

8IP Australian Small Companies Fund



Reference Guide

Issue Date 15 June 2018

About this Reference Guide

This Reference Guide ("RG") has been prepared and issued by Equity Trustees Limited ("Equity Trustees", "we" or "Responsible Entity"). The information in this document forms part of the Product Disclosure Statement ("PDS") for the following Fund: 8IP Australian Small Companies Fund ("Fund") dated 15 June 2018.

The information provided in this RG is for general information only and does not take into account your individual objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Updated information

Information in the PDS and this RG is subject to change. Before making an investment in the Fund, you should ensure that you have read the PDS and RG current as at the date of your investment.

You can request a copy of the PDS and RG by emailing the Investment Manager at enquiry@8ip.com.au, visiting www.8ip.com.au or calling +612 8274 2088. A paper copy of the updated information may also be provided free of charge on request.

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1. Investing in the 8IP Australian Small Companies Fund

Application cut-off times

If we receive a correctly completed Application Form, identification documents (if applicable) and cleared application money:

- before or at 2pm (Sydney time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for that Business Day; or
- after 2pm (Sydney time) on a Business Day and your application for units is accepted, you will generally receive the Application Price calculated for the next Business Day.

We will only start processing an application if:

- we consider that you have correctly completed the Application Form;
- you have provided us with the relevant identification documents if required; and
- we have received the application money (in cleared funds) stated in your Application Form.

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Fund investors.

Please see the PDS for information regarding how to apply.

2. Managing your investment

Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details; and
- enquiring and obtaining copies of the status of your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, claims and demands arising from instructions received from your authorised signatory; and
- you agree that our acting on any instructions received from your authorised signatory shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

Reports

Investors will be provided with the following reports:

- application and withdrawal confirmation statements;
- transaction statements;
- (where applicable), distribution and tax statements; and
- annual audited financial accounts available on Equity Trustees' website.

3. Withdrawing your investment

Withdrawal cut-off times

If we receive a withdrawal request:

- before or at 2pm (Sydney time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for that Business Day; or
- after 2pm (Sydney time) on a Business Day and your withdrawal request is accepted, you will generally receive the Withdrawal Price calculated for the next Business Day.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion. We have the discretion to delay processing withdrawal requests where we believe this to be in the best interest of the Fund investors.

Please see the PDS for information regarding how to request a withdrawal.

Withdrawal terms

Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

We may contact you to check your details before processing your withdrawal request. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.

When you are withdrawing, you should take note of the following:

- withdrawals will only be paid to the investor.
- we reserve the right to fully redeem your investment if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set out in the PDS.
- if we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- as an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier, email or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- you agree that if the payment is made according to these terms you, and any person claiming on your behalf, shall have no claim against us with regards to such payment.

Withdrawal restrictions

Under the Corporations Act, you do not have a right to withdraw from the Fund if the Fund is illiquid. In such circumstances, you will only be able to withdraw your investment if Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The Fund will be deemed liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, should Equity Trustees be unable to realise sufficient assets to meet withdrawal payments, it may suspend the calculation of the NAV and withhold withdrawal proceeds.

4. Additional information on fees and costs

Additional explanation of 8IP Australian Small Companies Fund performance fee expense

Where the aggregate amount of the daily performance fee amounts is negative, no performance fee will be reflected in the daily unit price and no performance fee will accrue until the total of the aggregate amount of the daily performance fee amounts for the current Performance Fee Period and the negative balance carried forward from previous Performance Fee Periods is a positive amount.

If the aggregate of the daily performance fee amounts at the end of a Performance Fee Period is a positive amount, this positive amount is accrued as an expense and is deducted from the assets of the Fund at the end of each Performance Fee Period. The amount of the performance fee expense is paid to 8IP.

Where the aggregate daily performance fee amount for a Performance Fee Period is negative, no performance fee expense will be paid to the Investment Manager, and the negative balance will be carried forward to the next Performance Fee Period.

Method for calculating the performance fee expense

The Fund carries a performance fee expense of 20% (inclusive of GST and RITC) of the return above the S&P/ASX All Ordinaries Accumulation Index paid six monthly at June and December ("Performance Fee Period")

The method for calculating the performance fee expense is as follows:

- For each Business Day the daily investment return of the Fund (before performance fees) is calculated to determine the investment return of the Fund and whether the Performance Hurdle for that Business Day has been exceeded.
- The performance hurdle is the daily percentage movement in the S&P/ASX All Ordinaries Accumulation Index multiplied by the NAV (before performance fees) of the Fund for the previous Business Day ("Performance Hurdle").
- The daily investment return of the Fund for a Business Day is calculated by dividing the NAV (before performance fees) of the Fund adjusted for net changes in capital (including applications, redemptions and payments of cash distribution amounts) for that Business Day, by the NAV (before performance fees) of the Fund for the previous Business Day.
- The daily performance fee amount is then calculated at 20% (inclusive of GST and RITC) of the difference between the daily investment return of the Fund and the Performance Hurdle. The daily performance fee amount can be a positive or negative amount depending on whether or not the Performance Hurdle has been exceeded.

The daily performance fee amount is aggregated and, where the aggregate amount is positive, this amount is reflected in the daily unit price as an expense provision.

Example of how the performance fee may affect your investment in the Fund

The following is an example of the calculation of a performance fee expense for a Performance Fee Period. Terms referred to below have the same meaning as detailed in "Section 6. Fees and costs" of the PDS for the Fund.

Assumptions:

- The percentage movement in the S&P /ASX Small Ordinaries Accumulation Index from the start of the Performance Fee Period to the end of the Performance Fee Period is 6%;
- the Fund's performance hurdle for the Performance Fee Period is hence 6%;
- the Fund's 'investment return' for the Performance Fee Period is 8%;
- the Fund's 'investment return' for the Performance Fee Period is assumed to accrue evenly over the course of the Performance Fee Period;
- the Fund's 'investment return' with reference to which the performance fee is calculated is a return after deduction of the management costs for the Performance Fee Period; and

- there are no negative performance fee amounts for previous Performance Fee Periods to be carried forward.

On the basis of the above assumptions, if you had an investment in the Fund of \$100,000 at the beginning of the Performance Fee Period and no withdrawals were effected during the Performance Fee Period, your investment would bear a performance fee expense inclusive of GST of approximately \$400 for the Performance Fee Period.

Please note that the 'investment return' specified in this example:

- is only an example to assist investors to understand how the performance fee is calculated and the effect of the performance fee expense on the investment return of the Fund; and
- is **not** a forecast of the expected investment return for the Fund.

5. Other important information

Your privacy

The Privacy Act 1988 (Cth) ("Privacy Act") and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, Custodian and Administrator, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to "opt out" by contacting Equity Trustees.

Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees' Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email to privacy@eqt.com.au to request a copy.

The Constitution

The Fund is governed by a constitution that sets out the Fund's operation (the "Constitution"). The Constitution, together with the Fund's PDS, the Corporations Act and other laws, regulate our legal relationship with investors in the Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund's PDS and the Fund's Constitution. You can request a copy of the Constitution free of charge from Equity Trustees. Please consider these documents before investing in the Fund.

We may amend the Constitution from time to time in accordance with the provisions in the Constitution and the Corporations Act.

Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF")

Australia's AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees knows certain information about investors in the Fund.

To meet this legal requirement, we need to collect certain identification information and documentation ("KYC Documents") from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with AML/CTF laws. Processing of applications will be delayed or refused if investors do not provide the applicable KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

The Responsible Entity shall not be liable for any loss you may suffer because of compliance with the AML/CTF laws.

Indirect Investors

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator. This will mean that you are an Indirect Investor in the Fund and not an investor or member of the Fund. Indirect Investors do not acquire the rights of an investor as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from us and the IDPS Operator's application and withdrawal conditions determine when you can direct the IDPS Operator to apply or redeem. Your rights as an Indirect Investor should be set out in the disclosure document issued by the IDPS Operator.

Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

Foreign Account Tax Compliance Act ("FATCA")

In April 2014, the Australian Government signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("ATO"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

Common Reporting Standard ("CRS")

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

6. Glossary

Application Form

The application form that accompanies the PDS.

ATO

Australian Tax Office.

AUSTRAC

Australian Transaction Reports and Analysis Centre.

Business Day

A day other than a Saturday or Sunday on which banks are open for general banking business in Sydney, NSW.

Indirect Investors

A person who invests in the Fund through an IDPS.

Net Asset Value or NAV

The value of assets of a Fund, less the value of the liabilities of that Fund.

IDPS

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.

IDPS Operator

The entity responsible for operating an IDPS.

US Person

A person so classified under securities or tax law in the United States of America ("U.S.") including, in broad terms, the following persons:

(a) any citizen of, or natural person resident in, the U.S., its territories or possessions; or

(b) any corporation or partnership organised or incorporated under any laws of or in the U.S. or of any other jurisdiction if formed by a U.S. Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933; or

(c) any agency or branch of a foreign entity located in the U.S.; or

(d) a pension plan primarily for U.S. employees of a U.S. Person; or

(e) a U.S. collective investment vehicle unless not offered to U.S. Persons; or

(f) any estate of which an executor or administrator is a U.S. Person (unless an executor or administrator of the estate who is not a U.S. Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-U.S. law) and all the estate income is non-U.S. income not liable to U.S. income tax; or

(g) any trust of which any trustee is a U.S. Person (unless a trustee who is a professional fiduciary is a U.S. Person and a trustee who is not a U.S. Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a U.S. Person); or

(h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; or

(i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S. for the benefit or account of a U.S. Person.

We, us

Refers to Equity Trustees Limited.

Wholesale Client and Retail Client

Persons or entities defined as such under section 761G of the Corporations Act.