

PRODUCT DISCLOSURE STATEMENT (PDS)

DATED 27 OCTOBER 2022

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Read this

This PDS is a summary of significant information relating to the Lanyon Global Value Fund. You should consider the information in this PDS in its entirety, the Reference Guide (**RG**) and the Target Market Determination (**TMD**), which includes a description of who the Fund is appropriate for, before making a decision about the Lanyon Global Value Fund. The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. Before making an investment decision, you should obtain financial advice tailored to your personal circumstances.

Important notice

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (part of the Perpetual Limited group of companies) (**Perpetual**) is the responsible entity (**Responsible Entity**) of the Lanyon Global Value Fund (ARSN 151 492 849) (**Fund**). Perpetual holds Australian financial services licence number 235150 issued by ASIC, which authorises it to operate the Fund. Perpetual, as the Responsible Entity of the Fund, is the issuer of units in the Fund (**Units**) and of this Product Disclosure Statement (**PDS**), RG and TMD. This PDS is dated 27 October 2022.

Neither Perpetual nor its directors guarantees the performance or success of the Fund, the offer detailed in this PDS (**Offer**), the repayment of capital or any particular rate of capital or income return.

An electronic copy of the latest version of this PDS, the RG and the TMD is available from <http://www.lanyonam.com>. A copy of this PDS, RG and TMD is also available free of charge on request by telephoning (02) 8203 3800 or by email: ir@lanyonam.com. The Offer under this PDS is only available to persons receiving the PDS within Australia (including in electronic form). This PDS does not constitute an offer or invitation in any place outside Australia. This PDS is not to be distributed in jurisdictions outside Australia.

Information contained in this PDS and the RG is subject to change from time to time. Where updated information is not materially adverse, Perpetual will ensure updated information is made available on the investment manager's website at <http://www.lanyonam.com>. A paper copy of the updated information will also be given, or an electronic copy made available, to a person upon request without charge. When any other changes occur, a new PDS and RG will be issued in accordance with the *Corporations Act 2001* (**Corporations Act**). For investors investing through a platform, updated information may be obtained from the platform operator.

This PDS and the RG contains important information about the Fund. It does not take into account your investment objectives, financial situation or particular needs. Before you invest, you should read this PDS, RG and the TMD carefully, in its entirety and consider whether an investment in the Fund is appropriate to your objectives, financial situation and needs. You are encouraged to obtain independent legal, taxation and financial advice.

In this PDS and the RG, 'Perpetual', 'Responsible Entity', 'RE', 'we', 'us' or 'our' refers to the Responsible Entity and 'you or 'your' refers to prospective unitholders. Unless otherwise stated, all amounts in this PDS are quoted in Australian dollars. Any expression or term used in this PDS which is defined in the Fund's constitution (**Constitution**) has the same meaning in this PDS as is given to it in the Constitution. This PDS and the RG may be provided to people who wish to invest in the Fund through a platform. In this circumstance, the platform becomes an investor in the Fund, acquires the rights of an investor and may exercise or decline to exercise those rights on your behalf.

Investment Manager

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Responsible Entity

This PDS is issued by The Trust Company (RE Services) Limited

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1. ABOUT PERPETUAL

1.1 Responsible Entity – Perpetual

Perpetual is the Responsible Entity for the Fund. Perpetual is a wholly owned subsidiary of Perpetual Limited ABN 86 000 431 827, and a part of Perpetual Group which has been in operation for over 135 years. Perpetual Limited is an Australian public company that has been listed on the Australian Securities Exchange for over 55 years.

The Responsible Entity holds Australian Financial Services Licence number 235150 issued by ASIC, which authorises it to operate the Fund.

The Responsible Entity is bound by the Constitution and the Corporations Act. The Responsible Entity has lodged a compliance plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution and the Corporations Act.

The Responsible Entity has established a Compliance Committee with a majority of external members. The compliance plan is overseen by the Compliance Committee and is audited annually with the audit report being lodged with ASIC.

The Responsible Entity has the power to delegate certain aspects of its duties. The Responsible Entity has appointed Lanyon Asset Management Pty Limited as the investment manager of the Fund, pursuant to the investment management agreement.

The Responsible Entity has appointed Citigroup Pty Ltd as **Custodian** and William Buck Managed Funds Administration (SA) Pty Ltd as **Administrator** of the Fund and to provide registry services for the Fund.

1.2 Investment Manager – Lanyon Asset Management

Lanyon Asset Management Pty Ltd (**Lanyon** or **Investment Manager**) is an Australian based equities fund manager and has been appointed as the investment manager to manage the investments of the Fund. Lanyon is a privately held firm, founded in 2010. Lanyon employs a value investment approach and invests in various types of assets, including financial assets and traded securities of publicly listed entities.

Lanyon's investment process is based on long-established value investment principles. Investments are made when Lanyon believes there is a sufficient margin of safety between price and Lanyon's view of intrinsic value. Typically, securities will be purchased at discounts to Lanyon's view of intrinsic value, to the value of their tangible assets or on very low multiples of sustainable free cash flow, following an intensive research effort. Lanyon's focus is on managing funds for superannuation funds, government institutions, religious bodies, endowments, charities, families and individuals.

2. HOW THE LANYON GLOBAL VALUE FUND WORKS

2.1 The structure

The Lanyon Global Value Fund was registered with ASIC on 31 March 2015. The Fund is a registered managed investment scheme, established as a unit trust, where funds from unitholders are pooled with other unitholders' funds. Lanyon invests these funds on behalf of all unitholders.

The Fund is established and governed by the Constitution, which sets out the rights of unitholders and the powers and responsibilities of the Responsible Entity. The Responsible Entity is able to terminate Lanyon's appointment under the investment management agreement at any time in certain circumstances, including but not limited to, fraud, misconduct, dishonesty or gross negligence on the part of the Investment Manager, where the Investment Manager enters into receivership, liquidation, ceases to carry on business, sells its business or is legally unable to operate as an investment manager

of a registered managed investment scheme, and where the Investment Manager is in breach of any representations or warranties to the Responsible Entity and fails to rectify the breach. Termination in these circumstances is without payment of any penalty.

2.2 Interests in the Fund

The beneficial interest in the net assets of the Fund is divided into Units and every Unit confers on its holder an equal interest in the net assets of the Fund. A Unit does not confer any interest in any particular part of the net assets, but only such interest in the net assets as a whole as is conferred under the Constitution. All of the Units issued rank equally except as provided to the contrary in the Constitution. Unitholders acquire Units in the Fund. The price of interests will vary as the market value of assets in the Fund rises or falls.

2.3 Minimum Investment Amount

The minimum initial investment is \$25,000 with any amount able to be added or withdrawn subject to a minimum investment balance of \$25,000, or such other amounts as are determined by the Responsible Entity from time to time. If you are investing through a platform, you should read your platform operator's offer document for the minimum investment amount.

2.4 Acquiring and disposing of interests

You may acquire Units in the Fund by completing the Application Form and providing it to the Administrator and paying for the Units applied for in accordance with the instructions set out in the Application Form. If the Application Form is accepted by the Responsible Entity, Units will be issued at the Application Price. The Application Price will be calculated weekly in accordance with the Constitution and the following formula:

$$\frac{\text{Net Asset Value (NAV) + Transaction Costs}}{\text{Number of Units on issue}}$$

The number of Units an investor receives will be calculated in accordance with the Constitution and the following formula:

$$N = S/AP$$

Where **N** is the number of Units to be issued (rounded down to four decimal places), **S** is the Subscription for Units, and **AP** is the Application Price for Units.

The Responsible Entity will retain any interest earned on application money before it is paid into the Fund.

You can increase your investment by acquiring Units in the Fund in the same manner as set out above or by reinvesting your distributions (if permitted), which is explained further in section 2.5 below.

You can decrease your investment by withdrawing some or all of your Units any time by completing and sending a withdrawal form to the Administrator, setting out your instructions as to the number of Units or the amount you wish to redeem, and your payment instructions. The Redemption Price is calculated by dividing Net Asset Value less Transaction Costs by the number of Units on issue. You can make either a partial or full redemption. Proceeds from a redemption will normally be available within 14 days of receipt of a valid request. Redemption proceeds are also subject to clearance by your bank, building society or credit union.

However, the Constitution specifies that a redemption request is to be satisfied only if the Fund is 'liquid' as defined in the Corporations Act or if the redemption request is made in response to a current withdrawal offer made by the Responsible Entity. Generally speaking this definition requires at least 80% of the assets of the Fund to be realisable for market value within the period set out in the Constitution for satisfying redemption requests. If the Fund becomes "illiquid" redemption rights may be suspended until the Fund is no longer "illiquid".

Further, the Constitution specifies that the Responsible Entity may in its sole discretion for such period as the Responsible Entity considers reasonable, refuse to cause to be redeemed Units where such redemption within that period would result in the Responsible Entity having insufficient funds or such redemptions would otherwise prejudice the interests of remaining unitholders.

In some circumstances, such as when there is a freeze on withdrawals, unitholders may not be able to withdraw their Units within the usual period upon request. The Responsible Entity reserves the right to change processing times.

If you are investing through a platform, you may be subject to different conditions from those referred to in this PDS. You should follow the instructions of the platform operator when making an investment or withdrawing your investment from the Fund.

2.5 Distributions

The distributable income of the Fund will generally consist of interest, net realised capital gains on the sale of underlying assets and dividends (and in some cases interest or other trust distributions) received by the Fund less fees and expenses of the Fund.

Your entitlement to distributions is calculated by dividing the net distributable income by the total number of Units on issue at the distribution date and multiplying the result by the number of Units you hold on that date. Please refer to section 6 of this PDS for further information on fees and costs.

If you have not provided a TFN or exemption category, or if your application shows a country of residence other than Australia, withholding tax will be deducted from your distributions.

The Responsible Entity intends to make distributions at least annually following the end of June of each year and may make half year distributions following the end of December.

While the Constitution allows the Fund to take up to 60 days for payment of distributions it is anticipated that distributions will be made approximately 30 business days after the end of the relevant period.

If you have nominated to reinvest your distributions, your new Units will be issued immediately before the next valuation after the distribution period at the prevailing Application Price (excluding Transaction Costs).

If you have nominated to receive your distribution directly to your bank account and the transfer is unsuccessful on three occasions, those distributions will be reinvested in the Fund, and your future distribution method will be changed to reinvestment until you specify otherwise.

The Responsible Entity may decide to permit or require you to reinvest some or all of any distribution to acquire additional Units. If the Responsible Entity suspends the distribution reinvestment option, all subsequent distributions will be paid directly into your bank account until reinvestments recommence.

If you have invested in this Fund through a platform, then all distributions and distribution statements relating to investments made via a platform will be provided to the operator of that service.

3. BENEFITS OF INVESTING IN THE LANYON GLOBAL VALUE FUND

The significant features of the Fund are:

Investment strategy – The Fund will invest in securities of entities listed on foreign exchanges.

Investment objective – The Fund's investment return objective is to earn returns superior to the MSCI All Country World Index net total returns AUD index (**Benchmark**) after taking account of fees and costs incurred by the Fund.

Nature of investment return – It is intended unitholders will be able to access a combination of investment returns, income distributions and capital gains, over the medium to long term.

Distribution reinvestment – Reinvestment is available.

Distribution frequency – At least annually.

The significant benefits of the Fund are:

- your money is managed by a professional investment manager who has skills and experience that may not be possessed by all unitholders;
- access to investment opportunities, markets and diversified portfolio that may not be accessible to all unitholders;
- fund managers can often invest for lower cost than other investors.

The significant features and the significant benefits of the Fund which are set out in this section are a summary only. You should read the whole PDS, RG and TMD before deciding whether to complete the Application Form as it contains important information about this investment.

4. RISKS OF MANAGED INVESTMENT SCHEMES

4.1 General

Before investing, you should consider whether the Fund is suitable for you given your investment objectives. An investment in the Fund should be considered long-term. If you require further information regarding the potential risks of this investment, you should seek appropriate financial advice.

All investments carry risk and there are many factors that can impact on the performance of an investment. You should expect that the values of assets in which the Fund invests, and the level of income derived by the Fund, might fluctuate. Consequently, the value of your investment and the amount of any income entitlement distributed may rise or fall and you may suffer losses.

Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Further, assets with the highest long-term returns may also carry the highest level of short-term risk.

Although it is not possible to identify all the potential risks, the summary below details the significant risks that you should be aware of when investing in the Fund. It does not purport to be a comprehensive statement of all the risks.

It is not possible to protect the value of your investment from all risks. However the Responsible Entity will maintain investment and management processes that are intended to help minimise some of the risks.

4.2 Significant risks of the Fund

The significant risks of investing in the Fund are:

Economic risk – The performance of the Fund can be affected by a range of economic factors including changes in exchange rates, interest rates, inflation, government policy (including monetary and taxation policy and other laws), fluctuations in general market prices for property, shares, bonds and other tradeable investments and the general state of world conditions.

Market risk – Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment, the causes of which may include changes in governments or government policies, political unrest, wars, terrorism, pandemics and natural, nuclear and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased and/or prolonged market volatility.

Security specific investment risk – There is a risk that investments chosen by the Investment Manager will not perform as well as others. Returns on investments may be adversely affected by changes in the underlying strength of cash flows, earnings and balance sheets of the entities in which the Fund invests. Factors which may cause this to happen include changes in company management, competitor behaviour, global events, currency movements and government policy.

Foreign investment risk – Additional risks arise when investing overseas, including but not limited to requirements under the foreign regulatory and legislative regime, differences between such regimes and the regimes in Australia, changes to those regulatory and legislative regimes, changes in foreign exchange control regulations, foreign tax legislation and withholding tax and government policy. Global and country specific macroeconomic factors may impact the Fund's investments. Governments may intervene in markets, industries and companies and may act to prevent or limit the repatriation of foreign capital which may impact the Fund's investments. Additionally, differences in accounting, legal, securities trading and settlement procedures can also impact on the value of the Fund's investments.

Currency risk – Investment in foreign markets involves currency risk. Currency movements relative to the Australian dollar can cause changes in the value of the Fund's investments. A rise in the Australian dollar relative to other currencies may negatively impact investment values and returns. Currency markets can be volatile and are subject to a range of unpredictable factors.

Liquidity risk – Access to your money may be delayed (see Section 2 "How the Fund works" and "Delays"). Overall market liquidity may contribute to the profitability of the Fund and access to your money. Units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker. Unit holders may not be able to redeem their investment promptly where stocks in the portfolio are considered illiquid due to market or economic events. Be aware that a portion of the Fund may consist of unlisted investments that are generally illiquid.

Income risk – The level of income distributed to unitholders in the Fund can fall as well as rise, and the tax status of such income may also change.

Government and taxation policies – Any changes in government and taxation policies may affect the amount of distributions receivable by unitholders, as well as the taxation treatment of those distributions in their hands.

Dependence on key personnel – The Investment Manager, and to a lesser extent the RE and service providers, are dependent on a small number of key personnel. It follows that the loss of key personnel of the RE or the Investment Manager or other key service providers may adversely affect the Fund's performance.

Cyber risk – There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of the Responsible Entity or other service providers.

Potential conflicts of interest – The Investment Manager may be the investment manager of other funds not described in this PDS and entities within the 'Perpetual Group' (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity) may act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts. The Investment Manager and Perpetual Group have implemented policies and procedures to identify, manage and where possible, mitigate or avoid the conflict.

Operational risk – Risks associated with the operation of the Fund may include human error, a systems breakdown, external threats and other factors beyond the Responsible Entity's control.

4.3 Significant risks of investing in managed investment schemes generally

The value of investments will vary. The level of returns will vary, and future returns may differ from past returns. Further, returns are not guaranteed, and unitholders may lose some or all of their money.

Laws affecting registered managed investment schemes may change in the future.

The level of risk for each person will vary depending on a range of factors, including age, investment time frames, where other parts of the unitholder's wealth are invested and the unitholder's risk tolerance.

5. HOW WE INVEST YOUR MONEY

The Investment Manager offers a single investment option and it is not intended that the Fund will offer any other investment options to unitholders. The Fund's investment strategy is to primarily invest in securities of entities listed on foreign stock exchanges. The strategic target asset class allocation is predominantly focused on approximately 30-90% listed securities, with the balance of 10-70% held in cash and cash equivalents. However, this strategic target asset class allocation is a target only and actual asset class allocations may differ from the target.

The Fund aims to provide unitholders with superior long-term returns by investing in predictive, free cash-flow generative businesses that trade at a compelling discount to their intrinsic value. The Fund's investment return objective is to earn returns superior to the MSCI All Country World Index net total returns AUD index (**Benchmark**) after taking account of fees and costs incurred by the Fund. However, there is no guarantee that such outperformance will occur. Further, returns are not guaranteed and a loss of investment may occur.

In general, this investment opportunity is only suitable for types of investors who are primarily seeking a medium to long-term investment with a significant exposure to foreign listed securities and the potential for high returns, and who are prepared to hold the investment for at least 3 to 5 years due to the risk and volatility associated with listed equities investment in general. The minimum suggested investment timeframe is therefore at least 3 years.

This Fund is considered a high risk investment.

The Responsible Entity has the right to terminate the Fund, or change the Fund's investment return objective (including without limitation the strategic asset class allocations and the investment strategy) without providing prior notice to investors in some cases. The Responsible Entity will inform investors of any material changes to the Fund in accordance with the law.

The Fund makes its investments on the recommendation of the Investment Manager. The Investment Manager is responsible for the identification and assessment of securities that it believes (individually or in combination with other investments of the Fund) are suitable for meeting the requirements of the Fund's investment strategy. The Investment Manager is then responsible for the ongoing monitoring and assessment of the performance of each investment in the portfolio.

Warning: When choosing whether to invest in the Fund, you should consider the likely investment return, the risk, and your investment timeframe.

While the Fund intends to conduct itself in an ethical and sound manner, the Responsible Entity and Investment Manager do not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising an investment of the Fund.

6. FEES AND COSTS

6.1 Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out section 7 of this PDS.

You should read all information about fees and costs because it is important to understand their impact on your investment. If you are investing via a platform, any additional fees that you may be charged by your platform operator for investing in the Fund via the platform should be set-out in the platform's offer document.

The information in the fees and costs summary can be used to compare costs between different simple managed investment schemes.

All the fees and costs shown in this section include stamp duty and GST less any reduced input tax credits (RITC) unless otherwise stated.

Did you know?

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

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

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

You may be able to negotiate to pay lower fees. Ask the Fund or your financial advisor.

To find out more

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

The managed funds fee calculator on the ASIC website (www.moneysmart.gov.au) can also be used to calculate the effect of fees and costs on account balances.

Fees and Costs summary

Lanyon Global Value Fund		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment ¹	1.22% p.a.	The Fund's management fee ² is 0.97% p.a. and is calculated on the Fund's net asset value, accrued weekly and deducted from the Fund's assets within 14 days of the end of each month and is reflected in the unit price. The Fund's management fees and costs include indirect costs of 0.25% p.a. which are paid when they arise and are deducted from the assets of the Fund.
Performance fees³ Amounts deducted from your investment in relation to the performance of the product	0.08% p.a.	The performance fee is 20% (ex GST) or 20.5% (inc GST less RITC) of the Fund's outperformance of the Benchmark. Where a performance fee is charged in respect of the Fund, it is calculated and accrued weekly and deducted from the assets of the Fund within 14 days of the end of each six month period.
Transaction Costs The costs incurred by the scheme when buying or selling assets	0.55% p.a.	Transaction costs are paid as and when they are incurred by the Fund by a deduction from the assets of the Fund and are reflected in the unit price. Transaction costs are net of any buy-sell spread.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)²		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Buy spread: 0.25% (ex GST) Sell spread: 0.25% (ex GST)	The buy spread applies to each application in the Fund and is reflected in the Fund's Application Price upon application. The sell spread applies to each withdrawal and is reflected in the Fund's Redemption Price upon withdrawal.

Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

All fees are shown as a % of net asset value of the Fund (except accrued fees)

1. This fee does not include an amount payable to an advisor. See "Advisor remuneration and commissions" under the heading.
2. The amount of this fee can be negotiated. See "Differential arrangements" under the heading "Additional explanation of fees and costs" for more information.
3. The performance fee disclosed in the "Fees and Costs summary" table in section 6.1 above is calculated based on an average of the previous five financial years of the Fund. The fact that a performance fee was paid however, is not a representation of likely future performance.

Warning: Additional fees may be paid to a financial advisor if a financial advisor is consulted. Please refer to the Statement of Advice in which details of the fees are set out.

Additional explanation of fees and costs

Example of annual fees and costs for this Fund

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

EXAMPLE: Lanyon Global Value Fund		
Balance of \$50,000 with a contribution of \$5,000 during year		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Fees and Costs	1.22% p.a.	And , for every \$50,000 you have in the Lanyon Australian Value Fund, you will be charged or have deducted from your investment \$610.00 each year.
PLUS Performance Fees	0.08% p.a.	And , you will be charged or have deducted from your investment \$40.00 in performance fees each year.
PLUS Transaction Costs	0.55% p.a.	And , you will be charged or have deducted from your investment \$275.00 in transaction costs.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$925.00* What it costs you will depend on the fees you negotiate.

**Additional fees may apply. The actual amount the Fund will be charged will also depend on the timing of additional investments. This example assumes that the additional contribution of \$5,000 is invested at the end of the year and the fees are calculated based on \$50,000. This example does not include additional fees that may be charged by your platform operator for investing in the Fund.*

6.2 Management fees and costs

Management fees and costs are incurred in managing the investments of the Fund, comprising the investment management fee paid to the Investment Manager, fees payable to the Responsible Entity, Administrator, Custodian, sub-Custodian, Auditor and other service providers, administration and other expenses and indirect costs. Indirect costs are any amounts that directly or indirectly reduce the returns on the Units that is paid from, or reduce the amount of value of, the income or assets of the Fund (including an underlying investment of the Fund). The Fund's management fees and costs are based on the actual costs of the past financial year. These costs, charges, expenses and outgoings that are incurred in the proper performance of its duties can be recovered by the Responsible Entity from the assets of the Fund. The Responsible Entity pays the fees of the Administrator, Custodian, any sub-custodian, auditor and other service providers out of the funds it receives from the management fee, retains its fee and then pays the balance to the Investment Manager. As these fees and costs are recovered from the Fund, they are not directly deducted from your investment.

6.3 Performance fee

A performance fee is an amount paid or payable, calculated by reference to the performance of the Fund and is reflected in the unit price. The performance fee is 20% (exclusive of GST) or 20.5% (inclusive of GST less RITC) of the Fund's outperformance of the Benchmark. The performance fee is calculated and accrued weekly and is deducted from the Fund within 14 days of the end of each six month period. The performance fee is subject to a "high water mark" whereby such fee will only be payable when the value of unitholders' holdings (including any distributions) exceeds the previous highest month-end level (after any distributions). The performance fee disclosed in the "Fees and Costs Summary" table in section 6.1 above is calculated based on an average of the previous five financial years of the Fund. The fact that a performance fee was paid however, is not a representation of likely future performance.

6.4 Transactional costs

Transaction costs are incurred when acquiring and disposing of certain Fund assets. These costs may include brokerage, buy-sell spreads, settlement costs, clearing costs and stamp duty. All transaction costs of the Fund which are incurred by the Responsible Entity in the proper performance of its duties will be recovered from the Fund after they are incurred. Transaction costs are estimated to be 0.30% of the net asset value of the Fund. Transaction costs are offset to some degree from benefits that the Fund receives by charging a buy/sell spread.

A buy/sell spread of 0.25% (ex GST) applies to the Fund. For example, if you invested \$50,000 in the Fund, the cost of the buy/sell spread would be \$125. The buy/sell spread is designed to fairly allocate costs associated with the Fund buying and selling assets as a result of investors buying and selling Units in the Fund. The buy/sell spread is charged to investors via a deduction from the value of the Units that investors buy or sell and is an additional cost to those investors. It is retained by the Fund and is not a fee payable to the Responsible Entity.

The Responsible Entity estimates that the buy/sell spread will account for most of the transaction costs of the Fund. Where the transaction costs exceed the amount recovered through the buy/sell spread, the excess amount will be borne by the Fund. Conversely, where the amount recovered through the buy/sell spread exceeds the transaction costs, the excess amount will be retained by the Fund.

6.5 Advisor remuneration and commissions

The Responsible Entity does not currently pay any adviser remuneration or commissions to those who are engaged to promote the Fund. However, the Responsible Entity reserves the right to negotiate such amounts on a case-by-case basis and only with those who are authorised to operate under an Australian financial services licence or are otherwise permitted by law to receive such payments.

6.6 Differential fee arrangements

From time to time, the Responsible Entity may consider making arrangements with certain wholesale clients (as defined in the Corporations Act) on an individual case-by-case basis or with platform operators, in relation to the charging, rebating or waiving of management fees in circumstances permitted by the Corporations Act or where applicable relief has been granted by ASIC. Any such arrangement will be entered into in accordance with the requirements of the Corporations Act, ASIC class orders and ASIC instruments. The Responsible Entity does not negotiate fees with retail investors or individual platform investors. Any differential fee arrangements will not adversely affect the fees paid or to be paid by any Unitholder of the Fund who is not entitled to the benefit of those fee arrangements. Requests to negotiate fees must be put in writing to the Responsible Entity and sent to the Administrator.

6.7 Fee changes and waivers

While the Constitution provides the discretion of the Responsible Entity to charge fees up to a maximum defined threshold that may differ from the fees stated in this PDS, it is not currently intended to do so. Although the Responsible Entity has the right to change the amount of fees at any time without the investor's consent, the Responsible Entity intends to communicate any changes to you or your platform operator (as applicable) in writing at least 30 days prior to any proposed change. This would allow enough time for you or your platform operator (as applicable) to withdraw if you or they wish. Furthermore, although not intended, the Responsible Entity and/or the Investment Manager may elect to waive or defer the payment of fees. Any deferred fees are payable on the removal of the Responsible Entity or Investment Manager as appropriate.

6.8 Tax

For information about tax, please see section 7 "How managed investment schemes are taxed" in this PDS and section 1 "Additional Information" in the Reference Guide.

6.9 More information

If you would like to find out more, see ASIC's website (www.moneysmart.gov.au).

7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

Warning: Investing in a registered managed investment scheme is likely to have tax consequences. Persons are strongly advised to seek professional tax advice.

7.1 Tax position of the Fund

Based on Australian taxation laws at the date of this PDS, no Australian tax will be payable by the Fund provided that the Responsible Entity distributes all distributable income of the relevant Fund to unitholders in full for each year of income. It is the Responsible Entity's intention to make such distributions. Registered managed investment schemes do not pay tax on behalf of unitholders.

7.2 Tax on income

Fund distributions should generally be included as part of an unitholder's assessable income in the year in which the entitlement arises. This assessable income includes income and capital gains that a unitholder is entitled to but has not yet received. Unitholders are assessed for tax on any income and capital gains generated by the Fund. As the Fund will invest in securities issued by companies listed or to be listed on foreign securities exchanges, generally any dividends paid by these companies will not generate franking credits. However, as the taxation treatment of distributions depends on each unitholder's individual circumstances, they should consult their taxation advisor. You should note that the price of a Unit will fall by the amount of any distribution (per Unit) immediately after the distribution is made. Accordingly, where you invest just prior to a distribution date, then that distribution effectively represents a return of your investment. Depending on your particular circumstances, this may have certain tax implications and we recommend that you consult your taxation advisor.

7.3 AMIT

Perpetual has made an election for the Fund to operate as an Attribution Managed Investment Trust (**AMIT**). An AMIT, in broad terms, is a managed investment trust (**MIT**) whose unitholders have clearly defined interests in relation to the income and capital of the trust and the trustee or responsible entity of the MIT has made an irrevocable election to apply the regime.

The AMIT rules contain several provisions that will impact on the taxation treatment of the Fund. The key features include:

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

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

8. HOW TO APPLY

8.1 How to invest in the Fund

If you wish to apply, you must do so using the Application Form accompanying this PDS. The Application Price is calculated weekly. The weekly cut off for application documentation and associated cleared funds is 2.30pm (AET) on a Friday. You can make an investment in the Fund by completing the Application Form, providing it to the Administrator and paying for the Units applied for. Payment method can be by cheque or electronic funds transfer in accordance with the instructions in the Application Form. Where correctly completed Application Forms and deposits are received and accepted by the Administrator before 2.30pm (AET) on a Friday, you will start earning distribution returns from that day. Where received and accepted by the Administrator after 2.30pm (AET) on a Friday, you may not start earning distribution returns until the next week.

Notwithstanding the above, your application may be accepted or rejected in part or in full at the absolute discretion of the Responsible Entity. If you are investing through a platform, you should refer to your platform operator for information about the treatment of your investment.

8.2 How to add to an existing investment

In order to add to an existing investment in the Fund, please complete the Additional Application Form, send your completed Application Form to the Administrator and pay for the units applied for by way of cheque or electronic funds transfer in accordance with the instructions in the Application Form. The weekly cut off for application documentation and associated cleared funds explained in section 8.1 above (2.30pm (AET) on a Friday) applies to additional investments.

8.3 Cooling off

Subject to the Corporations Act and Corporations Regulations, retail investors have the right to return their Units in the Fund to the Responsible Entity and to have their investment repaid. However, this right does not apply in certain circumstances, such as where the Units acquired were offered or issued under distribution reinvestment plans, acquired as additional contributions and where the Units were issued at the time when the Fund is not liquid. If after investing in the Fund you change your mind and wish to exercise your cooling-off right, you may notify the Responsible Entity in writing or electronically and request that your investment be repaid. The right to cool off can only be exercised during the period of 14 days from the earlier of the time when you receive written confirmation of your investment from the Responsible Entity, and the end of the fifth business day after the day on which the Units were issued to you.

The amount that is repaid to you will be adjusted to take into account any reasonable transaction and administration costs (other than commissions), any increase or decrease in the price of Units in the Fund and any tax or duty paid or payable by the Responsible Entity because of the issue of Units which cannot be refunded or released as a result of the exercise of the right to return the Units. If a distribution has occurred between acceptance of your application by the Responsible Entity and receipt of your notification to cool off during the cooling-off period, there may be taxation implications for you. We suggest that you seek professional tax advice in these circumstances. Your right to cool off does not apply if you exercise any rights as a unitholder, you are a wholesale client (as defined in the Corporations Act) or you invest in the Fund via a platform.

If you wish to have your investment repaid during the cooling off period, please contact the Administrator in writing or electronically.

8.4 Enquiries and complaints

The Responsible Entity has established procedures for dealing with complaints. If an investor has a complaint, they can contact the Responsible Entity and/or the Investment Manager during business hours using the contact details provided in the PDS. We will endeavour to resolve your complaint fairly and as quickly as we can. We will respond to your complaint within the maximum response timeframe of 30 days. If we are unable to respond within the maximum response time because we have not had a reasonable opportunity to do so, we will write to you to let you know of the delay.

All investors (regardless of whether you hold Units in the Fund directly or hold Units indirectly via a platform) can access the Responsible Entity's complaints procedures outlined above. However, if you are investing via a platform and your complaint concerns the operation of the platform, then you should contact the platform operator directly. If an investor is not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in responding by the maximum response time, the Australian Financial Complaints Authority (AFCA) may be able to assist. AFCA operates the external complaints resolution scheme of which the Responsible Entity is a member. If you seek assistance from AFCA, their services are provided at no cost to you.

You can contact AFCA on 1800 931 678, or by writing to:
Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Email: info@afca.org.au
Website: www.afca.org.au

9. OTHER INFORMATION

9.1 Continuous disclosure and interim reports

If 100 or more unitholders hold Units, the Fund will be a disclosing entity under the Corporations Act. As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations which require lodgement of annual and half yearly reports and continuous disclosure notices. All of this information may be obtained from, or inspected at, an ASIC office.

If applicable, you may also obtain from the Responsible Entity, free of charge, copies of the most recent annual financial report lodged with ASIC, any half yearly financial report lodged with ASIC after the lodgement of the annual financial report and before the date of the PDS, any continuous disclosure notices lodged with ASIC after the lodgement of the annual financial report and before the date of the PDS.

Any continuous disclosure obligations we have will be met by following ASIC's good practice guidance via website notices rather than lodging copies of these notices with ASIC. Accordingly should Perpetual, as responsible entity of the Fund, become aware of material information that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable on the Fund's website.

9.2 Consents and declaration of interest

Lanyon Asset Management Pty Ltd, William Buck Managed Funds Administration (SA) Pty Ltd and Citigroup Pty Ltd have given their consent to be named as the Investment Manager, Administrator and external custodian respectively in this PDS and to the statements in this PDS concerning their respective roles and activities, in each case in the form and context in which it is included or named, and have not withdrawn this consent before the date of this PDS. Please refer to the RG for Privacy, AML/FATCA and Common Reporting Standard.