

# MELIOR AUSTRALIAN IMPACT FUND

## Product Disclosure Statement (PDS)

ARSN 634 081 744 APIR PIM4806AU

Dated 21 December 2022

The Trust Company (RE Services) Limited

ABN 45 003 278 831

Australian Financial Services Licence (AFSL) No. 235150

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### PLEASE NOTE:

- this PDS is a summary of significant information and contains a number of references (marked with the symbol “\$”) to important additional information contained in the Reference Guide which forms part of this PDS;
- the Target Market Determination (**TMD**) for this Fund can be found at [www.meliorim.com.au](http://www.meliorim.com.au) and includes a description of who the Fund is appropriate for.
- you should consider the information contained in this PDS and TMD before making a decision about the Fund;
- the information provided in this PDS is general information only and does not take account of your personal financial situation or needs; and
- you should obtain financial advice tailored to your personal circumstances.

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) (**RE, Responsible Entity, we, us or our**) is the responsible entity of the Melior Australian Impact Fund (ARSN 634 081 744) (**Fund**) and issuer of this PDS. Melior Investment Management Pty Ltd (ACN 629 013 896, Authorised Rep Number 001274055) (**Melior or the Investment Manager**) is the investment manager of the Fund. This PDS has not been lodged with the Australian Securities and Investments Commission (**ASIC**) and is not required to be lodged. ASIC takes no responsibility for the contents of this PDS.

**The PDS and TMD can be obtained by visiting the Investment Manager’s website at [www.meliorim.com.au](http://www.meliorim.com.au). If you received this PDS electronically we will provide you, free of charge, with a paper copy of this PDS (together with the application form) and any information it incorporates by reference upon request. If you make this PDS available to another person, you must give them the entire PDS, including the application form.**

This PDS is available to wholesale clients (as defined under the *Corporations Act 2001* (Cth) (the **Corporations Act**)) who may invest directly into the Fund as well as any investors who invest indirectly through an investor directed portfolio service, such as a master trust or wrap account or similar service

(**IDPS**). Different conditions may apply to such investors so please refer to Section 9 “More information” and “Investing via an IDPS”. This PDS is not an offer or invitation in relation to the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. New Zealand investors should refer to Section 9 “More information” and “Information for New Zealand investors” of this PDS, and Part G of the Reference Guide. All references to \$ amounts are to Australian dollars.

This PDS is current as at 21 December 2022. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to investors, it may be updated on [www.meliorim.com.au](http://www.meliorim.com.au) or you can call +61 2 9004 6071 to obtain a paper copy of the PDS (including any materials incorporated by reference) or any updated information free of charge. If the change is materially adverse to investors, we will notify affected investors and replace this PDS. If you have invested through and IDPS, you can obtain updated information from the IDPS operator.

Neither the RE nor Melior promise that you will earn any return on your investment or that your investment will gain or retain its value. No company other than the RE and Melior makes any statement or representation in this PDS.

Responsible Entity and Issuer		Investment Manager
<b>Name</b>	The Trust Company (RE Services) Limited	Melior Investment Management Pty Ltd
<b>Address</b>	Level 18, 123 Pitt Street, Sydney NSW 2000	Level 8, 167 Macquarie Street, Sydney NSW 2000
<b>Telephone</b>	+61 2 9229 9000	+61 2 9004 6071
<b>Website</b>	<a href="http://www.perpetual.com.au">www.perpetual.com.au</a>	<a href="http://www.meliorim.com.au">www.meliorim.com.au</a>

## ABOUT THE TRUST COMPANY (RE SERVICES) LIMITED

The RE is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827) (**Perpetual**), and a part of Perpetual Group (comprising Perpetual Limited and its subsidiaries, including the RE) which has been in operation for over 135 years. Perpetual is an Australian public company that has been listed on the Australian Securities Exchange (**ASX**) for over 55 years. The RE holds Australian Financial Services Licence number 235 150 issued by ASIC, which authorises it to operate the Fund.

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

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

The RE has the power to delegate certain aspects of its duties. The RE has appointed Melior as the investment manager of the Fund to implement the Fund strategy and make all investment decisions. The RE has also appointed Citigroup Pty Ltd (ABN 88 004 325 080, AFSL 238098) (**Administrator and Custodian**) as the administrator and the independent custodian to hold the assets of the Fund. Citigroup Pty Limited’s role as custodian is limited to holding the assets of the Fund as the RE’s agent. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

## THE INVESTMENT MANAGER

Melior is a specialist impact investment manager founded in Australia in 2018 which seeks to deliver long term competitive financial returns and drive positive environmental and social impact.

Melior's investment philosophy is that investing in companies that contribute to the United Nations' Sustainable Development Goals (SDGs) and have strong financial and environmental, social and governance (ESG) credentials have the potential for benchmark outperformance over time. Melior seeks to contribute to the SDGs through its investment capital, engaging management and boards to improve their sustainability, publicly

advocating for better social and environmental outcomes and measuring progress.

Melior uses the term "impact investing" to describe its investment approach of seeking to generate positive environmental and social impact through contributions to the SDGs together with competitive long term financial returns. Please refer to the section D of the Reference Guide for further information on this approach.

Melior operates as a corporate authorised representative of Adamantem Capital Pty Ltd (ABN 91 614 857 037, AFSL 492717) (**Adamantem**). Adamantem is an Australian investment management firm with responsible and impact investing capabilities in private and public market strategies.

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## HOW THE FUND WORKS

### MECHANICS

When you invest in the Fund your money (together with all other investors' monies) is gathered in the one place and invested in assets. We have appointed the Investment Manager to manage the Fund. The Investment Manager uses its resources, experience and expertise to make the investment decisions.

### UNITS

The Fund is a "unit trust". This means your interests in the Fund are represented by "units". Certain rights (such as a right to any

income and a right to vote) attach to your units. You may also have obligations in respect of your units.


§ Each unit has a value which we calculate. When you invest, we issue you a number of units depending on the amount you invest. Similarly, when you withdraw from the Fund, we calculate your withdrawal proceeds by reference to the number and value of units you hold at the time of withdrawal. Generally, the price of units will vary as the market value of assets in the Fund rises or falls.

### § INVESTING AND WITHDRAWING

To invest in the Fund, wholesale investors may use the application form accompanying this PDS and retail investors may invest via an IDPS. The following minimum transactions, balance requirements and processing rules generally apply (although we may vary or waive them at our discretion and without notice):

<b>Minimum initial investment</b>	\$50,000 <sup>1</sup>	<b>Minimum balance</b>	\$50,000
<b>Minimum additional investment</b>	\$10,000	<b>Unit pricing frequency</b>	Each business day
<b>Minimum withdrawal</b>	\$10,000	<b>Applications and withdrawals processing</b>	We generally process applications and withdrawals on each business day. If we receive your correctly completed form for an application (together with payment in cleared funds) or withdrawal (each a transaction request) before 2pm Sydney time on a business day in New South Wales (NSW) it will be processed using the unit price effective for that day. Any transaction requests received after that time on a business day or on a non-business day in NSW will be processed using the unit price effective for the next business day. If BPAY <sup>® 2</sup> is used as the application payment method, the transaction request will be treated as received on the business day after the application form is submitted.

<sup>1</sup> The minimum investment, balance and withdrawal amounts may be different if invested through an IDPS.

<sup>2</sup>  BPAY is registered to BPAY Pty Ltd ABN 69 079 137 517

You can increase your units by reinvesting distributions in full (this will be done automatically if you have not made any selection on your application form), or by making an additional investment (use the online investor portal to do this). You can decrease your units by making a withdrawal (use the online investor portal to do this). We accept scanned or faxed withdrawal requests on certain conditions. We are not bound to accept an application or a redemption request.

### § WITHDRAWALS

Normally, once we decide you can withdraw your money (usually this happens within 7 days of receipt of your withdrawal request), we will process the request within 5 business days (although the constitution for the Fund allows us to delay withdrawals in certain circumstances, which could be significantly longer than 5 business days), and then pay funds to your account. Once the funds are available, we must pay funds to your nominated bank account within 21 days of the date your units are taken to be redeemed.

In certain circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act), you may have to wait a longer period of time before you can withdraw your investment.

If the Fund is not sufficiently liquid, then you will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with the Fund constitution and the Corporations Act.

### § COMPULSORY REDEMPTIONS

In some circumstances we may also compulsorily redeem your units, for example, where we suspect that a law, regulation or our TMD prohibits or restricts you from being an investor in the Fund.

### DISTRIBUTIONS

Income distributions are generally paid half yearly and can be reinvested in part or in full back into the Fund or paid out entirely to the financial institution account nominated on your application form. You can indicate your choice on the application form. If you do not make a choice, then distributions will be reinvested. Any distributions reinvested are reinvested at the ex-distribution mid-price.

Distribution payments are made as soon as practicable. Distributions will not be paid by cheque.

§ We generally calculate income distributions based on the Fund's

net income at the end of the distribution period divided by the number of units on issue.

We distribute all taxable income to investors each year. This may include any taxable capital gains. Distributions may also carry imputation or other tax credits.

You should read the following important information before making a decision to invest in the Fund: § Investing and withdrawing. Go to Part A of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.

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### FEATURES AND BENEFITS OF INVESTING IN THE FUND

§ The key benefits of investing in the Fund include:

- Exposure to Australian and New Zealand listed companies that Melior believes deliver a net positive social and environmental impact.
  - Access to a team of highly experienced impact, ESG and company analysts who apply proprietary framework and combine their skills to deliver deep in-house research, unique company insights.
  - The potential to achieve long term competitive financial returns utilising a disciplined valuation approach that focuses on earnings quality and financial metrics to identify companies with sustainable returns.
- Regular reporting on the Fund's investments and Melior's active long-term engagement with boards and management teams as part of the corporate stewardship and public advocacy strategy.

You should read the following important information before making a decision to invest in the Fund: § Benefits and features. Go to Part B of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.

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### RISKS OF MANAGED INVESTMENT SCHEMES

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

#### SIGNIFICANT RISKS

The significant risks of the Fund include:

- **Individual investment risk:** Investments to which the Fund is exposed, like shares on a stock exchange, can (and do) fall in value for many reasons, such as changes in a company's internal operations or management, or in its business environment.
- **Market and economic risk:** Economic, technological, political or legal conditions, interest rates and even market sentiment, can (and do) change, and changes in the value of investment markets can affect the value of the investments in the Fund. These events may include changes in economic, social, technological or political conditions, as well as market sentiment, the causes of which may include changes in governments or government policies, political unrest, wars, terrorism, pandemics and natural, nuclear and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased and/or prolonged market volatility.
- **Investment Manager risk:** There is a risk that the Investment Manager will not perform to expectation or factors such as changes to the investment team may affect the Fund's performance. The skill and performance of Melior as investment manager can impact the Fund's investment returns. Only a small number of investment professionals are responsible for managing the Fund and changes in Melior key personnel and resources may have an impact on the Fund. There is no guarantee that the asset allocation strategy and individual investment selections will deliver positive investment performances at all stages of the investment cycle.
- **Fund risk:** The Fund could terminate (for example, at a date we decide), fees and expenses could change (although we would always give you at least 30 days' notice if fees were to increase), we could be replaced as RE and our management and staff could change. Investing in the Fund may give different results than investing individually because of accrued income or capital gains and the consequences of others investing and withdrawing.
- **Liquidity risk:** Access to your money may be delayed (see Section 2 "How the Fund works" and "Delays" of this PDS). Overall market liquidity may make it difficult for the Fund to trade profitably and to realise assets in a timely fashion to meet withdrawal requests. Further, large withdrawals might result in Fund assets being sold in unfavourable market conditions. Units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.
- **Operational risk:** The custody and administration of the Fund's assets has been outsourced to the Custodian. We are satisfied that the Custodian has in place adequate internal controls for its custody and administration operations. However, there may still be breakdowns in operations and procedures.
- **Counterparty risk:** The Fund's operations are reliant on external service providers. These arrangements may present a risk if service providers default in performing their obligations and an alternative supplier needs to be sourced. Losses can be incurred if a counterparty (such as a broker or other agent of the RE) defaults on their contractual obligations or experiences financial difficulty.
- **Concentration risk:** As a result of the Investment Manager's investment process, a relatively high percentage of the Fund's assets may be invested in a limited number of assets, or in assets in a limited number of sectors or industries, which may cause the value of the Fund's investments to be more affected by any single adverse economic, political or regulatory event than the investments of a more diversified investment with broader investment exposures.
- **Conflict of interest risk:** Melior may be the investment manager of other funds or mandates not described in this PDS and entities within the 'Perpetual Group' may act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts. The Investment Manager and Perpetual Group have implemented policies and procedures to identify and, where possible, mitigate or avoid the conflict.
- **Interest rate risk:** The capital value or income of a security held by the Fund may be adversely affected by interest rates movements.
- **Derivatives risk:** The Investment Manager may, on occasions, use exchange-traded derivatives (such as futures) to manage the Fund's exposure to cash. Derivative valuations may not move in line with the underlying asset or as expected and can be highly

volatile. Other risks of derivatives include the possibility that the derivative position is difficult or costly to reverse or exit and counterparty risk (see above). The use of derivatives may magnify any losses incurred.

- **Cyber risk:** There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of the RE or other service providers.
- **Impact risk:** The Fund and its investments may not succeed in delivering a net positive impact by seeking to contribute to the SDGs through its investments, together with Melior's active corporate stewardship and public advocacy. The perception of positive impact may also vary according to different investors' views, beliefs and values.
- **Political and regulatory risk:** The value or tax treatment of the Fund or its investments, or the effectiveness of the Fund's trading or investment strategy, may be adversely affected by uncertainties such as international and national political developments, changes in government (including taxation) policies, regulations and laws affecting registered managed investment schemes, or changes in generally accepted accounting policies or valuation methods.
- **Small companies risk:** Small companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. The securities of small companies may also be less liquid than those of larger companies and returns may be more volatile.
- **Valuation risk:** This is the risk that the Fund may value certain securities at a higher or lower price than the price at which they can be traded on the ASX or New Zealand Stock Exchange (NZX).

- **Foreign exchange risk:** The Fund may invest in NZX listed securities which could give rise to foreign currency exposure as the Fund is denominated in Australian dollars (AUD) and the Investment Manager does not actively hedge the Fund against New Zealand dollar (NZD) movements. Fluctuations in the AUD/NZD exchange rate can have both a positive and negative impact on the investments of the Fund. New Zealand investors should also refer to "Additional warning statement: currency exchange risk" contained within the "Information for New Zealand Investors" section of Part G of the Reference Guide.

## § RISKS APPLICABLE TO MANAGED FUNDS GENERALLY

Other significant risks relevant to many managed funds include the value of investments will vary, the level of returns will vary, future returns may differ from past returns and returns are not guaranteed. You may lose some or all of your money.

The level of risk for each person will vary depending on a range of factors including age, investment time frames, where other parts of your wealth are invested and your risk tolerance. These risks can be managed but cannot be completely eliminated. You can adopt certain tools to help you manage your own risk.

**You should read the following important information before making a decision to invest in the Fund: § Risks in general. Go to Part C of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.**

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## HOW WE INVEST YOUR MONEY

You should consider the likely investment return, risk and your investment timeframe when choosing a fund to invest in.

### Snapshot

<b>Fund description</b>	<p>The Fund's strategy is to seek to invest in Australian and New Zealand companies delivering long-term competitive market returns and to deliver net positive social and/or environmental impacts that contribute to the SDGs through its investment capital, together with Melior's active corporate stewardship and public advocacy approach.</p> <p>The Fund primarily invests in ASX listed companies. The Fund may also invest in NZX listed companies and Australian and New Zealand companies that are likely to be listed on ASX or NZX within 18 months of purchase. Melior applies a high conviction approach to construct a portfolio of between 20 - 50 holdings. The investment returns are thus expected to differ significantly from the benchmark because the Fund's portfolio is concentrated in a smaller number of stocks and industry sectors compared with the benchmark.</p>
<b>Investment return objective</b>	<p>The Fund's investment objective is to outperform the S&amp;P/ASX 300 Total Return Index net of fees over a rolling 7-year period.</p> <p><i>Note the investment return objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve over the long term on the assumption that equity markets remain relatively stable throughout the investment term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.</i></p> <p>§ The Investment Manager has developed an investment process to help achieve the investment return objective.</p>
<b>Benchmark</b>	S&P/ASX 300 Total Return Index
<b>Fund's investments and asset allocation</b>	<p>The target asset allocation will generally be within the below parameters:</p> <ul style="list-style-type: none"> <li>• The Fund will aim to invest at least 80% of its assets in ASX or NZX listed securities.</li> <li>• Maximum of 10% in unlisted securities that the Investment Manager believes are likely to be listed within 18 months of purchase.</li> <li>• Maximum cash weighting of 10% - this maximum may be exceeded at times, for example if the portfolio experiences strong inflows.</li> <li>• No borrowing or short selling.</li> <li>• No gearing. The Investment Manager is not permitted to use derivative contracts, physical securities or any combination of the two to produce financial exposure that would result in the gearing of the portfolio (e.g. such that net share market exposure is greater than 100%).</li> </ul> <p>Remember the investment allocation is only a target and can change within the ranges significantly and sometimes quickly. Ask your adviser or contact the Investment Manager for the latest investment mix.</p>

<b>Recommended minimum investment period</b>	7 years
<b>Borrowing</b>	The Fund will not borrow. Derivatives will only be used for cash management purposes and will not be used to gear the Fund.
<b>Risk</b>	High: The likelihood of the value of your investment going down over the short term is relatively high compared to investments in funds investing in other types of assets such as fixed interest or cash.
<b>Suitability</b>	The Fund is generally suited for persons seeking long term capital growth and those who can tolerate a high level of risk. You should speak with your financial adviser before investing in the Fund.
<b>Labour and environmental, social or ethical considerations</b>	A core component of Melior's investment process when assessing companies is to evaluate their management of, and exposure to, environmental and social factors (including labour standards).

Any of the above details could change at any time and without notice. Where we consider the changes are significant, we will notify you of the changes (and where required, give you prior notice in accordance with the Corporations Act).

**You should read the following important information before making a decision to invest in the Fund: § The investment process. Go to Part D of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.**

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## FEES AND COSTS

### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100 000 to \$80 000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.**

### TO FIND OUT MORE

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

### Fees and other costs

This section shows the fees and other costs that you may be charged. Information in the following table can be used to compare costs between different managed investment schemes. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

### Fees and costs summary

Melior Australian Impact Fund		
Type Of Fee Or Cost	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1</sup></b>		
<b>Management fee and costs*</b> The fees and costs for managing your investment <sup>2</sup>	1.45% pa of the net asset value of the Fund	Calculated and accrued daily and payable monthly in arrears. The fee is deducted from the assets of the Fund and reflected in the unit price.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not Applicable
<b>Transaction Costs*</b> The costs incurred by the Fund when buying or selling assets	Nil	These costs are expressed net of any amount recovered by the buy/sell spread and are generally paid as incurred and are reflected in the unit price.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)<sup>3</sup></b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>4</sup></b> The fee on each amount contributed to your investment	Nil	Not applicable

<b>Buy/sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the Fund	+0.30% / -0.30%	Calculated as a percentage of the mid unit price. Paid from investor's money when an investor applies to purchase or redeem units.
<b>Withdrawal fee<sup>4</sup></b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee<sup>4</sup></b> The fee to close your investment	Nil	
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

1 All fees are expressed as a percentage of net asset value of the Fund excluding accrued fees. All fees and costs are quoted inclusive of any GST and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund.

2 The amount of this fee can be negotiated (for wholesale investors only)

3 For more information on service fees, please see "Additional explanation of fees and costs".

4 This includes an amount payable to an adviser. Please see "Additional explanation of fees and costs".

\*This is an estimate only; based on 30 June 2022 calculations. Please refer to Melior's website for any updates on these estimates which are not considered materially adverse from a retail investor's point of view.

§ For information on service fees, please see "Additional explanation of fees and costs".

## EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the ongoing annual fees and costs in this Fund can affect your investment over a 1-year period. You should use this table to compare this Fund with other managed investment schemes.

<b>EXAMPLE - MELIOR AUSTRALIAN IMPACT FUND</b>		<b>Balance Of \$50,000 With A Contribution Of \$5,000 During Year</b>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	1.45%	<b>And</b> , for every \$50 000 you have in the Fund you will be charged \$725 each year
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year
<b>PLUS</b> Transaction costs	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs
<b>EQUALS</b> Cost of the Fund	1.45%	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of:  <b>\$725*</b>

**What it costs you will depend on the fees you negotiate.**

\* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the buy-sell spread.

When calculating ongoing annual fees and costs in this table, the law says we must assume that the value of your investment remains at \$50,000, the contribution of \$5,000 occurs on the last day of the year and the Fund's unit price does not fluctuate. Ongoing annual fees and costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions). The example assumes no abnormal expenses are incurred, no additional service fees are incurred by you and that fees are not individually negotiated with us. The example is based on the net assets of the Fund. Totals may appear incorrect due to rounding.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) and use their managed investment fee calculator.

## § ADDITIONAL EXPLANATION OF FEES AND COSTS

### ABOUT MANAGEMENT FEES AND COSTS

As at the date of this PDS, ordinary expenses such as responsible entity fees, investment management fees, custodian fees, administration and audit fees and other everyday expenses of operating the Fund are covered by the management fees at no additional charge to investors. Fees payable to the responsible entity and investment manager are calculated and accrued daily based on the net asset value of the Fund (excluding accrued fees) and are paid monthly in arrears. Management fees and costs are paid out of Fund assets, reduce the net asset value of the Fund and are reflected in the unit price.

Management fees and costs exclude transaction costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through buy-sell spreads).

The ordinary expenses for the Fund are incorporated into the management fee of the Fund and are paid out of the management fee as and when they are incurred. The constitution of the Fund provides that expenses incurred by us in relation to the proper performance of our duties in respect of the Fund are payable or reimbursable out of the assets of the Fund and are unlimited. We

reserve the right to recover abnormal expenses from the Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, investor meetings and termination and wind up costs. Abnormal expenses are deducted from the assets of the Fund as and when they are incurred.

### TRANSACTION COSTS

Transaction costs may include brokerage, buy-sell spread to the securities, settlement costs, currency transactions, clearing and stamp duty costs. These are incurred as part of the day-to-day trading of the Fund as investors move in and out of the Fund.

When you invest in the Fund, the Investment Manager may buy (and sell) investments and incur these costs. When you withdraw, the Investment Manager may sell investments so we can pay your cash to you and incur these costs. These costs are also incurred in connection with day to day trading within the Fund.

Some of these costs are recovered through the buy/sell spread. A buy/sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the buying/selling of units. This adjustment ensures that existing investors do not pay costs

associated with other investors acquiring/ withdrawing units from the Fund. The buy/sell spread is reflected in the unit price. Currently, our buy/sell spread is estimated to be +0.30% on the entry price and -0.30% on the exit price. So, if the net asset value of each unit is \$1.00, on entry we adjust the unit price up approximately 0.30% (up 0.3 cents) and on exit we adjust the unit price down approximately 0.30% (down 0.3 cents). The buy/sell spread is not paid to the RE or the Investment Manager. Because the buy/sell spread is reflected in the entry and exit prices, you won't see transaction costs on any account statement we send you. We may vary the buy and sell spreads from time to time. Updated information on the buy and sell spreads will be posted on [www.meliorim.com.au](http://www.meliorim.com.au).

Our estimate of the gross transaction costs for the Fund that may be payable during a financial year is 0.26%. Our estimate of the gross transaction costs for the Fund was calculated using the Fund's actual transactions during the last financial year. We expect this amount to vary from year to year as it will be impacted by the Fund's volume of trading, brokerage arrangements, applications and withdrawals and any changes in the buy/sell spread of the Fund. The net transaction costs (0%) is the difference between gross transaction costs and the buy/sell spread recovery. All of these amounts are expressed as a percentage of the Fund's net asset value for the year. Based on an average account balance of \$50,000 over a one-year period, the net transaction costs represent approximately \$0.

## CHANGES TO FEES AND COSTS

Fees and costs can change without your consent. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' notice of any increase to fees where required. The constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of the Fund's investors.

Please refer to the Melior website ([www.meliorim.com.au](http://www.meliorim.com.au)) for any updates on our estimates of any fees and costs (including indirect costs and transaction costs) which are not considered to be materially adverse from a retail investor's point of view. Remember, past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

## GST

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. The fees outlined in this PDS are inclusive of GST and take into account any reduced input tax credits that may be available.

## ADVISER FEES

**Warning: Additional fees may be paid to your financial advisor if one is consulted.** You should refer to the Statement of Advice they give you in which details of the fees are set out. We do not pay commissions to any financial advisers.

## SERVICE FEES

If you need us to do something special for you, we may charge you a fee. These special fees vary depending on what you ask us to do.

You should read the following important information before making a decision to invest in the Fund: \$ Additional explanation of fees and costs. Go to Part E of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.

# 7 HOW MANAGED INVESTMENT SCHEMES ARE TAXED

§ Investing in a registered managed investment scheme (like the Fund) is likely to have tax consequences and you are strongly advised to seek professional tax advice. Registered managed investment schemes (like the Fund) do not pay tax on behalf of members. Members are assessed for tax on any income and capital gains generated by the Fund. Tax information specific to New Zealand investors is included at Part F of the Reference Guide.

You should read the following important information before making a decision to invest in the Fund: \$ Australian tax treatment of the Fund and investors. Go to Part F of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.

# 8 HOW TO APPLY

## HOW TO INVEST

To invest directly, you need to be a wholesale client (as defined under the Corporations Act) and invest at least \$50,000 initially, unless agreed otherwise, and you need to maintain a minimum of \$50,000 in your account (disregarding any fluctuations in the value of the investment arising from changes in the assets and/or asset prices of the Fund rather than action taken by an investor to withdraw their funds). Use the application form accompanying this PDS. The application form contains detailed instructions and will ask you to provide the identification documents required under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) (**AML CTF Act**).

To invest indirectly through an IDPS, please refer to the application process for that IDPS.

We do not earn interest, nor do we pay you interest, on application monies held prior to the time we issue units to you.

Additional investments can be made at any time by submitting an application form. Generally, the minimum amount for additional investments is \$10,000.

## COOLING OFF

As investments made pursuant to this PDS are available only to wholesale clients that invest directly or investors investing through an IDPS, cooling off rights do not apply. Indirect investors investing through an IDPS should consult the relevant IDPS operator in relation to cooling-off rights.

## ENQUIRIES AND COMPLAINTS

The RE has established procedures for dealing with complaints. If you have a complaint, you can contact the RE and/or Melior during business hours using the details at the beginning of this PDS. It helps us if you have your investor number handy when you contact us.

We will endeavour to resolve your complaint fairly and as quickly as we can. We will respond to your complaint within the maximum response timeframe of 30 days. If we are unable to respond within the maximum response time because we have not had a reasonable opportunity to do so, we will write to you to let you know of the delay.

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) can access our complaints procedures outlined above. If you are investing via an

IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

If you are not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in

responding by the maximum response time, the Australian Financial Complaints Authority (AFCA) may be able to assist. AFCA operates the external complaints resolution scheme of which the RE is a member and provides a fair and independent financial services complaint resolution service that is free to consumers. If you seek assistance from AFCA, their services are provided at no cost to you.

You can contact AFCA on the following details:

<b>Mail</b>	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001
<b>Telephone</b>	1800 931 678 (free call)
<b>Email</b>	info@afca.gov.au
<b>Website</b>	www.afca.org.au

Time limits may apply to complain to AFCA, so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expire.



## MORE INFORMATION

### FUND INFORMATION

If you are interested in further details on the Fund (including up to date performance information) please contact your financial adviser or go to [www.meliorim.com.au](http://www.meliorim.com.au). Your financial adviser will give you copies of the information free of charge. You can always call Melior; Melior's details are at the beginning of this PDS. Again, up to date information is always free of charge.

**Don't forget that any past returns are just that, just because they happened doesn't mean they will happen again. Returns are volatile and may go up and down significantly and sometimes quickly. Past performance is not necessarily a guide to future performance.**

### INVESTING VIA AN IDPS

When you invest via an IDPS, it is the IDPS operator which becomes the investor in the Fund (not you). It follows that the IDPS operator has the rights of an investor and can exercise them (or not) in accordance with their arrangements with you. We are not responsible for the operation of any IDPS through which you invest.

Indirect investors complete the application forms for the IDPS and receive reports from that operator, not from us. The minimum investment, balance and withdrawal amounts may be different. You should also take into account the fees and charges of the IDPS operator as these will be in addition to the fees paid in connection with an investment in the Fund. Speak with the IDPS operator to determine whether any cooling off rights are available to you through the service.

Indirect investors may rely on the information in this PDS. However, in addition to reading this PDS you should read the document that explains the IDPS.

### § KEEPING YOU INFORMED

Following recent amendments to the Corporations Act; where you have provided us with your email address, we will now send notices of meetings, other meeting-related documents and annual financial reports (each a "Communication") to you electronically unless you elect to receive these in physical form and notify us of this election.

You have the right to elect whether to receive some or all of these Communications in electronic or physical form and the right to elect not to receive annual financial reports at all. You also have the right to elect to receive a single specified Communication on an ad hoc basis, in an electronic or physical form.

As at the date of this PDS, the Fund has less than 100 investors. Where the Fund has 100 investors or more, the Fund will be considered a "disclosing entity" for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, of the most recent annual financial report for the Fund and any half year financial report lodged with ASIC after that annual financial report but before the date of this PDS.

Any continuous disclosure obligations we have will be met by

following ASIC's good practice guidance via website notices rather than lodging copies of those notices with ASIC. Accordingly, should we become aware of material information that would otherwise be required to be lodged with ASIC as part of our continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable on [www.meliorim.com.au](http://www.meliorim.com.au). If you would like hard copies of this information, contact Melior on + 61 2 9004 6071 and it will be sent to you free of charge.

On [www.meliorim.com.au](http://www.meliorim.com.au) you can also find information about your rights to:

- choose whether you receive certain information documents from us in hard copy or electronic form; and
- choose or not to have annual financial report documents sent to you.

If your preferences change you can contact us at any time.

### § PRIVACY

We collect personal information from you to process your application, administer your investment and comply with any relevant laws.

### § ANTI MONEY LAUNDERING AND COUNTER TERRORISM FINANCING

In order to meet our obligations under the AML CTF Act or other relevant reporting legislation, we may require further information from you as to identity, the source of your funds and similar matters. We are required to verify that information by sighting appropriate documentation.

### CONSENTS

The Investment Manager and the Custodian have each given, and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning them in the form and context in which they are included.

### § INFORMATION FOR NEW ZEALAND INVESTORS

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law and is principally governed by Australian rather than New Zealand law. There are differences in how financial products are regulated under Australian law. The rights, remedies, and compensation arrangements that apply to Australian financial products may differ to those available for investments in New Zealand financial products. Please read the information for New Zealand investors in Part G of the Reference Guide which include the warning statements prescribed by the Financial Markets Conduct Act 2013.

**You should read the following important information before making a decision to invest in the Fund: § Investing via an IDPS, § Keeping you informed, § Privacy, § Anti-Money Laundering and Counter-Terrorism Financing, and § Information for New Zealand investors. Go to Part G of the Reference Guide available at [www.meliorim.com.au](http://www.meliorim.com.au). Note the information may change between the time when you read this PDS and when you acquire the product.**