We agree to be bound by the terms and conditions of the current Information Memorandum and of the Constitution of the Fund, as amended, reissued or replaced from time to time.
- That the Trustee is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I/we notify the Trustee otherwise.
- None of the Trustee, the Investment Manager or any other person guarantees the repayment of capital invested in the Fund, the performance of nor any particular return from the Fund and I/we understand the risks involved in investing in the Fund.
- I/We acknowledge that the Fund is not currently registered with the Australian Securities and Investments Commission, but may be at some future point in time. By investing in the Fund, I/we consent to the Fund being registered at some future point should the Trustee consider it appropriate. I/We also consent to registration taking place without the Trustee holding a meeting of investors to approve the application for registration.
- I/We acknowledge that units may be redeemed or monies deducted from my/our withdrawal proceeds without me/us asking in order to pay any performance fees owing to the Investment Manager and authorise the Trustee to redeem such number of units or deduct such monies as is necessary to meet any performance fees I/we owe the Investment Manager. I/We acknowledge this may have tax consequences for my/our investment in the Fund.
- I/We acknowledge that the Trustee may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the AML laws (**AML Act**). I/We will provide such information and assistance that may be requested by the Trustee to comply with its obligations under the AML Act and I/we indemnify it against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment in the Fund are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment in the Fund will not be used to finance any illegal activities.
- I/We am/are not a 'politically exposed' person or organisation for the purpose of any AML law.
- I/We consent to details about my/our application and holdings being disclosed in accordance with the **Privacy** section of the Information Memorandum.
- I/We confirm that the Trustee and Administrator are authorised to accept and act upon any instructions in respect of this application and the units to which it relates given by me/us by facsimile. If instructions are given by facsimile, the onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/We indemnify the Trustee and Administrator against any loss arising as a result of any of them acting on facsimile instructions. The Trustee and Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/We acknowledge that the Trustee reserves the right to reject any application.

Account operating instructions (if no selection is made, all individuals to sign will be assumed)

- Any individual to sign
- Any two individuals to sign
- All individuals to sign
- Other (please specify): _____

1	Signature <div style="border: 1px solid black; height: 40px;"></div>	Name and title (block letters please) <div style="border: 1px solid black; height: 40px;"></div>	Date <div style="border: 1px solid black; height: 40px;"></div>
2	Signature <div style="border: 1px solid black; height: 40px;"></div>	Name and title (block letters please) <div style="border: 1px solid black; height: 40px;"></div>	Date <div style="border: 1px solid black; height: 40px;"></div>



Signature

Name and title (block letters please)

Date

3

Signature

Name and title (block letters please)

Date

4