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Chester Opportunities Fund - Hedged

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This Information Memorandum (IM) is available to wholesale clients as defined in sections 761G or 761GA of the Corporations Act 2001 (the Act), professional and sophisticated investors. This IM is not an offer or invitation in any jurisdiction where it is unlawful to make this offer or invitation. The laws of other jurisdictions may restrict the distribution of this IM so investors should seek advice on any relevant restrictions. Any failure to comply with those prohibitions may constitute a breach of local securities laws.

1. About the Fund

The Fund was established by a deed appointing Copia Investment Partners Limited as trustee (the Trustee or Copia) (referred to as the deed or Constitution) that allows it to form an investment policy for the fund from time to time. The investment policy of the Fund is set out in this document (see 6. How we invest your money).

2. About the Trustee

Copia is the Trustee of the Chester Opportunities Fund (the Fund). Its role includes holding Fund assets on trust for investors and investing assets in accordance with the Fund's constitution and any applicable laws. Copia was established in 2000 and is an independently owned partner of choice for high quality investment firms across different asset classes. Copia has partnered with leading boutique investment management firms in Australia and globally. It is based in Melbourne and Sydney and provides key services including distribution to allow its investment partners to maximise their growth potential. Its partners include specialists in Australian and global equities, alternatives and cash strategies. Copia holds an Australian Financial Services Licence (AFSL) that authorises it to operate private trusts as well as registered managed investment schemes.

3. About the Investment Manager

Chester Asset Management Pty Ltd. (Chester) was established in 2017 by Rob Tucker and Anthony Kavanagh. It is a boutique investment manager and is majority owned by its staff, therefore there is an absolute alignment of interests between the staff and the clients. Rob and Anthony have enjoyed a strong working relationship for over 16 years. They were both formerly employed by Melbourne based boutique fund manager, SG Hiscock. Rob has worked in the industry for over 25 years, spending time at Merrill Lynch before working for HSBC

3. About the Investment Manager (continued)

Asset Management for 9 years, 5 of these (2005-2010) based in Hong Kong where he managed in excess of \$1.0bn for a wide range of institutional clients. Rob worked at SG Hiscock from 2010 to 2017, setting up the unique SGH Australia Plus fund in October 2013. It delivered very strong returns for clients for over 3 years (in excess of 10% outperformance per annum over 3 and a half years) before Rob left SG Hiscock in February 2017. Anthony Kavanagh started his career at KPMG. He has over 15 years' industry experience and was a highly-rated energy consultant at Core Energy before joining SG

Hiscock in 2013 as an investment analyst. Anthony co-founded Chester Asset Management as a Portfolio Manager and has been instrumental in all facets of the High Conviction fund from leading the research effort, stock selection, marketing, business development and client interactions. Combined with Australia Plus the High Conviction strategy has delivered strong returns for clients over 10 years (>14% p.a. after fees to 28 February 2024) and received industry recognition. The fund was named Money Magazine Best of the Australian Shares fund for 2023 and 2024.

4. Investment process

- Chester believes that equity markets are inefficient and market sentiment and pricing may not reflect a company's intrinsic value. The Fund seeks to exploit this through investing predominantly in companies with sustainable earnings growth reflected in their ability to generate free cash flow or dividend growth. Valuation support is critical to ensure an appropriate margin of safety.
- The Fund also seeks to exploit circumstances where the market has mispriced companies, by looking beyond what might appear to be a poor short term outlook and considering the longer-term potential. Chester's ideas are often contrarian in nature but are based on compelling valuation support therefore mitigating the downside risk.
- Chester uses an extensive collection of sources to generate an investment universe of around 80 stocks predominantly from the ASX300 universe. These sources can be macro thematic in nature, superior growth industries, quant screening or from insight being generated from a wide range of industry contacts.
- Chester believes a key factor in sourcing ideas is to see as many companies as possible and so spends as much time as possible, seeing or talking to companies directly as well as clients and competitors to understand the industry dynamics. This is a key component of generating unique insights into companies, their corporate strategy and future earnings potential. We aim to hold over 500 company meetings or conference calls per annum.
- This idea generation forms a very focussed investment universe that meets the combination of valuation support with a quality framework for assessing the merits of an investment idea. The Fund strategy is focused on investing in companies operating in attractive end markets with compelling industry positioning, sustainable earnings growth and cash generation and acceptable margins of safety to intrinsic value. A rigorous and disciplined fundamental stock selection process is overlaid with macroeconomic insights and company lifecycle and sector diversification to create a portfolio of approximately 30 (a minimum of 20 and a maximum of 30) stocks.
- The Fund has a strong focus on capital preservation, although it is important to note that the investment process focuses on stock selection and so there will be high company specific risk. We believe we can mitigate company specific risk by focussing on the three key risks in investing. Operating risk, financial risk and corporate governance risk. Understanding the unique risks of each stock specific investment can assist in preserving capital through periods of equity market volatility. The Fund will also short sell securities in companies that do not meet performance expectations in order to protect capital.
- The Fund will invest using long term thematic trends, like the ageing population, changing consumption patterns and global infrastructure demands. The Fund seeks to benefit from this long term thematic by screening out to stocks to a narrow a focussed list of ASX listed stocks that meet the Fund's investment criteria listed above.

5. Benefits of investing in the Fund

A significant feature of the Fund is that the Fund is an actively managed portfolio that principally invests in Australian listed companies within the S&P/ASX 300 Index. Significant benefits of investing in the Fund include:

- Access to the expertise of a specialist investment boutique structure, whereby alignment of interests between the investors in the fund and the portfolio manager is absolute, with the portfolio manager investing significantly alongside the investors in the fund.
- The Chester Opportunities Fund will invest in a select group of stocks predominantly from the ASX300 universe.
- It will focus predominantly on a narrow universe of stocks within the ASX300 that fulfil the Fund's thematic and quantitative screening ideas. This focus gives the Chester Opportunities Fund the best platform to deliver superior performance through a deeper insight into fewer stocks.
- The Chester Opportunities Fund provides the opportunity to invest in a concentrated, high-conviction portfolio that is highly index unaware, with a focus on capital preservation. The benefit of this strategy is to focus the funds efforts on finding ideas that are more stock specific in nature, and can generate capital growth independent of the market direction. We are seeking to benefit from bottom up

5. Benefits of investing in the Fund (continued)

research that enables the fund to generate alpha from genuinely high conviction investing, while also having the flexibility to participate in IPOs and placements that may generate capital growth opportunities.

- A strong focus on capital preservation. Chester is aware

equity markets can experience periods of extreme volatility, and as such has tools available to protect capital where possible (cash, short positions, ETFs, derivatives, gold).

6. How we invest your money

Before choosing to invest in the Fund you should consider the likely investment returns, the risks of investing and your investment time frame.

Investment objective	The Chester Opportunities Fund seeks to exploit inefficient markets by investing in companies with sustainable earnings with an ability to generate free cash flow or dividend growth. Valuation support is critical to ensure a margin of safety.	Investment guidelines (continued)	<ul style="list-style-type: none"> • The fund may make use of ETFs structured as derivatives to effectively hedge the portfolio against significant capital loss. • The fund aims to make use of trading strategies to maximise the capital growth of the fund which may include participation in IPO's and placements. • Due to movements in the market or similar events, the guidelines set out above may not be adhered to from time to time. In these circumstances, the Investment Manager will seek to bring the Fund's investments within the guidelines within a reasonable period of time.
Benchmark	To outperform the Aust 10 year bond yield plus 400bp (before fees) over a rolling 3-year time frame.		
Risk level of the Fund	High- There is a risk that investors may lose some or all of their initial investment. Higher risk investments tend to fluctuate in the short term but can produce higher returns than lower risk investments over the long term.		
Investor suitability	Designed for investors seeking medium to long term capital growth potential by investing in a diversified portfolio of stocks comprising listed companies that are listed on the Australian Stock Exchange	Labour, environmental, social and ethical considerations	Chester has adopted an environmental, social and governance (ESG) policy which incorporates the guidelines from the Australian Council of Superannuation Investors, as well as the framework provided under the United Nations' Principles for Responsible Investment. Over the short to medium term corporate governance has an important impact on the economic value of firms. Over the long term, economic value can only increase if environmental and social values are embedded into sustainable business practices. Chester considers Environmental Social and Governance (ESG) policies to help screen our potential investment choices, looking at the impact on the investment's performance. Our team aims to be aware and monitor key ESG issues for its investments. While we don't construct our portfolios purely on ESG grounds, we may remove a company from our investment universe based on ESG considerations and we may consider a number of ESG factors in this regard.
Investment guidelines	<p>The Fund will invest in a diversified portfolio of stocks predominantly comprising of listed companies in the S&P/ASX 300 Index up to 100% of the Fund while cash allocation can be between 0%-50%.</p> <p>The Investment Manager will use the following guidelines when selecting investments for the Fund:</p> <ul style="list-style-type: none"> • ASX listed securities; • Up to 20% exposure to stocks listed on foreign exchanges; • 20 to 50 stocks; • Generally, no more than 10% of the portfolio shall be held in any one company, but no more than 8% at initial purchase. • No more than 10% of the Fund in unlisted securities and only where the securities are subject to being listed within 12 months. • the fund can make use of ETFs or derivatives to effectively hedge the portfolio against significant capital loss • The Fund may short sell up to 30 stocks by borrowing stock in those companies 	Fund performance	Up to date information on the performance of the Fund will be available by visiting www.chesteram.com.au , emailing investors@chesteram.com.au or calling Chester on +61 9602 3199

7. The Fund at a glance

Fund established	Fund established by deed in 2019
Trustee	Copia Investment Partners Ltd
Investment Manager	Chester Asset Management Pty Ltd
Fund description	The Fund will invest in 20-50 stocks long and 0-20 stocks short. The objective of the fund is to focus on absolute returns rather than relative returns and as such will employ hedging strategies to minimise capital loss.
Investment Strategy	The objective of the fund is to deliver absolute returns meaningfully above the RBA cash rate by investing in high conviction (predominantly ASX300) equity opportunities. In unison hedging strategies are employed to protect capital and generate alpha.
Number of stocks	The Fund will invest in 20-50 stocks long and 0-20 stocks short
Management fee	0.95% of the gross asset value of the Fund (inclusive of GST and net of RITC)
Benchmark	The Aust 10 year bond yield plus 400bp
Income distribution	Generally, half- yearly (30 June and 31 December)
Performance Fee	20% of the percentage change in the sum of the NAV minus the percentage change in the published value of the Australian 10-year bond yield plus 400bp before fees over a rolling 3-year time frame. This is subject to a highwater mark and will be reset quarterly.
Changes to Fund details	The Trustee will advise investors of any material changes to the Fund
Fund domicile	Australia
Investor eligibility*	Wholesale, professional and sophisticated investors and retail clients
Minimum initial investment	Five hundred thousand dollars (\$500,000) or lesser amount approved by the Trustee
Minimum additional investment	Twenty thousand dollars (\$20,000) or lesser amount approved by the Trustee
Redemption	Investors must retain at least Twenty thousand dollars (\$20,000) in the Fund after redemption or a lesser amount approved by the Trustee
Risks	See Risks section
Prime Broker	Barrenjoey
Investment timeframe and exposure	Investment Timeframe: 3 years+? International Exposure: 0-20%
Exposures	Maximum Long exposure 150% Maximum Short exposure 50% Maximum International exposure 20%

8. Who can invest in the Fund*

1. Investors who qualify as wholesale investors for the purposes of sections 761G or 761GA of the Corporations Act 2001 may invest in the Fund. The following qualify as wholesale investors:

- a. investors who invest \$500,000 or more at one time; or
- b. investors who, together with an associate, invest \$500,000 or more at one time; or
- c. investors and associated bodies corporate that together, invest at least \$500,000 in aggregate; or
- d. investors with net assets of at least \$2.5 million (including the net assets of an associated company or trust)[#].
- e. investors that have earned at least \$250,000 gross per year (including the gross income of an associated company

- f. or trust) for the last two years[#]; or
- professional investors including:
 - vii. Australian Financial Services Licence holders
 - viii. bodies registered under the Life Insurance Act 1975
 - ix. bodies registered under the Financial Corporations Act 1974;
 - x. funds regulated within the meaning of the Superannuation Industry (Supervision) Act 1993 with net assets of at least \$10 million
 - xi. investors with control of gross assets of at least \$10 million (including associates' assets)
 - xii. listed entities or a related bodies corporate
 - xiii. exempt public authorities

8. Who can invest in the Fund* (continued)

- xiv. APRA regulated bodies
 - xv. investors carrying on a business of investing in financial products, interests in land or other
 - xvi. companies that employ more than 20 people (100 for manufacturers); or
- g. Investors, where the Trustee is satisfied on reasonable grounds that they have previous experience in using financial services and investing in financial products that allows them to assess:
- i. Australian Financial Services Licence holders
 - ii. bodies registered under the Life Insurance Act 1975
 - iii. bodies registered under the Financial Corporations Act 1974;

Retail Investors who qualify under the small-scale offering (twenty (20) issues or sales in twelve (12) months, as long as the total of such investments does not exceed \$2 million) may also invest in the Fund. These investors qualify if they accept personal offers to invest in the Fund.

* See Application Form for wholesale investor certification information and retail investor small scale investor terms information.

Must be certified by an accountant

9. Key provisions in the constitution

The Fund constitution establishes the Fund as a trust, appoints and sets out the powers of the Trustee, how Fund interests are divided into units, the rights of investors, applying for and redeeming units, calculating unit issue and redemption prices, the entitlement to and calculation of distributions, fees and expenses, custody and valuation of assets and other matters including liability, audit, meetings and registers. The Trustee's responsibilities and obligations

are governed by the constitution and applicable law. The Trustee may amend the constitution if it considers that the amendment will not adversely affect investors' rights. Otherwise, the constitution may be amended by way of a special resolution of investors.

10. How the Fund works

Minimum investment

The Fund only accepts as a minimum initial investment, applications for units with an aggregate unit value of at least five hundred thousand dollars (\$500,000). The Trustee may accept a lesser amount provided that the Investor holds units to the value of twenty thousand dollars (\$20,000). Investors lodging an application for units under the IM must pay for the units by bank transfer. The application can only be made using the Application Form attached to the IM. If any investors apply for units without using the Application Form, the Trustee will hold their application monies on trust until it receives a completed Application Form.

Unit price

The Trustee applies a unit price that is either the last calculated unit value or a unit price calculated by dividing the value of net assets by the number of units on issue. The Trustee may accept or refuse any application for units. Where an application is accepted, the Trustee will calculate the investor's entitlement in accordance with the following formula:

$$N = S/AP$$

where N is the number of Units to be issued (rounded down to the nearest integer), S is the Subscription for Units; and AP is the Application Price for Units.

The Trustee will notify investors within ten business days of issuing units, confirming:

- a. the amount of their investment;
- b. the number of Units issued and issue price;
- c. their investor number;
- d. the total number of Units held; and
- e. confirmation of personal details.

Minimum holding

Each investor must at all times maintain a minimum holding to the value of twenty thousand dollars (\$20,000) or lesser amount approved by the Trustee.

Distributions

The Fund generally pays distributions on a semi-annual basis with the final distribution paid as at the end of June each year. The Trustee may decide to make an interim distribution out of distributable income accruing during any interim period and will inform investors accordingly. Distributions can be made up if of income as well as net realised capital gains on the sale of assets.

The Fund's unit price will generally fall following the end of a distribution period reflecting the amount of income and realised capital gains paid out to investors by the Fund. Units issued on reinvestment of a distribution will be priced using the next NAV per unit calculated after the end of the relevant distribution period.

10. How the Fund works (continued)

Fees

Type of fee	Amount
Entry fee	Nil
Exit fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
Management fee	0.95% of the gross asset value of the Fund (inclusive of GST and net of RITC)
Performance Fee	20% of the amount by which the Fund's return (before payment of management fee) outperforms the Aust 10 year bond yield plus 400bp. This is subject to a high-water mark and will be reset quarterly.

Management fee

This is the fee we charge for managing the investments, overseeing the Fund's operations and providing access to the Fund. The management fee is calculated daily as a percentage of the NAV of the Fund and payable monthly in arrears.

Performance Fee

A performance fee is payable if the Fund outperforms the Aust 10 year bond yield plus 400bp. It will be payable quarterly subject to a high-water mark.

Performance benchmark

The performance benchmark is the return on the Australia 10 year bond yield plus 400bp.

Performance period

The period from the prior fee being payable to 31 March, 30 June, 30 September or 31 December.

Normal operating expenses

We currently pay the normal operating expenses of the Fund from our management fee and do not recover these from the Fund.

Abnormal operating expenses

We may recover abnormal expenses (such as costs of investor meetings, changes to the Fund's constitution and defending or pursuing legal proceedings) from the Fund. The management costs set out above do not include any abnormal expenses. While it is not possible to estimate such expenses with certainty, we anticipate the events that give rise to such expenses will not occur regularly. In circumstances where such events occur, we may decide not to recover these

abnormal expenses from the Fund.

Transaction costs and buy/sell spread

The buy/sell spread is a type of transaction cost that may include brokerage, transaction costs, stamp duty and other government taxes or charges. The purpose of the buy/sell spread is to ensure only those investors transacting in the units at a particular time bear the Fund's costs of buying and selling the Fund's assets as a consequence of their transaction.

The buy/sell spread for the Fund is stated as a percentage of the NAV of the Fund and is the difference between the application price and the withdrawal price. It reflects an estimate of the transaction costs expected to be incurred in buying and selling the Fund's assets as a result of investments and withdrawals made by investors. This estimate may take into account factors such as, but not limited to, historical transaction costs and anticipated levels of investments and withdrawals.

The current buy/sell spread of the Fund is +0.30%/–0.30%, however a different buy/sell spread may apply if the estimate changes.

The RE has discretion to waive or reduce the transaction costs on investments or withdrawals to the extent permitted by the Corporations Act. The RE will notify investors of any changes to buy/sell spread transaction costs on its website.

The Trustee is also entitled to retain trailing fees paid by financial institutions for depositing Fund assets with those financial institutions in cash management and similar accounts as well as any rebates of brokerage, any underwriting or sub-underwriting fees or any other fees, rebates, commissions or payments the Trustee receives in the ordinary course of performing its obligations.

The Trustee may, from time to time elect to receive less than the fees it is entitled to charge under the constitution or defer receipt of any fee payable for an agreed period. However, these will become due and payable if the Fund is terminated or the Trustee retires, is removed or resigns from the Fund. All costs, charges and expenses reasonably and properly incurred by the Trustee in connection with the Fund or in properly performing its obligations must be reimbursed out of the Fund assets including professional fees if the Trustee practises a profession.

All amounts payable to the Trustee (except fees) are expressed as being exclusive of GST and must be increased by the applicable rate of GST at the time the relevant supply takes place.

All fees, unless otherwise indicated, are inclusive of GST less any reduced input tax credits at the prescribed rate.

10. How the Fund works (continued)

Long Positions

A “long position” in a security, such as a share, or equivalently to be long in a security, means the holder of the position owns the security and will profit if the price of the security goes up. “Going long” is the more conventional practice of investing and is contrasted with “going short”.

Short Selling

In addition to the long component of the portfolio, the Manager employs short selling techniques with the aim of enhancing potential returns for the Fund and protecting capital.

Short selling occurs when the Fund borrows securities with the promise to return equivalent securities at a point in the future.

The borrowed securities will then be sold on the open market. If the security falls in value, the Fund will generate a profit when it is repurchased in the market and returned to the lender.

However, if the security increases in value, this will generate a loss. Holding a “long” position differs in that the position is bought with existing capital of the Fund, no stock borrowing takes place.

Short selling increases the gross exposure of the Fund.

11. Risks

Each investor must consider the risks of investing in the Fund and their financial position to determine whether the Fund is suitable for them. It is important to note that the value of assets in the Fund and the level of return will vary over time. The Fund does not guarantee a return or that it will meet its investment objectives. Past returns do not guarantee future returns.

Investors may lose some or all of their invested capital. Additionally, laws (including tax laws) that affect the Fund may change and the change may have an adverse effect on the Fund returns.

Each investor’s risk tolerance is different. Before investing in the Fund, factors investors should consider include:

- the nature and size of other investments
- investment goals and expectations for returns
- the timeframe over which they expect a return
- how comfortable they are with fluctuations in the value investments; and
- the general and specific risks associated with particular investments.

Investors should read this information memorandum (IM) in full before deciding whether to invest in the Fund and also consult financial or other professional advisers. It is not possible to identify every risk that is relevant to the Fund. Some of the main categories of risk are discussed below.

Market risk: the risk of decline across a whole asset class (e.g. the share market) due to economic factors, technological change, political or geopolitical events, changing legal conditions or changing market sentiment.

Concentration risk: the risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset. The performance of such a fund tends to be more volatile than the performance of a more diversified fund because a concentrated fund’s performance is affected to a greater extent by the performance of particular assets.

Investment selection risk: the risk that the specific investments Chester chooses for the Fund will not perform as well as others. Some factors that may affect the value of a security are specific company earnings, management changes, competitor behaviour, economic conditions, liquidity, investor sentiment, currency and commodity price movements, government policy and global events.

Interest rate risk: the risk that changes in interest rates can have a negative impact directly or indirectly on investment value or returns. For example, if rates rise, a company’s borrowing costs can increase, causing its profits to decline.

Derivatives risk: Derivative include illiquidity, the value of derivative positions not moving in line with the movement in the underlying asset, and the Fund being unable to meet payment obligations as they arise in relation to derivatives contracts.

Currency risk: Currency movements against the Australian dollar may adversely affect the domestic value of the Fund's investments if those investments have a large percentage of their assets offshore, and the income from those investments. Where considered appropriate, the Investment Manager

11. Risks (continued)

may choose to hedge currency exposures to reduce the risk of adverse fluctuations in the value of the Australian dollar relative to the underlying currency of the investment.

Counterparty Risk: Any returns to investors may be affected by a default by any of the Fund's counterparties. For example, a counterparty to a transaction or contract (such as the Prime Broker, Custodian or other agent of the Fund) may fail to perform their obligations in the manner anticipated by the Fund or may experience financial difficulty, which may result in a reduction in expected returns to the Fund to the movement of the securities held within the Fund. This will magnify any positive performance of the portfolio; however, it will also magnify any losses in the portfolio.

Short selling risk: Short selling involves selling a security that is not already held by the Fund and this is generally done by borrowing the security from another party to make the sale. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are generally restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security (and in theory can be unlimited). Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase. Short selling will also incur interest and other costs on the securities borrowed by the Fund for sale. For a short sale to be profitable the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

Leverage Risk: The Fund uses leverage where the Manager believes it may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge securities in order to borrow additional funds for investment purposes. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their Fund units.

12. Taxation

The information in this section is of a general nature and is not tax advice, and cannot be relied upon as such.

Each investor must take full and sole responsibility for their investment in the Fund, the associated taxation implications arising from that investment and any changes in those taxation implications during the investment. This summary provides an outline of the principal Australian tax consequences relating to the acquisition, holding and disposal of Units for an investor who holds their investment in the Fund on capital account. The summary does not address the tax implications for investors that:

- hold their units on revenue account or as trading stock
- make an election under the Taxation of Financial Arrangements (TOFA) provisions that affects the recognition of income in respect of units
- are exempt from Australian tax.

The summary does not address the tax implications for investors that invest in the Fund indirectly.

Taxation issues are complex, and taxation laws, their

interpretation and associated administrative practices may change over the term of an investment in the Fund. The information contained in this section is based on, and limited to, Australian tax law and practice in effect at the date of this IM. Accordingly, prospective investors should obtain their own professional tax advice to take into account their individual facts and circumstances.

Taxation of distributions

The Fund is expected to be taxed under the ordinary trust provisions. Under the ordinary trust provisions investors must include in their assessable income a share of the net (taxable) income of the Fund in their own assessable income. This share (i.e. proportion) is determined by reference to their share of the income of the Fund to which they are presently entitled as at 30 June of each financial year. This will generally be the amount which is distributed to them or reinvested on their behalf annually. The Trustee intends to make investors presently entitled to all of the net income of the Fund each year.

The Fund will withhold and pay income tax on behalf of the

12. Taxation (continued)

share of the taxable income to which foreign resident are made presently entitled. Such foreign resident investors may still be required to lodge Australian income tax returns in relation to such amounts but can claim a credit for tax paid by the Trustee.

If the Fund qualifies as a managed investment trust (MIT), taxable income distributions paid to foreign resident Unitholders will be subject to a final withholding tax. In such cases foreign residents will not have an obligation to lodge or pay any further income tax on such amounts.

If the cash distribution to an investor exceeds an investor's allocation of the Fund's net (taxable) income, the excess (known as a 'tax deferred' distribution) will generally not be assessable to the investor. Similarly, a return of capital by the Fund will not be assessable to the investors.

Distributions of tax deferred or capital will generally reduce the investor's CGT cost base of their units in the Fund. Once the cost base of an investor's units has been reduced to nil any additional tax deferred or capital distributions may be assessable to an investor as a capital gain.

Any cost base adjustments will impact upon the capital gains tax position upon the eventual disposal of the investor's units in the Fund.

Attribution Managed Investment Trust ('AMIT') Tax Regime

If the Fund qualifies to apply the AMIT Rules, the Trustee may elect to do so. Any such election is irrevocable. The AMIT Rules are an alternative taxation regime to the ordinary trust taxation rules outlined above.

The key features of the AMIT Rules are detailed below. Please note the AMIT rules are complex and accordingly the below is not an exhaustive explanation of the provisions.

A fund that is an AMIT:

- will be deemed to be a 'fixed trust' for taxation law purposes
- can treat classes of Units as separate trusts
- can stream income to different classes of Units, for example, permit income preferred classes or capital preferred classes, and

- is permitted to may make year-on-year adjustments to reflect under-or-over distributions of the Fund's income ('under and overs').
- A Unitholder of an AMIT:
- For Australian resident unitholders- will be subject to tax on the net taxable income of the Fund which is attributed to them by the Trustee on a fair and reasonable basis.
- For Foreign resident Unitholder – will be subject to tax on a final withholding tax basis which will be withheld by the Fund (when required) on distributions made.
- will be required to increase or decrease the cost base of their Units depending on the amount of the cash distribution received, and the accompanying tax components.
- If the Trustee makes an election to apply the AMIT Rules to the Fund, it will give Unit Holders 30 days' notice of the change.

Redemption or transfer of units

If investors have their Units redeemed, cancelled or transferred, any proceeds received on the redemption cancellation or transfer will be included in the calculation of a net capital gain or capital loss for the Investors. The CGT general discount may be available for certain resident Unitholders that hold their units for 12 months or longer.

Annual Statement

The Trustee will provide an annual tax statement to each investor setting out details of any taxable income components, non-assessable components and capital gains (if any) paid by way of distribution in the financial year.

Tax file numbers (TFN) and Australian business numbers (ABN)

You are not required to give us your Tax File Number (TFN) or Australian Business Number (ABN). An ABN may be used as an alternative to a TFN if the investment is undertaken in the course of carrying out an enterprise. However, if you don't quote either number, the Trustee is required to withhold tax at the highest marginal rate plus Medicare levy from any income distribution payable to you.

13. How to apply

To invest in the Fund, please read this IM and then complete and sign the application form attached to this IM and return it to the Investment Manager at: Chester Asset Management Pty Ltd, Level 25, 360 Collins Street, Melbourne VIC 3000 (the address shown on the application form) along with the required supporting documentation (AML identification documents) and your payment in accordance with the instructions on the form. You need a minimum of \$500,000 to subscribe for your investment and you will need to maintain a minimum of \$20,000 in your investment account.

The Trustee may accept a lower investment amounts at its discretion. There are four options for payment:

- Direct deposit (EFT)
- Direct debit
- BPAY
- Cheque

Where funds are electronically transferred as a direct deposit you must also send a faxed or email a scanned copy of the application form to Copia Investment Partners Ltd with details of the deposit.

The Trustee processes applications each Business Day. When it receives, and accepts a valid application (AML documents and funds) prior to 2.00 pm Australian Eastern Standard Time (AEST) on a Business Day, the Trustee will process the application using the unit price for that day. The unit price includes the buy/sell spread.

The market value and Net Asset Value (NAV) of the Fund are calculated using the market prices of the Fund's assets. The unit price used for applications on any Business Day is the NAV of the Fund at the close of business on that day divided by the number of units on issue plus the buy/sell spread.

The number of units in the Fund allotted following the receipt of an application will be calculated by dividing the application amount by the unit price for the Fund. The number of units may be rounded up or down to a whole number or to a fraction of a unit to four (4) decimal places.

Where funds are not cleared by the following business day the Trustee may reverse the transaction or amend the unit price to a later date.

By applying for units, you agree to be bound by the terms of the constitution and this IM, both as amended from time to time, while the investor holds units in the Fund. The Trustee has the right to accept or reject an application and is not required to give reasons for rejecting an application. If the Trustee rejects an application, it will return application monies (excluding any interest earned) to you. Any interest earned is credited to the Fund.

Additional investments

To make additional investments at a later date, you can use another application form, or contact the Trustee. The Trustee will accept and process valid applications for additional units on the same basis at the initial investment. Do not forget to include your investor details (such as name, address, contact telephone number and client number) on all communications. The minimum additional investment is \$25,000. Additional investments are made on the basis of the IM that is current at the date of the application.

Cooling off

There are no cooling off rights for an application for units in the Fund.

Redemptions

If you wish to redeem your units you must lodge a signed Redemption Request Form with the Trustee by fax (+61 3 96420066), by sending a scanned form by email, by mail to PO Box 572, Collins Street West, Melbourne VIC 8007 or to Level 25, 360 Collins Street, Melbourne prior to 2.00 pm AEST on a Business Day. When the Trustee receives, and accepts a valid redemption request (signed by the necessary investors) the Trustee will process the redemption request using the unit price for that day. The unit price of the Fund is the NAV for that day less the buy/sell spread. Payment will be made within 7 days (although the Fund's constitution allows 60 days). If the Trustee receives a Redemption Request after 2.00 pm, it will treat the application as being received before 2 pm on the following Business Day.

You may only redeem an amount that leaves you with a minimum holding of \$20,000. If a redemption request causes your minimum balance to fall below \$20,000 you must withdraw your entire balance (unless otherwise agreed with the Trustee).

The Trustee can delay payment of redemptions in accordance with the Fund's constitution. If events outside the Trustee's control impact on its ability to calculate the unit price properly or fairly, for example, if the investments are subject to restrictions or if there is material market uncertainty, the Trustee can delay payment. The Trustee is entitled to deduct from any moneys payable to an investor any fees or other moneys unpaid by them and the total amount to be paid can be rounded down to the nearest cent.

14. Additional information

Reporting

You will have access to (or may opt to receive) regular reports, including:

- investment and performance reports
- an income distribution statement after each distribution
- annual taxation statement
- annual audited financial statement and annual report of the Fund; and
- a transaction statement each time you make any additional investment or withdrawal.

The Trustee will prepare an annual report for the Fund. Updated information about the Fund is available to you from the Investment Manager via email or post.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance. Fund performance may vary over time and should not be relied on when deciding to invest in the Fund.

Your privacy

The Trustee respects the importance of maintaining the privacy of any personal information that you are required to provide as part of your application to invest in the Fund. The Application Form requires you to provide personal information. This information is required so that the Trustee can provide the investment to you. Additionally, the Trustee may use this information in order to administer, manage and generally service your investment in the Fund including any requirement to comply with Australian taxation laws, the Corporations Act and other laws and regulations.

The Trustee may disclose your personal information for permitted related purposes to its agents and third party service providers and government authorities when required by law. If you notify the Trustee that you have a financial adviser, either on your Application Form or in writing (at a later date), you agree that details of your investment will be provided to them.

The Trustee takes reasonable steps to ensure that your personal information is accurate, complete and up to date. Under the Privacy Act 1988 (Cth) you may request access to the personal information the Trustee and its service providers hold about you. You may ask to amend or correct information; however, in certain circumstances the Trustee may not be required to make those changes.

You can request access to your personal information or a copy of the Trustee's Privacy Policy by telephone or writing to the Privacy Officer at:

Privacy Officer
Copia Investment Partners Ltd
Level 47, North Tower, 80 Collins Street
Melbourne Vic 3000
Telephone: (03) 9602 3199
Email: mail@copiapartners.com.au

Anti-money laundering and counter terrorism financing

The Trustee is required to comply with all applicable anti-money laundering legislation that applies to its operations including those laws implemented under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF). These laws require the Trustee to take all reasonable steps to identify and verify all investors, including requesting of relevant identification documents. By applying to invest in the Fund you are taken to have agreed to the following terms:

- a. you warrant that you comply with all applicable anti-money laundering laws and regulations, including but not limited to the anti-money laundering laws and regulations of Australia (as amended from time to time)
- b. you are not aware and have no reason to suspect that:
 - (i) the monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering and other activities deemed illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (illegal activity)
 - (ii) the proceeds of your investment in the Fund will be used to finance illegal activities
- c. you agree to provide the Trustee with all information that it reasonably requests promptly so that it can comply with its anti-money laundering legal obligations. Any failure to provide such information may result in your application for units being delayed or rejected, and in such circumstances, the Trustee will not be liable to you for any resulting loss; and
- d. you understand that the Trustee or its agents are able to disclose your personal details to law enforcement agencies, including AUSTRAC, if the Trustee or its agents believe it is necessary to do so in order to comply with their obligations under the anti-money laundering laws of Australia and that the Trustee or its agents may be required to keep such disclosure confidential.

AML/CTF identification requirements

As noted above the Trustee must conduct due diligence on you before issuing units to you. The due diligence includes verifying your identity. The Trustee cannot process applications if you do not provide the required information. As part of these obligations the Trustee is required to collect and verify identification information before it can issue units. The Trustee may ask you to provide information that is reasonably required to verify your identity, the identity of any underlying beneficial owner or the source or destination of any payment to or from the Fund.

The Trustee may also require you to provide updated or additional information from time to time.

14. Additional information

Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)

In compliance with the US income tax laws commonly referred to as the Foreign Account Tax Compliance Act (FATCA) and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Fund will be required to provide information to the Inland Revenue Service (IRS) via the ATO in relation to:

- a) investors that are US citizens or US residents
- b) entities controlled by US persons, and
- c) financial institutions that do not comply with FATCA.

The Fund may register for FATCA purposes and is intending to conduct its appropriate due diligence (as required). Where the Fund's investors do not provide appropriate information to the Fund, the Fund will also be required to report those accounts to the ATO.

The Common Reporting Standard (CRS) is the single global standard for the collection, reporting and exchange of financial account information on non-residents, which applies to calendar years ending after 1 July 2017. Under CRS, the Fund may need to collect and report financial account information on non-residents to the ATO. The ATO may

exchange this information with the participating foreign tax authorities of those non-residents.

In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your foreign Taxpayer Identification Number (TIN). We will only use such information for this purpose if we are required to do so.

Accordingly, if requested by the Trustee, the investor agrees, and it is a condition of the issue of the units to provide certain information required by it or the Trustee in order to comply with any applicable law, including FATCA and CRS.

Changing your details

To change your details (such as your address, contact details, nominated financial adviser and bank account) write to the Trustee – stating your investment account number and name, and the details of the change. The instruction must be signed by an authorised signatory (or signatories where more than one is required) to the account.

15. Contact details

Trustee

Copia Investment Partners Limited
Level 47
North Tower, 80 Collins Street
Melbourne VIC 3000
Australia

Telephone: +61 3 9602 3199
1800 442 129 (within Australia)
Website: www.copiapartners.com.au

Compliance & Risk Management

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