



# SIML Global ETF Fund

## INFORMATION MEMORANDUM



Issued by:

**Specialist Investment  
Management Pty Limited**

ABN 55 148 920 138

AFSL 429718

16 December 2016

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# SIML Global ETF Fund

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## IMPORTANT NOTICE

This Information Memorandum is issued by Specialist Investment Management Pty Limited ABN 55 148 920 138 AFSL 429718 (Manager), inviting wholesale clients to apply for Units in the SIML Global ETF Fund (Fund). The trustee of the Fund is Specialist Nominees Pty Limited ABN 15 148 920 790, C.A.R. No. 001250418 (Trustee).

This offer may only be accepted by wholesale clients as defined for the Corporations Act.

### The Information Memorandum:

- is not a product disclosure statement under the Corporations Act, and has been prepared for use only by wholesale clients;
- is not required to be, and has not been, lodged with the ASIC under the Corporations Act; and
- may be updated or supplemented by the Manager at any time and without prior notice.

No person is authorised to give any information or to make any representation in connection with the offer of Units described in this Information Memorandum unless that information, or information on which the representation is based, is contained in this Information Memorandum. Any information or representation not so contained may not be relied on as having been authorised by the Manager in connection with this offer.

This Information Memorandum does not constitute an offer of Units in any jurisdiction where, or to any persons to whom, it would be unlawful to make the offer contained in this Information Memorandum. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to their application. The return of a duly completed Application Form will be taken to constitute a representation for the Manager and the Trustee to rely on that there has been no breach of such laws and that all necessary approvals and consents have been obtained by the Application.

Neither the Manager nor the Trustee gives any representation, opinion, assurance or guarantee with respect to the future success of the Fund, the repayment of capital, the return of any investment or the performance of the Fund generally. As with any investment in such funds, there are inherent risks, including the risk that the investment may result in a reduction in, or a total loss of your initial investment, loss of income and returns that are less than expected or delays in any repayment of your capital.

This Information Memorandum does not take into account the investment objectives, financial situation and particular needs of each potential investor. Accordingly, before you invest you should read this Information Memorandum in full. The Manager also recommends before making a decision to invest in the Fund you consult your financial adviser or other professional adviser.

The information contained in this Information Memorandum is considered to be general information only. It is not intended to constitute or to be construed as personal investment advice to you, as to the making of any investment or to be relied upon by you in relation to your own investments. We accept no liability of whatever kind arising from your decision in relation to such investments except to the extent directly arising from statements in this Information Memorandum.

The information in this Information Memorandum is up to date at the time of preparation. The Manager may amend or withdraw this Information Memorandum at any time and may issue a new or amended Information Memorandum from time to time.

There are a number of defined terms used throughout the Information Memorandum. These terms are defined in the Glossary which appears in Section 10 of the Information Memorandum.

All dollar amounts in this Information Memorandum are in USD (unless stated otherwise).

## CONTACT INFORMATION

If additional copies of this Information Memorandum are required or further information is sought, please direct enquiries to:

### Mr Peter Kennedy

Specialist Investment Management Pty Limited

**Email:** peter.kennedy@kenpartners.com.au

**Phone:** +61 (02) 9251 0026

## 1 KEY FEATURES OF THE FUND

<b>Fund Name</b>	SIML Global ETF Fund
<b>Offer</b>	Eligible investors are invited to apply to subscribe for new Units in the Fund.
<b>Offer Price</b>	The Unit Price current for the time at which the Application Form is accepted.
<b>Eligible Investors</b>	Wholesale clients as defined for the Corporations Act.
<b>Profile</b>	The Fund is an open-ended unit trust domiciled in Australia that will invest in a range of Exchange Traded Funds listed in the US. The Unit Price will be denominated in US dollars (USD).
<b>Investment objective</b>	The aim of the Fund is to provide investors with USD-denominated, superior risk adjusted returns measured both on an absolute basis and compared with the S&P 500 Index.
<b>Investment strategy</b>	The Fund uses the Adaptive Asset Allocation™ process, a momentum investment strategy, as described in Section 3.
<b>Investment universe</b>	All US listed ETFs with a market capitalisation in excess of USD400 million.
<b>Use of leverage</b>	The Fund may gear its investments to an intended maximum of 1.5x (i.e., \$5 of loan for every \$10 of invested capital.) It is expected that the leverage will generally be around 1.3x.
<b>Minimum initial investment<sup>1</sup></b>	USD50,000
<b>Fees, charges and costs</b>	Performance fees are waived up to 30 June 2017.
<b>Management Fee: 1.00 % (excluding GST) per annum initially accruing and paid Quarterly in arrears.</b>	<p><b>Performance fees are waived up to 30 June 2017.</b></p> <p>Management Fee: 1.00 % (excluding GST) per annum initially accruing and paid Quarterly in arrears.</p> <p>Performance Fee: 15% p.a. of all returns over the high water mark, initially accruing and paid Quarterly in arrears.</p> <p>The Fund has no entry or exit fees or buy / sell spread.</p> <p>For more information on fees and expenses, see Section 5.</p>
<b>Distributions</b>	<p>Distributions will be made annually at 30th June each year and will be automatically reinvested.</p> <p>Interim distributions may be made.</p>
<b>Term</b>	The Fund has no minimum or fixed investment term.
<b>Unit Pricing</b>	Unit Prices will be calculated Quarterly. Indicative prices will be available Monthly.
<b>Application and redemptions</b>	Applications and redemptions may be made on a Quarterly basis.
<b>Auditor</b>	William Buck. 66 Goulburn Street, Sydney NSW 2000
<b>Broker and sub-custodian<sup>2</sup></b>	Interactive Brokers LLC. <a href="http://www.interactivebrokers.com">www.interactivebrokers.com</a>

1. The Manager and the Trustee may, at their discretion, alter the minimum investment amounts.

2. Alternative or additional brokers and sub-custodians may be appointed at the discretion of the Trustee.

## 2 INVESTMENT SUMMARY

### 2.1 Summary

This summary sets out some of the key information you can find in this Information Memorandum. It is not a complete description of the features and risks. Before investing you should read the whole document and seek any professional advice you require.

### 2.2 Invitation

You are invited to apply for Units in the Fund. Please use the Application Form accompanying this Tax Information Memorandum.

Further information on applications appears later in this Information Memorandum.

### 2.3 Fund

The Fund is an unregistered managed investment scheme. It is governed by a Constitution adopted on 7 December 2016.

The Constitution in conjunction with the Corporations Act 2001 and other laws govern the management and operations of the Fund and the relationships among the Manager, the Trustee and the investors in the Fund. The Constitution can be inspected at the office of the Manager (see contact details on page 2) during normal business hours.

### 2.4 Investment objective and investment strategy

The objective of the Fund is to generate USD-denominated, superior risk adjusted returns from a portfolio of exchange traded funds (ETFs) listed in the US.

The investment strategy for achieving the objective uses the Adaptive Asset Allocation™ process, described in Section 3.

### 2.5 Investment universe

The investment universe comprises all ETFs listed for trading on US exchanges that have a market capitalisation in excess of USD400 million.

### 2.6 Fund Expenses

The Trustee will reimburse the Manager from the Fund for the cost of establishing the Fund including legal, auditor and accounting fees.

The Manager will be responsible for all other expenses reasonably incurred in connection with the Fund including accounting, tax, administration, audit, reporting and marketing.

Recovery of significant establishment expenses will be amortised equally over the period to 30 June 2017.

### 2.7 Redemption

The Fund is intended to be a relatively liquid investment. Redemption will be offered on a Quarterly basis. A notice of redemption received prior to the 15th day of the last month of the Quarter will be redeemed with effect on the last Business Day of the Quarter.

Redemptions may be suspended or deferred in the unlikely event of material illiquidity of the underlying investments. Since these are ETFs listed for trading on US exchanges, this is considered to be very unlikely.

## 2.8 Distributions

Distributions will be made at least annually as at or before 30 June with interim distribution possible if there is sufficient distributable income to justify that.

The annual tax summary will detail distributions as at the end of each financial year.

Until further notice, distributions will be automatically reinvested in additional Units at the Unit Price applicable at the distribution calculation date. The subscription moneys arising from the reinvestment will be invested in the underlying investments.

## 2.9 Fees

The description of fees is outlined in Section 6 of this Information Memorandum.

## 2.10 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by investors on the acquisition or redemption of Units in the Fund.

## 2.11 Limited Recommendation

This Information Memorandum contains important information about this investment opportunity. You should read this Information Memorandum in its entirety prior to deciding to invest in the Fund. You should also consider seeking financial advice on investing in the Fund.

The Trustee and the Manager have not and will not provide any personal advice to you on whether you should invest in the Fund.

# 3 INVESTMENT STRATEGY

## 3.1 Adaptive Asset Allocation™ process

The Fund will invest in exchange traded funds (ETFs) listed for trading on US exchanges selected by the Manager using a systematic algorithmic approach, referred to as the Adaptive Asset Allocation™ process. This approach rotates investment holdings into a selection of the strongest performing global assets or the most defensive assets in any given market condition. This process of continuous asset performance and selection allows the Fund's investment holdings to adapt to changing markets and risk environments.

The Adaptive Asset Allocation™ process also provides a strong framework for risk management, mainly by requiring regular re-assessment of existing holdings as against other holdings and potential new investments.

Analysis of this strategy shows outperformance against the benchmark of the S&P 500 since 2003 with significantly less volatility and markedly lower equity drawdowns. When back-tested throughout the period of the global financial crisis 2007–2009, the application of the Adaptive Asset Allocation™ strategy simulated for the Fund was profitable. Of course, back testing and any past performance is no assurance of actual future performance of the Fund, since market conditions can change, assumptions may be wrong and there are differences between direct trading and investing via a managed fund (e.g., different costs), but back testing under those conditions remains valid and highly relevant and is a significant indicator that should be taken into account.

In most market conditions, there are typically assets that perform well, whether that is a strong market rally in the US or an industry segment in that market, a gold rally, interest rate trends, alternative assets, emerging markets, bonds or even cash. The Fund through its disciplined Adaptive Asset Allocation™ process will typically be invested in a basket of ETFs that are performing the strongest in the short to mid-term and thus capturing mid-term momentum effects whilst factoring in asset volatility and absolute asset performance. Momentum is a core element in the Fund's Adaptive Asset Allocation™ process.



## 3.2 Momentum

The momentum effect in asset class performance across asset classes has been well researched and documented over many years (Jegadeesh and Titman (1993), Asness (1994), Moskowitz and Pederson (2012)). The tendency of assets that have done well over a 6-12 month period to continue to perform has been referred to as one of the strongest and most pervasive phenomena in financial markets (Antonacci (2012)). Indeed momentum has been described as "... the premier market anomaly" by academics (Fama and French (2008)).

Momentum has been shown to work both on a relative basis, that is, in which an asset's performance relative to other assets predicts its future relative performance, and also on an absolute basis, that is, an asset's own past performance measured against its own past performance as an indicator of future performance (Moskowitz, Ooi and Pederson (2012)). Absolute momentum has been shown to be as relevant across multiple asset classes going back to the turn of the 20th Century (Hurst, Ooi and Pedersen (2012)).

The combination of these principles and other factors such as volatility, asset diversification and risk management are incorporated into the Fund's Adaptive Asset Allocation™ strategy which uses ETFs to provide exposure to a wide range of global assets.

## 3.3 ETFs

US listed ETFs provide access to an extensive array of global assets. ETFs can provide investment exposure to a wide range of asset classes, countries, regions, commodities, bonds, FX, inverse market exposure and alternate assets. There were 1577 US listed ETFs with assets under management of USD2.878 trillion as at end 2015.

The investment strategy for the Fund selects ETFs from a universe of those with a market capitalisation in excess of USD400million and demonstrating strong daily market liquidity.

## 3.4 Investment selection process

Investment selection for the Fund is made from a universe of over 50 ETFs which are divided initially into four baskets or categories. The number and composition of baskets may be changed in the future at the discretion of the Manager.

The four initial ETF baskets provide portfolio diversification and in combination exhibit a less than 0.50 correlation with the S&P 500 index in a back-test of the Adaptive Asset Allocation™ process between February 2003 and July 2016.

The four initial EFT baskets are:

1. Bond Income - Fixed income ETFs including US Government bonds of varying maturities, muni bonds, and international and emerging market bonds.
3. Global Macro - ETFs include assets such as total US stock market, gold, long term US Treasury bonds, total US bond market, commodities, convertible bonds, global equities ex-US, high yield and emerging markets.
4. US Industry sectors - these include 19 US industry groups (rather than major broad equity sectors).
5. Global Equity Regions - a total of 9 broad regions - US, Asia ex-Japan, Pacific ex-Japan, Japan, Europe, frontier markets, Latin America, India and China.

A strictly algorithmic approach is taken to the ETF performance evaluation and investment selection. First, absolute relative strength is evaluated – only ETFs in each basket that have outperformed the US cash rate or against their 6 month moving average are considered for selection. If none of the ETFs exceed the thresholds assigned to each basket then the investment selection will revert to cash. A cash investment is made through purchase of the US listed short term 2 year US treasury bonds ETF (SHY).

Of the remaining selected ETFs, the top performing ETF from each of the four baskets is selected for investment based on a calculation of performance over multiple timeframes and volatility factors. The timeframe is typically a weighted period of two time periods varying from 2 to 6 months. In addition, the volatility of each ETF over a time period is evaluated. High performance of an ETF is positive and high volatility is negative in the relative ranking process of the universe of each ETF basket.

Other than at rare times of extreme market stress where the Fund may be defensively positioned in cash, the Fund will typically hold four ETFs, one from each basket. The four baskets are equally weighted with 25% in each basket.

The investment selection is reviewed. Assets are adjusted if required and rebalanced twice monthly or monthly (basket reset timing varies). The ETF which ranks the highest in each basket continues to be held until they no longer hold that ranking, and they are replaced by the new top performer. Thus the assets being held are the highest performers against the selection criteria.

### 3.5 Past Performance

Since the Fund is new, there is no past performance to report.

## 4 DETAILS OF THE FUND

Further details are provided in this Section in a question and answer format.

### 4.1 What is the objective of the Fund?

The objective of the Fund is to generate high risk adjusted returns on invested moneys, denominated in USD. The returns will generally be income in nature and all distributions will be reinvested in the Fund until further notice.

### 4.2 What are the significant benefits of investing in the Fund?

The main benefits include (but are not limited to):

- The investment is denominated in USD which may give a diversification benefit to Australian investors.
- The distributions will be denominated in USD which may give a diversification benefit to Australian investors.
- The Fund's universe of potential investments is a wide range of ETFs giving access to a very broad set of investment opportunities.
- The Fund's universe of potential investments comprises highly liquid securities, which means that the Fund's investment assets may be liquidated at relatively short notice for redemptions.
- The aim of the Fund is to generate higher returns on a risk adjusted basis, denominated in USD.

### 4.3 What are some of the significant risks of investing in the Fund?

The main risks include (but not limited to):

- The Adaptive Asset Allocation™ process might not perform as expected, adversely affecting your return on investment in the Fund.
- The assets of the Fund are held in USD, the Units are denominated in USD and distributions and redemption proceeds will be paid in USD (and not converted to AUD or other currencies), which may create an exchange rate risk for investors benchmarking their performance in a currency other than USD.

### 4.4 Who will manage the Fund?

The Trustee has appointed Specialist Investment Management Pty Limited ABN 55 148 920 138, AFSL 411324 to manage the Fund.

### 4.5 What asset classes will the Fund invest in?

The Fund's universe of potential investments is a broad range of US exchange-traded ETFs having a market capitalisation in excess of USD400 million.

Cash-equivalent holdings may also be held in a bank account or other deposit or term product (Liquidity Balance) to manage subscriptions, redemptions and expenses.



## 4.6 How are the Fund's assets held?

SIML is the asset holder responsible to Unit Holders. SIML is authorised by its AFSL to provide custodial and depository services. SIML may provide those services by its authorised representative. SIML arranges this by appointing the Trustee its authorised representative and the terms of the custodial service to Unit Holders are constituted by the Constitution. While Specialist Nominees is obliged by the Constitution as to the terms of the service (and other terms set out in the Constitution), SIML is a party to the Constitution with rights, obligations and powers to ensure that Specialist Nominees complies with the terms of the Constitution and SIML remains responsible to Unit Holders for the custodial services.

Trustee in turn has appointed Interactive Brokers LLC as the Fund's broker and sub-custodian for the Fund. This appointment means an entity in the Interactive Brokers group of companies will hold all assets of the Fund (other than the Liquidity Balance), provide leverage when required and execute exchange transactions on behalf of the Trustee for the Fund (see Section 4.7).

While the use of Specialist Nominees as the Trustee is considered to have commercial, risk and cost benefits for Unit Holders, SIML may at any time without notice replace Specialist Nominees as the Trustee including by SIML becoming the Trustee.

## 4.7 Who are the Fund's brokers and sub-custodian?

Interactive Brokers LLC and its affiliates (Interactive Brokers) are used as the Fund's broker and sub-custodian. An entity in the Interactive Brokers group of companies will hold all assets of the Fund (other than the Liquidity Balance), provide leverage when required and execute exchange transactions on behalf of the Trustee for the Fund.

Interactive Brokers Group, Inc. was founded by its Chairman and CEO Thomas Peterffy. Over the last 38 years, it has grown internally to become one of the premier securities firms with over USD5 billion in equity capital.

Interactive Brokers states publicly that it conducts its broker/dealer and proprietary trading businesses in over 100 market destinations worldwide. In its broker dealer agency business, IB provides direct access ("on line") trade execution and clearing services to institutional and professional traders for a wide variety of electronically traded products including stocks, options, futures, forex, bonds, CFDs and funds worldwide. Interactive Brokers Group and its affiliates reportedly execute nearly 1,000,000 trades per day.

Alternative or additional brokers and sub-custodians may be appointed at any time.

## 4.8 How is the Unit Price calculated?

Unit Prices will be valued (in USD) in accordance with the Fund's Constitution. In summary, this will be based on the value of the Fund's investments and other property of the Fund less liabilities (including provisions), divided by the number of Units on issue.

The reported market prices of the ETFs provide the valuation of the investments in the ordinary situation. The Trustee retains the discretion to adopt different valuation methodologies in case the market prices are not independently available.

## 4.9 Is there a cooling off period?

There is no cooling off period for your investments in the Fund. Once invested, you may only withdraw by redeeming your Units in accordance with the Constitution, as summarised in this document.

If you wish to redeem your Units, the redemption proceeds will be the Unit Price for them at the time of redemption.

#### **4.10 What are the Unit Holders' rights?**

The rights are set out in the Constitution and are also governed by law.

In brief, each Unit in the Fund confers an equal and undivided beneficial interest in the Fund property as a whole, according to the respective proportion of each Unit Holder. A Unit does not confer an interest in any part of the Fund's property and does not entitle the Unit Holder to require the Trustee to transfer any part of the Fund's property to the Unit Holder. Units rank equally with all units already issued.

A Unit Holder has the following rights, in brief:

- (i) to receive distributions of income and capital from the Fund;
- (ii) to attend and to vote at meetings;
- (iii) to participate in the winding up of the Fund;
- (iv) to receive acknowledgment of Units held;
- (v) to receive accounts of the Fund; and
- (vi) to inspect the Constitution.

The above brief summary does not create, limit or change rights. Please see the Constitution and consult your professional adviser.

#### **4.11 Are Unit Holders liable to any third parties?**

On the basis of the current law, Unit Holders are not expected to be liable to any third parties by reason of holding Units.

#### **4.12 What are the profit and loss forecasts for the Fund?**

Since the Fund is new, no history is available. The Trustee and Manager will not provide any forecasts for the performance of the Fund.

#### **4.13 What tax aspects arise from investing in the Fund?**

Generally, all income and realised capital gains will be distributed to Unit Holders as at the end of the financial year for the Fund.

Following the end of each financial year the Manager will arrange for the Trustee to provide audited financial statements for the Fund. The Manager will arrange for the statements and an individual holding statement containing information that should assist Unit Holders to complete their annual tax returns.

Tax on your Units in the Fund, including any withholding tax on distributions, is the responsibility of the Unit Holder. Distributions will not be grossed up for any tax mandatorily withheld before payment to the Unit Holder. See Section 7 of this information Memorandum.

#### **4.14 What fees and expenses will be charged?**

The description of fees is outlined in Section 6 of this Information Memorandum.

#### **4.15 How do I apply for Units?**

Subscription for Units can only be made by completing and lodging the Application Form which accompanies this Information Memorandum and paying the Application Moneys.

All Applications must be delivered or mailed as set out in the Application Form (see its checklist).

Application Moneys should be paid by directly depositing the funds to the bank account with details as set out in Section 8 of the Application Form.

Lodgement of an application constitutes an irrevocable offer to acquire Units in accordance with this Information Memorandum and the Constitution.

Application Moneys are payable in full on submission of a completed Application Form.

Application Moneys paid into the account other than in USD will be converted at that time by the account provider at their prevailing rate.

All Application Moneys will be held (in USD) in the client moneys trust account until withdrawn following acceptance or rejection of the Application. If the Application is accepted, the moneys will be withdrawn to be paid as directed by the Manager for investment for the Fund.

Interest accrued on Application Moneys while in the client moneys trust account will not be earned by the applicant but instead will accrue to the Trustee. If an Application is declined, the Application Moneys will be refunded to the Applicant without interest.

If the number of Units allotted is fewer than the number of Units applied for, the surplus Application Money will be returned to the Applicant within five (5) Business Days of the allotment date.

Unit holding statements confirming allotments are generally despatched within seven days of allotment.

#### **4.16 What is the term of the Fund?**

The Fund will have a life of 80 years unless terminated earlier.

#### **4.17 How do I withdraw from the Fund?**

You can withdraw your investment in the Fund by redeeming your Units. Redemptions can be made on a Quarterly basis until further notice.

#### **4.18 How liquid is the investment?**

This investment is expected to be highly liquid due to the investment assets of the Fund being ETFs on US exchanges. This supports the capacity for regularly available redemptions. Although redemption of Units may be suspended or may be required by the Trustee, this is unlikely to occur in the ordinary course of the Fund's operations.

While registration of transfers of Units may be refused by the Trustee, the Trustee currently has no policy for refusing transfers other than to the extent appropriate to comply with regulatory requirements, such as AML/CTF obligations and policies.

#### **4.19 What happens to my investment money?**

Moneys paid by investors to acquire Units will be held in the client moneys trust account until the money is either refunded to the unsuccessful applicant or, to the extent the applicant is successful, it is withdrawn as payment for the Units and then applied to the investments made for the Trustee. The Trustee will pay the withdrawn moneys to Interactive Brokers for subsequent investment. Any surplus will be retained there for use in managing the investments until needed to pay for distributions or redemptions.

## 4.20 What if I live overseas?

Distributing this Information Memorandum outside the Commonwealth of Australia may be restricted by law, and anyone receiving this Information Memorandum should seek advice on and observe such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Information Memorandum does not constitute an offer anywhere, or to anyone to whom, it would not be lawful to make such an offer. This Information Memorandum may not be supplied to persons outside the Commonwealth of Australia where any registration, qualification or other requirement exists with respect to any public offering of securities.

The payment of distributions to persons who are resident outside of Australia may be subject to Australian taxation laws requiring withholding for tax, especially if no TFN or exemption is provided by the Unit Holder. The Trustee may be required to report to the Australian Taxation Office certain details of investments held by investors who are subject to US tax laws.

## 4.21 How will I be informed about the performance of the Fund?

The Manager will provide investor reports for:

- the Quarterly unaudited net asset value and Fund valuation statements including Unit Prices and a brief commentary within 30 business days of the end of each Quarter;
- monthly unaudited and indicative net asset value updates within 15 Business Days at the end of each Month on request;
- audited annual financial statements within 90 days of year-end; and
- investor holding statements within 90 days of year-end.

Any indicative value updates might not fully reflect all expenses expected but not yet incurred, and all expected income due to the timing of implementation of the strategy, so these indicative values might understate or overstate the value compared with the Quarterly and annual Unit Prices.

The audit of the annual financial statements will be in accordance with industry standards for comparable wholesale funds.

The Manager may convene a meeting for investors each year at an appropriate time to review the Fund.

# 5 MANAGEMENT

## 5.1 The Manager

Specialist Investment Management Pty Limited ABN 55 148 920 138 AFSL 411324 (SIML) has been appointed by the Trustee to provide management services for the Fund.

SIML is a private, independent investment firm that offers high value or difficult to access investment opportunities to individual investors, companies, trusts and self-managed super funds. SIML specialises in equities, and high-yield investments. Our people have significant investment experience and this is reflected in our performance.

Peter Kennedy is the Director of the Manager.

Peter Kennedy is a founder and Director of SIML and has had more than 30 years' experience in financial markets in equities and derivatives. He spent 13 years with Macquarie Bank as head of the futures broking business, and started the equity derivatives function which included listing the first warrants on the ASX. He moved to Deutsche Bank AG and established the equity derivatives and trading business and a retail margin lending business distributing directly to clients. Within three years, Deutsche Bank became the Australian market leader in equity derivatives. In 1998, Peter established Next Financial Limited, specialising in Australian and offshore equities and derivatives. Next Financial provided unique investment opportunities for high net worth individuals and self-managed super funds and in 2007 became one of the largest structured equity providers in the Australian market.

In 2011 Peter co-founded SIML servicing wholesale investors in high yield fixed interest instruments, equities and derivatives.

Peter has a Bachelor of Commerce from University of New South Wales.

## 5.2 Trustee

The Trustee of the Fund is Specialist Nominees Pty Limited ABN 15 148 920 790 (**Specialist Nominees**), a wholly owned subsidiary of SIML.

SIML is the asset holder responsible to Unit Holders. It performs its custodial services through its appointed representative, Specialist Nominees and for this purpose Specialist Nominees has been appointed a Corporate Authorised Representative (No. 001250418) of SIML.

The Trustee is not the issuer of this Information Memorandum and has not prepared this Information Memorandum. The Trustee makes no representation in, and takes no responsibility for the accuracy or Fund of any statement in, or any omission from, any part of the Information Memorandum. The Trustee and its directors and associates do not guarantee the performance or success of the Fund, the repayment of capital or any particular rate of return.

The Trustee has rights to be indemnified out of the assets of the Fund and to be reimbursed or to have recompense from the assets of the Fund on terms set out in the Constitution.

## 6 FINANCIAL INFORMATION

### 6.1 Performance

This is a new Fund. There is no performance history as at date of this Information Memorandum.

### 6.1 Forecast

There are no forecasts of performance made by the Manager or the Trustee.

### 6.2 Fees, charges and costs of investment

The Manager is entitled to be paid a management fee calculated at the annual rate of 1.00% (excluding GST) of the Gross Asset Value of the Fund. The fee accrues and is payable each Quarter in arrears (and on termination of the appointment of the Manager or termination of the Fund, adjusted pro rata).

The Manager is entitled to be paid a performance fee. See Section 6.3.

The Manager is entitled to be reimbursed for, or to be paid from, the Fund for expenses relating to the establishment and operation of the Fund including accounting and audit fees, legal fees, due diligence costs, preparation of this Information Memorandum and later reports, meetings, marketing, commissions and fees of intermediaries.

Recovery of significant establishment expenses will be amortised in equal Monthly instalments to 30 June 2018.

The Trustee is entitled to be reimbursed for, or to have paid from, the Fund for the establishment and operating costs of the Fund (to the extent not otherwise reimbursed to the Manager for the same expenses).

The Trustee is entitled to be paid a fee for its services and to be reimbursed and to be indemnified for costs and expenses properly incurred by it. The Manager has agreed to bear all of the Trustee's expenses and to pay them out of its fees and expense recoveries until further notice. The Trustee has waived its fee unless the appointment of the Manager is terminated or the Manager does not bear all of the Trustee's expenses.

(If the waived fee ever applies, it is at the annual rate of 0.55% (including GST) of the Gross Asset Value of the Fund. The fee would accrue and be payable each Month.)

Since the Trustee has duties in relation to Fund assets and liabilities, an amount will be retained from Application moneys paid for the Units in the Fund to cover provisions for reasonably expected current liabilities of the Fund. An initial amount will be retained for meeting the Fund establishment costs. An amount will also be retained from time to time to reflect provisions for the management fee. These amounts are referred to as the Liquidity Balance and will be held in a bank account or similar deposit or cash management trust account for the Trustee on trust for the Fund (until withdrawn to be paid to Trustee or the Manager, as required).

### 6.3 Performance fee

The Manager has **waived the performance fee** for the period up to and including 30 June 2017 (so no part of the fee for that period will accrue).

The Manager is entitled to be paid a performance fee calculated at the annual rate of 15.0% (excluding GST) of the increase in the Net Asset Value of the Fund subject to surpassing the highest previously achieved Net Asset Value (i.e., high water-mark) (but has waived it as mentioned above). The fee initially accrues and is payable each Quarter in arrears (and on termination of the appointment of the Manager or termination of the Fund, adjusted pro rata).

For new investments made before any performance fee is actually paid, each new issue of Units will be treated as a Series (see below Section 6.4). If and when a performance fee is paid on those new Units too, then they may be redesignated to be the same as the initial issue of Units. This is known as series accounting and methodology. The performance fee and Net Asset Value will be calculated per Unit for each Series in existence.

Therefore a performance fee only becomes payable if there is a net increase in the Net Asset Value of Units in your Series of Units. Conversely, if the Net Asset Value of the Unit in a particular Series falls below a previous high no further performance fee can be accrued until the loss has been fully recovered.

The Net Asset Value applicable to each Series of Unit for the purpose of calculating the performance fee is adjusted to reflect any increase in Net Asset Value resulting from new applications and reduced to reflect distributions and withdrawals.

The high water mark is not reset each financial year (unless later changed by the Trustee). This means that the high water mark might persist for longer than 12 Months.

(The Trustee has no current intention to change this to resetting each financial year but may do so if it decides that in all circumstances it is in the interests of Unit Holders generally. Such a change could generate more or less performance fees, depending on market conditions over time.)

### 6.4 Series accounting and methodology

The Trustee will initially use the "series accounting and methodology" method to administer and to value the Fund due to the possibility that the high water mark for the performance fee might not be surpassed at the time when new Units are issued.

With this accounting method, the first Series of Units issued is known as the "Lead Series" or "Master Series". All subsequent issues of Units are in a separate series (Series) created for the relevant period. Each Series, being the Lead Series and each subsequent Series have the same rights attached to them but only participate in the distributions for the Series of Units from the relevant date of issue. While this should not make any difference for so long as there are Quarterly distributions, this method ensures that Unit Holders fairly participate in the profits and related distributions of the Fund and have a high water mark established from the time of issue of their Units.

The Unit Price in a Series after the Unit is issued is calculated as the Net Asset Value of the Series divided by the number of Units in the Series. The distributions of the Fund will be allocated to each Series on a Gross Asset Value basis, i.e., the Net Asset Value prior to the calculation of performance fee. Performance fees will be separately calculated for each Series until they can be consolidated due to surpassing the same high water mark.

The consolidation occurs if at the end of a particular distribution period the Lead Series and any subsequent Series have had their respective performance fees paid and are otherwise equivalent.



Trustee may decide (without prior notice) that each Series will be re consolidated every twelve (12) Months following the end of the financial year with the effect that from 1 July there is only one Series and the Unit Price becomes \$1.00. If this applies, the Net Asset Value for all Units in a Class as at 1 July of each financial year will be based on the Net Asset Value as at the end of the 30 June immediately before that 1 July (that is, after paying out or providing for all fees, charges and other allowable costs and expenses).

Since distributions will be automatically reinvested in new Units, after the re consolidation a Unit Holder would end up with more Units, each at a Unit Price of \$1.00.

This is done to simplify the investment management and to reduce costs. You do not need to do anything. No transaction costs will be applied to any consolidation or re consolidation. Reports made available to you will tell you the updated information of your holding.

The Trustee may also decide at any time to end the use of Series. This could have beneficial effects for some Unit Holders and adverse effects for others, due to the market conditions at the time and how the performance fee is calculated. The Trustee will have regard to the best interests of the Unit Holders as a whole, not to individual Unit Holders.

## 6.5 Minimum Unit Holding balance

Unit Holders are required to maintain a minimum Unit Holding balance. This is the minimum total Net Asset Value of the Units held by a Unit Holder as determined by the Trustee from time to time in accordance with the Constitution. It is USD 50, 000 until further notice.

No action is required if the balance falls below the minimum due to a fall in the Net Asset Value. A Unit Holder may not redeem Units if that would reduce their balance below the minimum. In this case, all of the Units must be redeemed.

# 7 TAX

## 7.1 Australian tax

The Australian taxation information below is of a general nature only. Since taxation is complex, specific to the individual and the Manager and Trustee are not in the business of providing taxation advice, the information below does not constitute advice that may be relied upon by any Applicant or Unit Holder. It is strongly recommended that you seek professional independent taxation advice prior to investing.

Taxation laws are subject to change. The information below is based on the Australian taxation law and the interpretation of that law at 15 December 2016.

## 7.2 Australian tax rules applying to the income and gains of the Fund

The Fund is a trust. Various Australian taxation regimes apply to trusts.

The general trust income assessing provisions will apply unless the Fund satisfies conditions which enable the Trustee to make an election for it to be an "attribution managed investment trust" (**AMIT**), and the Trustee in fact makes that election.

One of the conditions that would have to be satisfied to allow an AMIT election to be made is that the Fund qualifies as a "managed investment trust" (**MIT**). It is not possible to predict whether the conditions for the Fund to be a MIT would be satisfied and, if so, when they would be satisfied. Consequently, the primary information below is based on the assumptions that:

- the Fund will not be an AMIT, even though the Constitution of the Fund contains provisions that would allow the Fund to become an AMIT if the Fund is a MIT;
- the election available to MITs to treat all gains as having the character of capital gains rather than income will not be available to the Fund; and
- the withholding rules relating to MIT distributions to non-residents will not apply.

The primary information provided below is also based on the assumption that all investors who are entitled to provide their tax file number or Australian business numbers to the Trustee to eliminate the need for the Trustee to deduct tax from distributions made to them, in fact do so (see Section 7.6 below).

The further information provided below describes in general terms the tax treatment that would apply if the Fund is a MIT or an AMIT.

## 7.3 Fund Income and Distributions

### Primary information

It is intended that all of the Income of the Fund will be distributed to investors on an annual basis. In the first year, the investors' entitlement to receive the distributions will be satisfied by reinvestment of the distributed amounts in the Fund. Under current Australian legislation, the fact that all of the Income is distributed annually should mean that:

- Australian resident investors, not the Trustee of the Fund, should be liable for any income tax on the income of the Fund to which those beneficiaries are entitled;
- neither the Trustee nor non-resident investors should be liable for income tax on non-Australian source income to which non-resident investors are entitled;
- non-resident investors should be liable to pay withholding tax on interest income to which Australian withholding tax applies (essentially, interest on deposits in Australia), and the Trustee will be liable to deduct and pay that withholding tax at the rate of 10% or a lower rate specified by an applicable tax treaty; and
- both the Trustee and non-resident investors should be liable to pay Australian income tax on any other Australian source income of the Fund with a credit given to the investors for the amount of tax paid by the Trustee. In this regard, under general Australian tax law distributions received by the Funds from investments in ETFs should not be regarded as having an Australian source. Net gains made by the Fund on disposals of ETFs should also be regarded as not having an Australian source because the net gains would arise from transactions on a US exchange. The dividends and gains may, however, be deemed to have an Australian source under an applicable tax treaty, read with section 3(11) of the International Tax Agreements Act 1953. This deeming rule will be dis-applied by section 3AA of that Act if the Fund is "widely held".

If the Fund makes a tax loss or a net capital loss in a particular income year, that loss will not be treated as a loss incurred in whole or part by any investor. The loss will be available to the Fund to be offset against income (in the case of a tax loss) or capital gains (in the case of a net capital loss) in future years if applicable tests are satisfied by the Fund.

Under current Australian tax law, the Fund cannot make a US dollar "functional currency" election which would allow it to calculate its "net income" in US dollars. Consequently, the Fund will be required to convert its US dollar income and expenses to Australian dollars for the purpose of working out its "net income" on which Australian tax is payable. This is likely to lead to the Fund making foreign exchange gains and losses for Australian income tax purposes even though there is no physical conversion of the money invested by the Fund into US dollars. This should not have any Australian tax effect for non-resident investors if none of the income of the trust has an Australian source or a deemed Australian source.

The federal government has announced that the range of entities that can make functional currency elections will be extended to cover "certain trusts and partnerships" with effect from income years starting on or after 1 January 2018. It is expected but is not certain that the Fund would be within the class of trusts that will be able to make a functional currency election. The Trustee intends to make such an election if it is available to the Fund.

### Fund as a MIT

If and when the Fund qualifies as a MIT, the Trustee may elect for the gains of the Fund to be treated as capital gains and not income. The effect of this election (which is irrevocable) would be that the Fund's gains on disposals of "units in a unit trust" (which should include investments in ETFs) would be treated as capital gains and not income. Similarly, the Fund's losses on disposals of investments in ETFs would be treated as capital losses.

In those circumstances, the tax implications set out above would be varied as follows:

- The share of the Fund's net capital gains to which resident investors are entitled should be treated as if they are capital gains made directly by those investors. Those investors should be able to offset the gains against capital losses and may be able to claim capital gains tax discounts.
- The share of the Fund's net capital gains to which non-resident investors are entitled should be tax free in Australia, as the gains would not arise from the disposal of "taxable Australian property".

Although in general a MIT is required to deduct tax from a "fund payment" to a non-resident investor, the MIT withholding tax rules do not apply to distributions of income that are subject to the standard withholding tax rules (i.e., the Fund's interest income on Australian deposits or securities in this case) or net capital gains arising from disposals of assets that are not taxable Australian assets or foreign source income. Consequently, the MIT withholding rules should have no effect.

If an AMIT election is also made, the general trust income assessing rules will not apply. Rather, in broad terms, the income and gains of the Fund will be attributed directly to investors. For Australian and non-resident investors, there should be no material change to the tax implications set out above.

## 7.4 Tax on disposals of investments

Any transfer or redemption of Units in the Fund may give rise to a taxable gain or loss to resident investors.

The taxable gain or loss will be treated as a capital gain or loss, or as ordinary income or a deductible loss, depending on an investor's particular circumstances. In broad terms, the investor's cost base for the purposes of calculating a capital gain or loss, or the amount that is taken into account to determine any gain that is taxed as income or deductible loss, will be reduced by any distribution to the investor in excess of the investor's share of the "net income" of the trust in a particular year. If the Trustee has elected for the AMIT rules to apply, the investor's cost base or cost will also be adjusted upwards if the investor's shares of the net income of the trust in a particular income year is greater than the amount distributed to the investor (for example, as a result of foreign exchange movements).

In certain circumstances a resident investor may be entitled to a discount on certain taxable capital gains.

In general, non-resident investors should not be subject to Australian capital gains tax on the disposal of their investments in the Fund as those investments should not be "taxable Australian property". A non-resident investor whose gain on the disposal of investments in the fund has the character of ordinary income will be subject to Australian income tax on those gains if it has an Australian source, unless an applicable tax treaty exempts the gain from tax in Australia.

## 7.5 Annual holding statement

An annual holding statement will be provided to investors after 30 June each year indicating the taxable and non-taxable components of their distributions, including any tax withheld or deducted during the year.

## 7.6 Tax File Number/Australian Business Number

Providing a Tax File Number (TFN) or Australian Business Number (ABN) is not compulsory. Without an Australian resident investor's TFN or appropriate exemption information, the Trustee is required to withhold tax from the investor's distributions at the highest marginal tax rate (plus levies such as the Medicare levy) until a TFN or exemption is quoted. An ABN may be used as an alternative to a TFN if the investment in the Fund is undertaken in the course of carrying out an enterprise. The Trustee is authorised under taxation laws to collect TFNs in connection with an investment in the Fund. Non-residents do not have to supply a TFN or ABN.

## 7.7 Goods and Services Tax (GST)

The GST information in this Information Memorandum is of a general nature only.

The issue and redemption of Units in the Fund, as well as income distributions, is understood to be free of GST.

Fees (including management and performance fees payable by the Fund to the Trustee and Manager), costs and expenses paid in respect of the management and operation of the Fund are, unless otherwise disclosed in this Information memorandum, exclusive of GST.

## 8 RISKS

### 8.1 General

The performance of your investment in the Fund, including the payment of distributions, the extent of tax benefits and the repayment of capital, carries risk.

The Manager will manage the Fund with a view to minimising the risks to the extent reasonably within the control of the Trustee and the Manager.

The performance of the investment is not guaranteed by the Manager, the Trustee or any other person. It is important that you understand the general nature of the risks so you may make a fully informed decision about this investment.

### 8.2 Key Risks

The risks which are listed below are not exhaustive and should be treated as a general guide.

**Leverage:** The Fund may have a significant proportion of its investment subject to leverage by way of the margin trading through the Fund's broker. (There is no current intent to gear the Fund by external borrowings.)

The investor who uses the leverage (in this case, the Trustee) is required to provide sufficient collateral to the Broker. This is to cover adverse market movements. There is a risk that all of the investments could be terminated without value, all of the amounts paid as margin cover is used to pay obligations to the Broker and even for the Trustee to owe more than was invested. These are standard, but significant features and risks of investing with leverage through a margin trading account.

It is intended that the Fund will gear up to a maximum of 1.5 times the invested capital. For example, if \$10 is invested, then a target maximum of \$5 credit would be obtained by the margin trading account, giving a total investment of \$15. The typical level will be approximately 1.3 in favourable market conditions; however, the Manager may also at any time use little or no leverage. This level could vary from time to time.

Generally, the higher the leverage, the greater the potential for returns and greater risks of losses and the greater the amount is required for margin cover. The lesser the leverage then there is less amount required as margin cover but potentially less investment return.

The Fund's investment could suffer losses in excess of the amounts contributed to the margin trading account which could substantially reduce or even lose all of the Fund's investment and expose it to meeting further shortfalls in addition to the amount invested.

The Manager will manage these risks by a combination of limits on the open positions, careful use of the funds provided as margin cover, and if possible, any prudent limits on the leverage amount and placing orders that seek to limit losses.

**Counterparty risk:** There is a risk that the Fund incurs a loss arising from the failure of the Broker or one of its associates or another party (especially if it is acting as sub-custodian) (i.e., the counterparty) to meet its obligations to the Trustee. Counterparty risk arises primarily from settlement risk and custody of cash equivalent and investments (e.g., ETFs). Substantial losses can be incurred if counterparty fails to deliver on its contractual obligations. This is considered to be low, since the Trustee transacts through the Manager, a related entity, who in turn places orders through counterparties (e.g., the Broker) who are significant in size and reputation and who have been assessed over time based on a number of criteria including their counterparty risk.

**Broad investment mandate:** The Manager has a broad investment mandate so it may be difficult for investors to assess the risk associated with the type of underlying investments that may be made for the Fund. This risk arises due to the flexibility needed to review, select and try to optimise returns and risk management over time. You can manage this risk by monitoring the reports available to you.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives. This could arise due to a number of factors, including the strategies used by the Manager and its skill in implementing those strategies.

**No performance history:** The Trustee has not previously managed a portfolio of comparable investments using the Manager's objectives and strategies. You have a risk because there is no prior history of investment management of funds using something reasonably comparable to the Manager's processes in a comparable managed fund.

**Proprietary and confidentiality risk:** The Manager uses a confidential investment strategy, building on research work in the public domain. The Manager also uses some judgment by its personnel. The details are propriety to the Manager and will not be publicly disclosed, in common with other investment managers' practices. This makes it difficult for investors to assess fully the risks associated with the investment strategy that may be used by the Manager.

**Manager and key personnel risk:** The Manager is appointed specifically because of the expertise of its team. The loss of key personnel available to the Manager could have a negative effect on the Fund, as could the termination of the appointment of the Manager. If the Manager ceases to perform its obligations in accordance with its terms of appointment, the Trustee can terminate the appointment and it can resume full control over the Fund's investments and seek a new investment manager or strategy, with a similar investment profile if thought appropriate.

**Currency risk:** Since each of the Fund's investments can be all or predominantly in USD with no hedging, a rise in the Australian dollar relative to the USD will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. The value of the Units will be affected by increases and decreases in the value of USD.

**Market risk:** There is always the chance of adverse market movements that affect the price of all assets within a particular asset group.

In any asset sector, the value of listed assets can be influenced by inflation, interest rates, changes in government legislation and policy, interest rates, economic and regulatory conditions, political events. All these will have an impact on the value of the investments by the Fund.

**Underlying assets:** The value of ETFs may change due to various factors such as:

- economic downturn;
- adverse market conditions relating to these small to medium enterprises;
- change in key personnel;
- changes in legislation and regulations;
- Increased competition.

**Legislation:** Legislation may change having an effect on the distribution of income or taxation of it with the result you could receive less cash, different timing of the distributions or an increase in the effect of the tax rate applied to your distribution.

**Conflicts of interests and duties risks:** There are risks arising from the Trustee and the Manager being related entities. Directors of and investors with economic interests in the Manager may also from time to time have an interest in the Manager or hold Units in the Fund. The Manager is an investment manager, acting for a number of clients. It is possible that due to risk management and optimisation decisions made in the best interests of clients of the Manager, investment decisions made for the Fund could differ from investment decisions made by the Manager for its other clients, which could lead to differences in investment returns, and risks, over time. The Manager is entitled to a management fee and a performance fee. There can be commonality of personnel who are directors of the Trustee and the Manager, and staff who perform services for both entities.

These conflicts of interest are managed in a number of ways. SIML remains the asset holder responsible to Unit Holders, by way of the terms of the Constitution. The Trustee and the Manager comply with a group policy for managing conflicts of interests and duties. This covers, among other things, the engagement of the Manager, review of its performances, and how transactions are made for the Fund. The performance fee aligns the Manager's interests with those of Unit Holders.

**Trustee's discretions:** The Trustee has discretion in exercising its powers. It may exercise those powers without notice, though it may choose to try to give some notice. For example, the Trustee may later change the frequency of accepting applications and redemptions and the frequency of accruing and paying management and performance fee to Monthly, instead of Quarterly. These changes may benefit or adversely impact Unit Holders, even differently as among them. In exercising its discretions, the Trustee is subject to its duties, including to act in good faith and in the best interests of Unit Holders generally. The Trustee must also act in accordance with its duties arising from being a corporate authorised representative of SIML in the provision of financial services. Further, SIML, by its rights under the Constitution may replace the Trustee including by appointing itself the Trustee.

### 8.3 Other

It is not possible for the Manager to predict all of the possible risks or indeed to protect the value of Unit Holders investments from all risks. Some matters are beyond the control of the Manager and the Trustee. The Manager will maintain internal management processes which are aimed to optimising the outcome for investors.

## 9 DOCUMENTATION

### 9.1 Availability

This Section contains a summary of the major documents relating to the Fund. The documents are available in full for inspection without charge at the office of the Manager.

### 9.2 Constitution

The Constitution is the main document outlining the relationship between the Trustee and Unit Holders. It contains provisions which deal with a number of important features including:

- rights of Unit Holders;
- the principal obligations of the Trustee;
- the ability to change or remove the Trustee;
- the powers of the Trustee to operate the Fund;
- the limitation of liability of the Trustee;
- the ability of the Trustee to be indemnified by the Fund for all expenses, losses and liabilities arising in its capacity as a responsible entity provided it has properly performed its duties;
- the provisions dealing with the transfer of interests in the Fund;
- the termination of the Fund;
- the redemption of Units;
- the funding of distributions;
- the withdrawal rights for Unit Holders and ability of the Unit Holders to attend Fund meetings; and
- Unit Pricing.

The Trustee has a number of discretions in how it exercises its powers. For example, it may change the period for distributions, redemptions and fees (e.g., from Quarterly to Monthly). It may waive or defer fees and rights to be reimbursed for expenses. It may choose how to value assets for calculating the Unit Price. The Trustee must act in accordance with the Constitution and in particular act in the best interests of Unit Holders as a whole when exercising its powers.



## 10 DISCLOSURE

### 10.1 Trustee's consent

The Trustee has given its written consent to being named in this Information Memorandum as Trustee of the Fund and has not withdrawn that consent prior to lodgement of the Information Memorandum.

### 10.2 Directors

Other than as set out below or elsewhere in this Information Memorandum, no director has an interest in the promotion of the Fund and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director either to induce to become, or to qualify as, a director or otherwise for services rendered in connection with the promotion of the Fund:

- The Manager receives remuneration and is reimbursed for expenses under the Fund's Constitution.
- The directors of the Manager receive directors' fees for services performed in relation to the Fund.

No amount has been paid or agreed to be paid in the last two years, in cash or otherwise:

- to the Manager to procure subscriptions for interest in the Fund, for services rendered in the promotion or inception or for other services rendered under the Constitution except its remuneration under the Constitution; and
- to directors or promoters to induce them to become or qualify them as a director or for other services rendered by them in a promotion or an inception of the Fund.

Each director has given their written consent to being named in this Information Memorandum and has not withdrawn that consent prior to lodgement of the Information Memorandum.

### 10.3 Privacy Policy

The Manager and the Trustee respect the privacy of your personal information. The privacy legislation regulates the way organisations collect, use, and disclose personal information.

The Trustee and the Manager are committed to respecting the privacy of your personal information. The Trustee follows the privacy policy adopted by the Manager which sets out how it will manage personal information. You can obtain a copy of this policy by calling us on +61 2 9251 0026.

The Manager collects personal information in the Application Form in order to establish and manage an investor's investment in the Fund. If you do not provide the information requested in the Application Form, then the Manager and Trustee may be unable to process or accept your Application.

The Manager may (as agent of the Trustee) provide your personal information to its service providers for certain related purposes such as account administration and the production and mailing of Unit Holder's statements. The Manager may also provide your personal information to our service providers or to your financial adviser (if one is noted on the Application Form).

Unit Holders and Applicants may request access to their personal information in relation to their investment in the Fund by calling us on the number above.

## 11 GLOSSARY

<b>AFSL</b>	Australian Financial Services Licence.
<b>Applicant</b>	A person who has applied to become a Unit Holder in the Fund by completing an Application Form that has been provided by the Manager, but who is not yet a Unit Holder.
<b>Application Form</b>	The form accompanying this Information Memorandum (or as later accepted by Manager) by which the Applicant applies to subscribe for Units.
<b>Application Moneys</b>	Moneys in respect of an application for Units, payable in accordance with this Information Memorandum.
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Business Day</b>	A day on which banks are open for business in Sydney or any other place nominated by the Trustee from time to time, except a Saturday, Sunday or public holiday in Sydney.
<b>Constitution</b>	The trust deed which sets out the constitution for the Fund, dated 7 December 2016, as amended.
<b>Corporations Act</b>	The Corporations Act 2001 (Commonwealth) for the time being in force together with the regulations made for the Corporations Act.
<b>Distribution Calculation Date</b>	30 June in each year or any other date the Trustee determines from time to time. Any interim distributions would be calculated on 31 March, 30 September or 31 December in each year.
<b>Fund</b>	The fund (an unregistered managed investment scheme) known as the SIML Global ETF Fund, constituted by the Constitution.
<b>Gross Asset Value</b>	The sum from time to time determined in accordance with the Constitution to be the value of all assets of the Fund.
<b>GST</b>	Goods and Services Tax under Commonwealth law.
<b>Liquidity Balance</b>	The funds held in a bank account (or similar deposit or cash management trust account) for the Trustee on trust for the Fund.
<b>Information Memorandum</b>	This Information Memorandum, as later varied.
<b>Manager</b>	Specialist Investment Management Pty Limited ABN 55 148 920 138, AFSL 411324, or any other person who is appointed for the time being as the Manager of the Fund.
<b>Month</b>	A calendar month.
<b>Net Asset Value</b>	The amount from time to time determined by the Trustee which is the value of all assets of the Fund less: <ul style="list-style-type: none"> <li>(1) all amounts required to repay borrowings or other credit and to meet other liabilities including the amount of the provisions for actual or contingent liabilities which the Trustee determines should be made; and</li> <li>(2) following any Distribution Calculation Date, the amount of any distributable income payable but not paid to Unit Holders on the day on which the Net Asset Value is determined.</li> </ul>
<b>Offer</b>	The invitation made under this Information Memorandum to apply for Units in the Fund.
<b>Quarter</b>	A calendar quarter.
<b>Trustee</b>	Specialist Nominees Pty Limited ACN 148 920 790 (C.A.R. No. 001250418) or any other person for the time being who is appointed as trustee of the Fund.

<b>Unit</b>	Any one of the individual parts into which the beneficial interest in the Fund assets is divided as provided for in the Constitution.
<b>Unit Holder</b>	A person who is registered as the holder of Units in the Fund.
<b>Unit Price</b>	The price for a single Unit, used as the subscription price payable by an Applicant, the redemption price payable to a Unit Holder, and the valuation of Units, determined in accordance with the Constitution.
<b>USD</b>	U.S.A. dollar
<b>You, Your</b>	A prospective Applicant.