



# Explanatory Memorandum

*Accompanying Notice of Meeting sent to Unitholders of the Evans & Partners Global Flagship Fund dated 29 October 2020.*

EVANS & PARTNERS GLOBAL  
FLAGSHIP FUND PROPOSAL

# Important notice

This document is issued by Walsh & Company Investments Limited (ACN 152 367 649 | AFSL 410 433) (**Walsh & Company** or **Responsible Entity**) in its capacity as responsible entity of the Evans & Partners Global Flagship Fund ARSN 158 717 072 (**Fund**).

## PURPOSE OF THIS EXPLANATORY MEMORANDUM

This Explanatory Memorandum provides you with information about each Resolution contained in the separate Notice of Meeting sent to unitholders of the Fund (**Unitholders**) (see Appendix 1) and the steps that will be required to implement the proposed transition of the Fund to an unlisted open-ended unit trust and the retirement and replacement of Walsh & Company as Responsible Entity (**Proposal**). Under the Proposal, Evans and Partners Investment Management Pty Limited (ACN 619 080 045) (**Investment Manager**) will continue to manage the Fund in accordance with the investment strategy.

Walsh & Company recommends that you read the Explanatory Memorandum and the Notice of Meeting in full and seek advice from a licensed financial adviser or other professional adviser before you determine how to exercise your vote on each of the Resolutions set out in the Notice of Meeting. This Explanatory Memorandum provides information about the objectives of the Proposal, the benefits and risks of the Proposal to the Unitholders in the Fund and details about how the Fund will operate as an open-ended unit trust.

## FORWARD LOOKING STATEMENTS

To the extent that this Explanatory Memorandum contains any statements which may be considered to be forward-looking, those statements reflect the reasonably held and current expectations of Walsh & Company and its directors concerning future results and events as at the date of this Explanatory Memorandum. Forward looking statements involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Walsh & Company (and its officers, employees, agents or associates). In particular, the uncertainty and risks created by the continually evolving COVID-19 pandemic increases the difficulty of making such judgements and analysis. Unforeseen or unpredictable events and various risks could affect future results of the Fund following the implementation of the Proposal, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Any forward-looking statements are provided for information purposes only in order to assist Unitholders to make decisions about whether to vote in favour of the Resolutions set out in the relevant Notice of Meeting. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

## DISCLAIMER

The information in this Explanatory Memorandum does not take into account your investment objectives, financial situation, tax position or needs. It also does not analyse the implications of the Proposal on "foreign persons" under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). It is important that you read the Explanatory Memorandum before making any voting decision. In particular, it is important that you consider the advantages and disadvantages of the Proposal (see Section 2 of this Explanatory Memorandum). If you would like to refer to current information about the Fund, the audited financial results for the year ended 30 June 2020 and half year ended 31 December 2019 are available from the Fund's website, [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au), or by calling Investor Relations on 1300 454 801 (local call free within Australia). To the maximum extent permitted by law, neither Walsh & Company nor any of its directors, officers, employees, agents or advisers accepts any liability for any loss arising from the use of this Explanatory Memorandum or its contents or otherwise arising in connection with it. The information in this Explanatory Memorandum remains subject to change. Walsh & Company may vary the timetable for implementing the Proposal. We will notify you of any material changes in relation to this Explanatory Memorandum via the ASX announcements platform and on the Fund's website [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au). The information in this Explanatory Memorandum is current as at 29 October 2020 unless otherwise stated.

## PRIVACY

Perpetual, Walsh & Company or their agents may collect personal information in the process of convening the meeting and implementing the Proposal. Such information may include the names, contact details and unit holdings of Unitholders and the names of persons appointed to act as a proxy, corporate representative or attorney at the Meeting. The primary purpose of the collection of personal information is to assist Walsh & Company and Perpetual to conduct the Meeting and implement the Proposal. Personal information of the type described above may be disclosed to the print and mail service providers, registry service providers and related bodies corporate of Walsh & Company and Perpetual. Unitholders have a right to access their personal information and should contact the responsible entity in office at the time, if they wish to access their personal information. Unitholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure they inform that person of these matters.

For further information on Walsh & Company's privacy policy, please visit [www.walshandco.com.au/privacy-policy](http://www.walshandco.com.au/privacy-policy). For further information on Perpetual's privacy policy, please visit <https://www.perpetual.com.au/privacy-policy>.

## ADDITIONAL INFORMATION

If after reading this Explanatory Memorandum you have any further questions, please contact your financial adviser or Walsh & Company on 1300 454 801 (local call free within Australia).

# Table of contents

Important notice .....	2
Table of contents.....	4
Key dates for the proposal .....	5
1. Chairman's letter .....	6
2. Overview of the proposal.....	10
3. Operating of the Fund after delisting.....	28
4. Additional information.....	35
5. Appendix 1: Notice of Meeting.....	37

# Key dates for the proposal

EVENT	DATE
Explanatory Memorandum issue date	29 October 2020
Deadline for Voting Forms for the Meeting	9:00am 30 November 2020
Record date for voting	7:00pm 30 November 2020
Virtual meeting of members of the Fund	9:45am 2 December 2020
<b>If the Resolutions for the Proposal are approved by Unitholders at the Meeting, the following key dates apply.</b>	
Last day for trading in units in the Fund on the ASX	29 January 2021
Implementation Date for delisting	1 February 2021
Date of change of responsible entity ( <b>RE Effective Date</b> )	1 February 2021
Issue of Product Disclosure Statement ( <b>PDS</b> ) for the Fund as an open-ended trust	1 February 2021

All dates following the issue date of this Explanatory Memorandum are indicative only and may be subject to change. The Responsible Entity will notify Unitholders of any change to this timetable via the ASX announcements platform and the Fund's website at [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au). All times refer to Australian Eastern Daylight Time (**AEDT**) unless indicated otherwise.

# 1. Chairman's letter

Dear Unitholder,

On behalf of the board of Walsh & Company Investments Limited (**Board**), in its capacity as Responsible Entity of the Fund, it is my pleasure to provide you with a Proposal to:

- transition the Fund from a listed investment trust (**LIT**) to an open-ended unit trust; and
- replace Walsh & Company Investments Limited as Responsible Entity of the Fund with The Trust Company (RE Services) Limited (**Perpetual**).

## The Proposal

If the resolutions required to implement the Proposal (**Resolutions**) are approved by Unitholders, the Fund will delist and become an unlisted open-ended unit trust, and Walsh & Company Investments Limited will be replaced as the Responsible Entity by Perpetual. The Fund's Investment Manager, investment objective and strategy would remain the same, and there will be no change in aggregate fees.

Further information about the Proposal is provided in Section 2 of the Explanatory Memorandum.

The Proposal is intended to provide Unitholders the following benefits:

- an ability to realise your investment in the Fund at a price which is closer to the net tangible asset (**NTA**) value than has been possible recently in the listed environment;
- an improved prospect of liquidity;
- easier access for new and existing investors to invest;
- the opportunity for scale benefits from an increase in Fund size;
- no transaction costs associated with the Proposal;
- a responsible entity with extensive experience in operating funds with daily applications and redemptions; and
- no change in aggregate fees and costs.

A delisting will mean that units can no longer be bought or sold through your stockbroker, and information about the Fund will no longer be on the ASX announcements platform.

## Reasons for the Proposal

Since the inception of the Fund's strategy in July 2018, the Investment Manager has provided Unitholders a per annum return of 9.6% inclusive of distributions and net of fees and costs, outperforming the MSCI World Index (AUD terms) as at 30 September 2020.

Historically, LITs have been an effective structure for retail investors to access equity strategies due to the transparency and ease of execution of trading units on the Australian Securities Exchange (**ASX**). The Responsible Entity has maintained active capital management strategies to ensure ASX trading volume was supported through buybacks, and the unit price of the Fund has broadly traded at or around the Fund's NTA per unit when there has been a balance of buyers and sellers.

Recent changes in market conditions, we believe, have resulted in the LIT structure no longer being the optimal vehicle for certain equity strategies, with the equity LIT market trading at a 12% discount to NTA during the COVID-19 pandemic.

In an effort to optimise the structure of the Fund for growth and to best position the Fund to continue to deliver strong performance, the Responsible Entity has undertaken a review of the options available and is recommending that the Fund delist from the ASX and convert to an open-ended unit trust structure.

#### **For sellers**

The new structure will enable Unitholders to realise their investments at NTA, less a sell spread of 0.20% to cover transaction costs for the Fund, on a daily basis (subject to certain conditions outlined in Section 3 of the Explanatory Memorandum below). This should enable Unitholders to more easily and readily realise their investments at NTA, regardless of the trading volumes of other investors. The current liquidity arrangements are not operating as efficiently as they could be given the thin trading volumes in the Fund.

#### **For buyers**

As outlined above, the Fund has historically been thinly traded, with irregular selling volumes on market. This has made it difficult for new investors to gain exposure to the Fund with its expert management team, and for existing investors wanting to increase their investment in the Fund. The open-ended unit trust structure would allow new and existing investors the ability to access the desired volume of investment at any time. This allows investors more certainty in relation to volume when investing in the Fund as access to units is not predicated on market volumes, but is achieved through predictable daily applications. The current listed status of the Fund has seen the Fund trading above (up to a 1% premium) or below (up to a 15% discount) to its NTA since inception. The Proposal provides certainty around purchase price for investors as they can invest at NTA, less a buy spread to cover transaction costs for the Fund (currently proposed to be 0.20%) on a daily basis (subject to certain conditions outlined in Section 3 of the Explanatory Memorandum below).

## Factors in deciding how to vote

This Explanatory Memorandum is intended to assist Unitholders in considering all aspects of the Proposal and to decide whether to vote for or against the Proposal at the Meeting of Unitholders to be held on 2 December 2020. For further information on the reasons for and against the Proposal see Sections 2.4 and 2.5, of the Explanatory Memorandum respectively. In this document you will find information concerning the Proposal including:

- A detailed description of the Proposal and the proposed steps to implementation;
- An overview of the open-ended unit trust and how it differs from the current structure of the Fund;
- The key risks associated with the Proposal;
- A summary of the changes to the constitution of the Fund (Constitution); and
- A summary of general tax considerations relevant to the Proposal.

## Buyback Resolutions

In addition to the Proposal, the Responsible Entity is seeking Unitholder approval to refresh the buyback program. If the Fund delists, the buyback program would cease to operate and investors will instead have the option of daily withdrawals. Please see Section 2.9 of the Explanatory Memorandum for further information.

If Unitholders approve refreshing the buyback program, the Fund will be permitted to buyback a maximum of 25% of the number of Units it has on issue as at the close of trade on 3 December 2020 over the next 12 months.

## Voting on the Resolutions

In light of government restrictions on meetings in public venues, the Meeting will be held virtually. There will not be a physical meeting where Unitholders can attend.

The Resolutions for delisting and change of responsible entity are inter-conditional on the approval of one another. If either of those Resolutions is not passed by Unitholders, the Fund will continue to be managed in the ordinary course under the existing structure.

In addition to the Resolutions for delisting and change of responsible entity, we are also taking the opportunity to propose some changes to “future proof” the Fund’s Constitution. The changes include:

- amendments to allow the Fund to quote units for trading on the AQUA or Chi-X platforms for exchange-traded managed funds. In the event that new applications provide sufficient scale, this may be desirable to provide investors with an additional avenue for liquidity and allow further growth of the Fund. It differs from the Fund’s current status of listing on the main board



of the ASX, in that the AQUA and Chi-X rules provide for mechanisms such as market-making to help facilitate trading at prices as close as practical to the underlying value of the units;

- amendments to allow the Fund to opt into the attribution managed investment trust (**AMIT**) regime for the taxation of managed investment trusts; and
- other changes to update the Constitution in line with current practice.

Finally, as noted above, we are also seeking Unitholder approval to refresh the buyback program.

The Resolutions to approve the amendments to the Constitution and the buyback are not inter-conditional on each other or the other two Resolutions.

I encourage you to read the attached Explanatory Memorandum and Notice of Meeting in Appendix 1 carefully. If you have any questions, please contact your financial advisor or Walsh & Company on 1300 454 801.

On behalf of the Responsible Entity, I recommend the Proposal to you.

Kind regards,



**Stuart Nisbett**  
Chairman

## 2. Overview of the proposal

### 2.1 Background to the Proposal

The Proposal comprises two key parts:

- transition of the Fund from a listed investment trust (LIT) to an open-ended unit trust; and
- replacement of Walsh & Company Investments Limited as Responsible Entity of the Fund by Perpetual.

The Fund's investment strategy was established in July 2018 in order to provide investors with attractive risk-adjusted returns over the medium to long-term through exposure to a portfolio of global listed equities.

The Fund's performance since July 2018 to 30 September 2020 has delivered on this strategy with the Fund's NTA return since inception being 9.6% per annum (inclusive of distributions and net of fees and costs), which is 0.8% above the MSCI World Index (Net, AUD terms) return of 8.8% per annum over the same period.

Historically, LITs have been an effective structure for retail investors to access listed equity strategies. This has been due to the ease of execution for retail investors to access the portfolio by trading units on the ASX.

From inception of the Fund to 30 September 2020, the Fund has traded between a 1% premium and a 15% discount to NTA. In the six months prior to 30 September 2020, the Fund has been trading at an average discount of 5.1%. Over the same six-month period, trading has been limited on market with the buyback operated by the Responsible Entity accounting for 95.0% of trading.

Since the Fund's inception and during these unusual and uncertain times for investors' portfolios, a mismatch between buyers and sellers and changes in market conditions have seen the broader equity LIT market trading at a 12% discount to NTA.

The Responsible Entity has therefore explored strategies to enhance the Fund's efficiency and liquidity and believes that the LIT structure is no longer the optimal vehicle for delivering access for Unitholders to international equities.

In an effort to optimise the structure of the Fund for growth and to best position the Fund to continue to deliver strong performance, the Responsible Entity has undertaken a review of the options available. Several alternative options to the Proposal were considered, including maintaining the status quo and a wind-up of the Fund. The Board of the Responsible Entity concluded that the Proposal is superior to both the existing arrangements and the other alternatives considered.

The Responsible Entity considers that the appointment of a replacement responsible entity would be in Unitholders' best interests. While the Responsible Entity has substantial experience as the Responsible Entity for listed and unlisted funds, with combined funds under management of \$5 billion as at 30 June 2020, it does not currently have the systems and processes in place to manage daily applications and redemptions for an open-ended unit trust. As such the Responsible Entity considers that it is in Unitholders' best interests that Perpetual is appointed Responsible Entity should the Proposal be approved. Perpetual has extensive experience with unlisted open-ended funds, currently acting as the responsible entity for over 80 open-ended funds.

The Proposal is intended to provide Unitholders the following benefits:

- an ability to realise your investment in the Fund at a price which is closer to the NTA value than has been possible recently in the listed environment;
- an improved prospect of liquidity;
- easier access for new and existing investors to invest;
- the opportunity for scale benefits from an increased Fund size;
- no transaction costs associated with the Proposal;
- a responsible entity with extensive experience with open-ended unit trusts;
- continuity of the same investment manager and team; and
- no change in aggregate fees and costs.

A delisting will mean that units can no longer be bought or sold through your stockbroker, and information about the Fund will be provided via the Fund's website ([www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au)) rather than on the ASX announcements platform.

Sections 2.4 and 2.5 outline the factors for and against the Proposal which you may choose to take into account when deciding how to vote on the Proposal.

## 2.2 Board Recommendation

The Board considers the Proposal to be in the best interests of Unitholders. Accordingly, the Board unanimously recommends that Unitholders vote in favour of the Proposal.

In forming its recommendation, the Board has had regard to the benefits, risks and any potential disadvantages for Unitholders of the Proposal, and the available alternatives.

## 2.3 Resolutions

To implement the Proposal, three resolutions (**Proposal Resolutions**) must pass by the requisite majorities.

- 1 The transition of the Fund to an open-ended unit trust and removal of the Fund from the official list of the ASX requires a **special resolution** of Unitholders.
- 2 The replacement of Walsh & Company as Responsible Entity of the Fund requires an **ordinary resolution** of Unitholders.
- 3 Changes to the Constitution of the Fund, described in this Section 2.3, require a **special resolution** of Unitholders.

Resolutions 1 and 2 are inter-conditional, so that if either of these Resolutions is not passed by Unitholders, the Proposal will not proceed.

If the Proposal does not proceed, the Fund will remain listed and Walsh & Company will remain the Responsible Entity.

If Resolutions 1 and 2 are passed by the requisite majorities, the Proposal will proceed even if some Unitholders have not voted in favour of it. If a Unitholder considers that the Proposal involves “unacceptable circumstances”, they may be able to pursue a remedy under Part 6.10 Division 2 Subdivision B of the Corporations Act (or equivalent overseas legislation). Under section 657D of the Corporations Act, if the Takeovers Panel has declared the circumstances to be unacceptable, it may make any order that it considers appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

### **Resolution 1 - Delisting**

The Fund is expected to be removed from the ASX official list under Listing Rule 17.11 (**Delisting**) subject to compliance with the following conditions:

- the Fund’s removal from the official list of the ASX is approved by special resolution of Unitholders.

In accordance with the conditions set out above, Resolution 1 seeks the required Unitholder approval to the Delisting under and for the purposes of the ASX Listing Rules (**Delisting Resolution**).

If Unitholders approve Resolutions 1 and 2 the Fund will be removed from the official list of ASX. The date of removal will be no earlier than one month after the date of the meeting. If Unitholders do not approve the Resolutions 1 and 2, the Fund will continue as a listed investment trust on the ASX.

The indicative date for the Delisting is 1 February 2021.

Walsh & Company will release an ASX announcement confirming the timetable for the Delisting process in due course if the Delisting Resolution is approved by Unitholders at the Meeting. Prior to the date of the Delisting, Unitholders will continue to be able to trade their units on the ASX for

at least one month after the date of the Meeting and be able to exit their investment prior to the Delisting. Following the Delisting, Unitholders will be able to withdraw their investment in the Fund pursuant to the process outlined in Section 3.4.

## **Resolution 2 - Retirement and appointment of Responsible Entity**

The Responsible Entity considers that the appointment of a replacement responsible entity would be in Unitholders' best interests. While the Responsible Entity has substantial experience as the responsible entity of other unlisted funds which are closed-ended due to the nature of their investments, it does not currently have the systems and processes in place to manage daily applications for open-ended funds. As such, the Responsible Entity considers that it is in Unitholders' best interests that Perpetual is appointed Responsible Entity should the Proposal be approved. Perpetual has extensive experience with unlisted open-ended funds.

If Resolutions 1 and 2 are not approved by Unitholders, Walsh & Company will remain the Responsible Entity of the Fund. If the Resolutions are approved by Unitholders, then Perpetual will transition into the role of Responsible Entity of the Fund. This would be made effective by lodging a notice with ASIC within two business days of the meeting specifying the date of change. On the assumption that ASIC has updated its records in accordance with the notice to be lodged with them, the date of change of responsible entity is proposed to be immediately following Delisting of the Fund, approximately 1 February 2021 (**RE Effective Date**). From that date, Perpetual would assume office as responsible entity of the Fund and would become responsible to Unitholders for the operation of the Fund under the Corporations Act and the Fund's Constitution. All of the Fund's assets and the rights and obligations under existing contracts relating to the Fund would be vested in Perpetual (or its custodian) by operation of law under the Corporations Act. Walsh & Company will provide to Perpetual any Fund records and other assistance reasonably required for an effective and efficient transition.

Perpetual is a wholly owned subsidiary of Perpetual Limited, and a part of Perpetual Group, which has been in operation for over 130 years. Perpetual Limited is an Australian public company that has been listed on the ASX for over 50 years.

The Board considered alternative responsible entities and approached three responsible entity service providers to obtain proposals for the Fund. Following a review process which included an assessment of each of their skills, including their governance and compliance frameworks, their relationship with other service providers and an assessment of conflicts of interest, the Board decided in favour of recommending Perpetual as the most appropriate replacement responsible entity for the Fund.

The change of responsible entity from Walsh & Company to Perpetual will have no impact on Unitholders' investments in the Fund. While there may be potential for some minor disruption to the operation of the Fund arising from the implementation of the Proposal, Perpetual has a

dedicated transition team to mitigate this risk. Australian Fund Accounting Services Pty Limited, part of the Evans Dixon group which owns Walsh & Company, is the current provider of fund accounting and administration services to the Fund. Australian Fund Accounting Services Pty Limited will no longer provide services to the Fund if the Resolutions are passed. Mainstream Fund Services Pty Ltd (part of the Mainstream Group) will provide investment administration and fund accounting services to the Fund after the Proposal is implemented. As part of the transition Walsh & Company will provide to Mainstream records and data about the Fund and its history which they reasonably require for an effective and efficient transition.

The Fund's other service providers, including the Investment Manager, are not expected to change as part of the Proposal. Please see Section 4.2 for further information.

### **Resolution 3 - Amendments to Fund Constitution**

The Fund's Constitution was originally drafted to allow the Fund to be operated either as a listed or unlisted trust, so no fundamental changes are required for the Fund to operate as intended after the proposed Delisting. The provisions applicable while the Fund is listed will cease to apply from Delisting. However, some changes are proposed so that Perpetual as incoming responsible entity can operate the Fund under its usual procedures, to reflect regulatory changes since the Fund was established, to bring certain provisions up to current market standard, and to clarify the operation of some clauses. They include:

- Providing for Perpetual as the new responsible entity to have part of its remuneration calculated based on hourly charges for its staff performing work in relation to the Fund (noting that as set out in this Explanatory Memorandum, total costs of the Fund are not expected to change while the Investment Manager continues to manage the Fund);
- Clarifying that the Investment Manager's fees can be paid as an expense of the Fund, including a base fee and a performance fee (which is the current practice);
- Technical legal updates, reflecting case law on unrelated breaches by trustees and conforming the Constitution with the rule against perpetuities.
- Providing for the Fund to be treated as an attribution managed investment trust (AMIT) for tax purposes, should the responsible entity so elect;
- Allowing the allocation of gains to a member who redeems more than 5% of the units in the Fund; and
- Allowing the responsible entity to redeem Units, or refuse to issue units, where the Unitholder or applicant has not provided information to allow the responsible entity to comply with anti-money laundering and counter terrorism financing laws.

Also, for future flexibility the Responsible Entity is seeking Unitholders' approval to amend the Constitution so that if new Fund inflows make it reach a scale where it is economic for Unitholders,

a class of units in the Fund could be quoted for trading on the AQUA or Chi-X platforms for exchange-traded managed funds. This differs from the Fund's current status of listing on the main board of the ASX, in that the AQUA and Chi-X rules provide for mechanisms such as market-making to help facilitate trading at prices as close as practical to the underlying value of the units. It is intended that open-ended applications and redemptions may also be available while units are quoted for trading. If the responsible entity decides to implement quotation, it will give Unitholders at least 30 days' prior notice and update the PDS for the Fund.

The provisions to be added to the Constitution for this purpose will have no effect on the operation of the Fund unless and until AQUA or Chi-X quotation is sought. There is no current intention to seek AQUA or Chi-X quotation, and the amendments are made to "future proof" the Constitution so that a meeting of Unitholders is not required in future to pursue this possibility. The proposed changes include provision for different classes of units to be issued. A copy of the Constitution showing all the amendments is available at [www.globalflagship.com.au](http://www.globalflagship.com.au).

If Resolutions 1 and 2 are passed, when Perpetual assumes office as responsible entity after the Fund is delisted, it proposes to amend the constitution to replace the name of the outgoing responsible entity with its own name. As a change of name has no material effect on Unitholders, approval at a meeting will not be sought.

## 2.4 Reasons you should vote in favour of the Proposal

The directors of the Responsible Entity have formed the view that transitioning the Fund from a listed investment trust to an open-ended unit trust and replacing Walsh & Company as Responsible Entity of the Fund by Perpetual is in the best interests of the Unitholders for the reasons outlined below.

REASON TO VOTE FOR THE PROPOSAL	DESCRIPTION
Improved ability to realise investment at or around NTA	<p>Units are currently traded on the ASX. Since inception, units have traded in the range of 15% discount to 1% premium to their NTA.</p> <p>In the last six month units have traded at an average discount to NTA of 5.1%, notwithstanding the active capital management strategies deployed by the Responsible Entity.</p> <p>Under the open-ended unit trust structure, Unitholders would be able to access liquidity at NTA, less the proposed sell spread of 0.20%, normally on a daily basis. Unitholders looking for liquidity should receive a better price per unit than if they were to sell on market at the current trading discount.</p>



REASON TO VOTE FOR THE PROPOSAL	DESCRIPTION
	<p>The buyback program operated by the Responsible Entity, as part of its capital management strategy, accounts for a significant proportion of trading for the Fund, and it cannot be guaranteed that the buyback will always be sufficient to meet investors' requests.</p>
Potentially increased liquidity	<p>It is anticipated that opportunities for liquidity may be increased. For open-ended unit trusts, the processing of requests to issue and redeem units typically occurs daily in response to requests, and this approach is proposed for the Fund. Unitholders would therefore be able to access liquidity at the NTA value (minus the sell spread) without reliance on the matching of buyers and sellers on price and volume on market. Further details are available in Section 3.2.</p>
Greater access for new and existing investors	<p>The Fund has historically been thinly traded, with irregular selling volumes on market. This has made it difficult for new investors to gain exposure to the Fund with its expert management team and for existing investors wanting to increase their investment in the Fund. The open-ended unit trust structure would allow new and existing investors the ability to access the desired volume of investment.</p>
Potential for scale benefits from an increased Fund size	<p>If the Fund as an open-ended unit trust is more attractive to existing and potential investors, this would better position the Fund for growth. If greater scale is achieved, it could provide several benefits, including:</p> <p><b>a) Corporate and Research Access</b></p> <p>Greater funds under management would likely provide the Investment Manager better access to information on companies in its stock universe. This may be through greater access to senior management in those companies as well as sell-side investment research analysts.</p> <p><b>b) Brokerage and Transaction Costs; Access to Corporate Transactions and Deal Flow</b></p> <p>The Fund incurs transaction costs for trading activity. As the Fund grows and trading volume grows, this may provide the Fund with greater bargaining power when it comes to trade execution with its selected brokers, lowering transaction costs for Unitholders, and provide greater access to corporate transactions and deal flow, including placements, block trades, and new issues of securities. However, net capital inflows to the Fund cannot be guaranteed.</p>



**REASON TO VOTE  
FOR THE PROPOSAL**

**DESCRIPTION**

Continuity of investment management	<p>Since the inception of the Fund's strategy in July 2018, the Investment Manager has provided Unitholders a per annum return of 9.6% (as at 30 September 2020), inclusive of distributions and net of fees and costs, outperforming the MSCI World Index (AUD terms) by 0.8% per annum for this period.</p> <p>If the Resolutions are passed Evans and Partners Investment Management Pty Limited will continue to be the investment manager of the Fund, as part of the Proposal there will be no change to the investment mandate, process or investment team.</p>
No costs of the Proposal	The one-off costs for legal and tax advice in putting the Proposal to Unitholders and its implementation are to be paid for by Evans Dixon.
Experience in open-ended unit trust	Under the proposed new arrangements, the Responsible Entity would be replaced by Perpetual as the responsible entity for the Fund. The Responsible Entity does not currently have the systems and processes in place to manage daily applications and redemptions. Perpetual has extensive experience with unlisted open-ended funds, currently acting as the responsible entity for over 80 open-ended funds.
No increase in fees	The total fees and costs currently paid by Unitholders will not be increased as a result of the Proposal.
Diversity of Unitholders	If there is increased scale in the Fund, that may lead to a more diverse Unitholder register. A more diverse register mitigates the potential impact on the Fund from withdrawals by any concentrated holdings.

**Constitution amendments to provide flexibility**

As noted in Section 2.3 above, the Proposal also includes amendments to the Fund's Constitution to provide for the possibility of quotation of a class of units on the AQUA or Chi-X market and the Fund electing to become an AMIT at some time in the future, and some other changes for the Fund to be operated as unlisted with Perpetual as responsible entity. See Resolution 3 in Section 2.3 for more detail.

The directors of the Responsible Entity have formed the view that these changes are in the best interests of Unitholders as they facilitate Perpetual being chosen as the new responsible entity, provide flexibility, and avoid the need for a further meeting of Unitholders to approve the changes should AQUA quotation or an election to become an AMIT be considered to be in Unitholders' best interests in the future.

## 2.5 Reasons you might choose to vote against the Proposal

Some factors which may lead you to vote against the transition of the Fund from a LIT to an open-ended unit trust and replacement of Walsh & Company as Responsible Entity of the Fund by Perpetual include those listed below.

REASONS YOU MAY CHOOSE TO VOTE AGAINST THE PROPOSAL		DESCRIPTION
<b>Investments will no longer be ASX listed</b>		Unitholders may prefer to hold securities listed on the ASX compared to holding units in an open-ended unit trust.
<b>Additional administrative and compliance requirements</b>		<p>The process for investing in and withdrawing capital from an open-ended unit trust, as compared with holding an ASX-listed investment, may involve additional administrative and compliance requirements. For example, investors may need to provide documentation to facilitate applications and redemptions including potentially providing certified identification and completing online application or redemption forms and other details. Investors applying or redeeming through a platform should confirm requirements with their platform provider.</p> <p>Currently, the above requirements may not apply to investors holding, buying, and selling units on the ASX either on market or via their broker.</p>
<b>Settlement time</b>		Currently the Fund is traded on the ASX, which has settlement timing of T+2. If the Proposal is successful, the Fund aims to process withdrawal requests within three business days, provided requests are received prior to 2:00 pm Sydney time on a Sydney Business Day. In certain circumstances as permitted under the Fund's Constitution, withdrawals may take longer, or be suspended.
<b>Potential for capital outflows reducing the scale of the Fund</b>		The increased liquidity available to Unitholders creates a risk that the Fund may face large withdrawals. A series of large withdrawals from the Fund may mean the Fund has insufficient scale to meet its objective and deliver the scale benefits outlined above.
<b>Disclosure requirement changes</b>		The Fund is currently subject to the continuous disclosure requirements under the ASX listing rules. The ASX's continuous disclosure requirements will not apply to the Fund once delisted, however, the Fund will continue to be subject to the Corporations Act continuous disclosure regime. While reports and some updates will continue to be provided to Unitholders, the platform for announcements will be the Fund's website rather than the ASX announcements platform.

**REASONS YOU MAY  
CHOOSE TO VOTE  
AGAINST THE PROPOSAL**

**DESCRIPTION**

<b>Responsible Entity voting threshold</b>	While the Fund is listed, an ordinary resolution is required to replace the Responsible Entity. Once the Fund is delisted, the required voting threshold to change the Responsible Entity is an extraordinary resolution, which is a higher voting threshold.
<b>Change of responsible entity</b>	As the costs of the change of responsible entity are to be borne by Evans Dixon, and the proposed responsible entity is considered to have a strong reputation and capability, there are no perceived material disadvantages to this change. While there may be potential for some minor disruption to the operation of the Fund arising from the implementation of the Proposal, Perpetual has a dedicated transition team to mitigate this risk.
<b>DRP Discount</b>	<p>The current distribution reinvestment plan (DRP) will continue to be available to Unitholders.</p> <p>Unitholders may elect to have all or part of their distribution from the Fund reinvested as additional units in the Fund. For Unitholders who elect to participate in the DRP, DRP units will be issued at NTA.</p> <p>There will be no Buy Spread on units issued under the DRP.</p> <p>This compares to the current arrangements for the Fund where Unitholders who elect to participate in the DRP in respect of the target distribution for the Fund are issued units at a price which is set at a 5% discount to NTA (and currently paid for by the Responsible Entity).</p>
<b>Potential implementation risk</b>	From the RE Effective Date, Walsh & Company will no longer be the responsible entity of the Fund. While there may be potential for some minor disruption to the operation of the Fund arising from the implementation of the Proposal, Perpetual has a dedicated transition team to mitigate this risk and the Board is of the view that the transition risk of the change of responsible entity is low.

### Constitution amendments

You may choose to vote against the changes to the Fund's Constitution as the mechanism for future quotation of a class of units on the AQUA or Chi-X market, described in Section 2.3, will allow the responsible entity to proceed with that change in the future, without further reference to Unitholders. There may be some costs involved in the process of quotation, but the action would

only be taken if considered to be overall in the best interests of Unitholders at the time. Also, you may wish to consider the new power the Responsible Entity will have, after the Fund is delisted, to redeem units if information required under anti-money laundering and counter terrorism financing laws is not able to be provided. See Section 2.7 below.

## 2.6 Tax considerations

The Fund should be treated as a “flow through” entity for Australian income tax purposes. That is, the Fund should not be liable to pay income tax on net (i.e. taxable) income for an income year, provided that Unitholders are presently entitled to the distributable income of the Fund for the relevant income year and does not become a “trading trust” for Australian tax purposes.

On the basis that the Fund is not changing its legal status, structure or the profile of its underlying investments, the characterisation of the Fund as a “flow through” entity for Australian income tax purposes should not be impacted by the Proposal.

As a result of the Proposal, consideration may need to be given to ensuring that the Fund continues to be a “fixed trust” for Australian income tax purposes, in circumstances where the Fund issues multiple classes of units, having regard to the relevant entitlements of unitholders in the Fund.

A sale or withdrawal (i.e., redemption) of units will constitute a disposal for Capital Gains Tax (**CGT**) purposes and may result in a capital gain or capital loss for a Unitholder. A capital gain will arise to the Unitholder where the capital proceeds received from the sale or withdrawal of the units are greater than the cost base for CGT purposes. A capital loss will arise if the capital proceeds on sale or withdrawal are less than the reduced cost base of the units for CGT purposes.

Investors should seek advice from their own professional taxation adviser regarding the Australian tax consequences of selling or holding units, having regard to their particular circumstances.

## 2.7 Anti-money laundering laws

Once the Fund is delisted and Perpetual becomes the responsible entity of the Fund, Perpetual is required amongst other things, to verify Unitholders’ identity. In order to do so, Perpetual and Boardroom Pty Limited (**Boardroom**) (as the registry service provider) will require the necessary information under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (**AML/CTF**) to be collected and verified relating to the Fund’s Unitholders. The method by which Unitholders’ information is collected will depend on whether they have a financial adviser. Most, but not all, financial advisers who are authorised to do so will assist in the collection of the required information and provision of that information to Boardroom, who will perform the required checks to ensure the data meets the regulatory requirements. Unitholders are

encouraged to contact their financial adviser if they have further questions about whether their information has been provided to Boardroom.

Where a Unitholder's financial adviser has not provided the required documentation Perpetual or Boardroom will contact the Unitholder to obtain this information using the communication preferences nominated and held with Boardroom. The information will be provided to the registry via post. The type of information required by Boardroom depends on the Unitholder's entity type (individual, trust, company etc).

If a Unitholder does not provide the information and documentation necessary to verify their identity it may impact their ability to apply for or redeem units. Specifically, Perpetual will not be able to issue any new units in the Fund (including through distribution reinvestment) to that Unitholder or may suspend the payment of withdrawal proceeds if necessary to comply with applicable AML/CTF requirements and, as a last resort if the information and documentation cannot be obtained, may compulsorily redeem units. Unitholders can provide the documentation to Perpetual as requested, or if Unitholders do not wish to provide the required documents, they can seek to sell their units on market up until the last day of trading on the ASX (expected to occur on or about 29 January 2021).

Unitholders are still entitled to the units they own in the Fund but after delisting, the AML/CTF information must be provided in order to apply for more units or redeem existing units.

## 2.8 Steps to implement the Proposal

If the Resolutions are approved:

- Within two business days of the meeting, Walsh & Company will lodge a notice with ASIC asking ASIC to give effect to the change of responsible entity immediately following Delisting of the Fund;
- Walsh & Company will sign and lodge with ASIC the amendments to the Fund's Constitution to bring them into effect;
- After the Fund has continued as a listed entity for at least a month after the meeting and ASX has given its formal approval for Delisting, the Fund will be Delisted, and on the RE Effective Date Perpetual will take office as the new responsible entity; and
- Perpetual will issue a PDS for the Fund, so that applications and redemptions can occur on an open-ended basis from the Delisting date, expected to be 1 February 2021 (noting the requirements in Section 2.7 above).

Unitholders may sell their units on the ASX at the prevailing market price at any time before the close of trading on the ASX on the Implementation Date for Delisting. You will not be able to sell

your units on market after the Implementation Date as trading in Fund units will be suspended by the ASX.

## 2.9 Resolution 4 – Approval of on-market buyback

Separate to the Proposal Resolutions outlined in Section 2.3 above, the Responsible Entity is seeking Unitholder approval to refresh the Fund's buyback program. If the Fund delists, the buyback program would cease to operate, and investors will instead have the option of daily withdrawals.

The Fund is seeking to obtain Unitholder approval so that it has the flexibility to undertake buybacks during the 12 month period from 3 December 2020, should market conditions support this. The Responsible Entity believes this will provide the Fund with flexibility to undertake buybacks until the time the Fund is delisted.

If Unitholders approve the buyback, the Fund will be permitted to buy back a maximum of 25% of the number of Units it has on issue as at the close of trade on 2 December 2020 over the next 12 months or until the Fund is delisted.

If approved by Unitholders, the buyback period will be from 3 December 2020 to close of trade on 2 December 2021, unless terminated earlier by the Responsible Entity or until the time the Fund is delisted. The proposed buyback will (if approved) be conducted in accordance with the Fund's Constitution and section 601KH of the Corporations Act (as inserted by ASIC Legislative Instrument 2016/1159).

### Purpose

The purpose of the buyback resolution is to seek Unitholder approval to continue the Fund's buyback program. Under the Corporations Act, the Fund must obtain the approval of its Unitholders in order to buy back more than 10% of the smallest number of votes attaching to the voting Units that the Fund had on issue during the 12 months preceding the buyback (**10/12 limit**).

The buyback resolution will be approved if more than 50% of votes cast at the Meeting on the resolution are in favour of the resolution.

If approval is given, the Fund will be able to implement the new buyback scheme to buy back further Units on and from 3 December 2020, on the terms outlined in this Explanatory Memorandum.

If approval is not given, then the Responsible Entity will not be able to buy back Units until the date when the annual limit refreshes or Unitholder approval is obtained, because the volume of buybacks conducted prior to the date of this Explanatory Memorandum has caused the Fund to reach the limit of approved buybacks.

## Reasons for the buyback

The Responsible Entity considers that an on-market buyback is an effective means of returning any surplus capital to Unitholders and will enable the Fund to maintain an efficient capital structure. The Responsible Entity also considers that an on-market buyback provides the Fund with the flexibility to adjust the volume of Units bought back and stop buying at any time. The principal alternative method of returning capital, being a pro rata distribution of capital to all holders, does not afford the same flexibility. An off-market buyback (characterised as a withdrawal scheme) does not afford the Responsible Entity the ability to adjust the buyback to take account of changing market conditions in the same way as a progressive on-market buyback.

## Responsible Entity's recommendation

The Responsible Entity recommends that Unitholders vote in favour of the buyback resolution. However, in deciding how to vote, Unitholders should be aware that, among other things, some of the disadvantages of the buyback include:

- The Fund's net assets will be reduced by the amount expended on the buybacks.
- While the buybacks may provide some liquidity in the Fund's Units in the short term, they will likely result in reducing the liquidity in the Fund's Units in the long term due to a smaller number of Units on issue for trading.

The general advantages of an on-market buyback include the following:

- Purchases on-market can be tailored to changing market conditions.
- The Responsible Entity has flexibility to adjust the volume of Units bought and can stop buying at any time.
- Implementation of an on-market buyback is simple and cost-effective.

## Outline of on-market buybacks

An on-market buyback involves the Responsible Entity, on behalf of the Fund, buying Units in the ordinary course of trading at the prevailing market price on the ASX, in the same way as any other market transaction. It is a requirement of the Corporations Act that the Responsible Entity must not buyback Units on-market by way of a special crossing or priority crossing.

The implementation of an on-market buyback is regulated by both ASIC and the ASX. In particular, the ASX Listing Rules prescribe that the buyback price must not be more than 5% above the volume weighted average price for Units in the Fund over the previous five days on which sales in the Units were recorded before the buyback.

The closing price of the Fund's Units on the ASX on 21 October 2020 was \$1.55. The Fund's highest and lowest market sales and the average monthly closing prices on the ASX for the calendar year to 21 October 2020 were as follows:



PERIOD	LOW (\$)	HIGH (\$)	AVERAGE CLOSING PRICE (\$)
January 2020	1.73	1.81	1.78
February 2020	1.70	1.88	1.81
March 2020	1.36	1.80	1.55
April 2020	1.48	1.60	1.55
May 2020	1.55	1.62	1.58
June 2020	1.45	1.70	1.59
July 2020	1.46	1.52	1.48
August 2020	1.47	1.53	1.50
September 2020	1.47	1.52	1.49
October 2020	1.48	1.56	1.52

Source: Iress. Rounded to the nearest \$0.01.

The Fund must announce on the ASX the period during which Units may be bought back (if the Responsible Entity has determined this), the maximum number of Units intended to be bought back and any other information that affects a Unitholder's decision to sell Units. The Fund also has to give daily notices containing details of the Units bought back.

All Unitholders are eligible to participate by selling their Units to the Fund on the ASX. Participation in any buyback is voluntary. Unitholders do not have to sell their Units if they do not want to. Unitholders will not, however, have the right to withdraw sales once made.

The maximum number of Units that the Responsible Entity, on behalf of the Fund, will buyback on-market will be an amount equal to 25% of the issued Units in the Fund as at the close of trade on 2 December 2020. Assuming there are no issues of Units between the date of this Notice of Meeting and the date of the General Meeting this could be up to 93,031,811 Units.

Since an on-market buyback involves Units being acquired at the market price of Units at that time, it is not possible to anticipate the total actual amount the Responsible Entity, on behalf of the Fund, will expend on paying for the Units. In any event the Responsible Entity, on behalf of the Fund, does not intend to pay a price higher than the estimated NTA for the Units.

### Financial implications of the buyback program

The buyback will be funded from the Fund's available cash reserves and, if required, the sale of certain investments.

The Responsible Entity, on behalf of the Fund, has determined that the buyback will not materially prejudice the Fund's ability to pay creditors.



As at 21 October 2020 the Fund has \$3,619,224.73 of cash reserves available as a source of funding the buyback. The actual amount of the buyback to be funded will not be determined until the completion of the buyback program. Drawing on the available cash reserves will deplete the remaining cash reserves available following the buyback. Cash to fund the buyback in excess of the Fund's cash reserves will be drawn from the realisation of investments and, given the liquidity in the Fund's investments, sale of investments on-market can be undertaken at short notice and at prevailing market prices.

The exact impact on earnings per Unit of any buyback cannot be determined until the buyback is completed and will depend on the number of Units bought back, the volume-weighted average buyback price and how the buyback program is funded.

A buyback may decrease the ASX trading volumes and liquidity in the Fund's Units. It is not, however, possible to determine the extent of any potential decrease in liquidity at this time.

Whilst it is not possible to anticipate the total actual amount that the Fund will expend on paying for the Units, the buyback will not adversely affect NTA.

#### **Effect on control of the Fund**

It is not expected that there will be any effect on control of the Fund following the buyback.

#### **Other material information**

Approval of the resolution will not result in any tax implications for Unitholders if they do not sell their Units. However, if a Unitholder chooses to participate in the buyback by selling their Units then that Unitholder should obtain specific tax advice on the treatment of the sale of their Units taking into account their particular circumstances.

At 21 October 2020, the Fund has 93,031,811 Units on issue.

The Directors of the Responsible Entity have the following interests in the Fund at the date of this Notice of Meeting:

NAME	HOLDING UNITS	% VOTING INTEREST
Stuart Nisbett	0	0.00%
Peter Shear	0	0.00%
Warwick Keneally	7,759	0.01%
Michael Adams	0	0.00%

The following table shows the relevant voting interest that each Director of the Responsible Entity would have if the Fund bought back 25% of the issued Units permitted under any approval of the buyback given and if the Directors of the Responsible Entity did not sell any of their Units:

NAME	HOLDING UNITS	% VOTING INTEREST
Stuart Nisbett	0	0.00%
Peter Shear	0	0.00%
Warwick Keneally	7,759	0.01%
Michael Adams	0	0.00%

The Directors of the Responsible Entity may participate in the buyback program.

## 2.10 What you need to do

### Voting

The Notice of Meeting and voting form are attached as Appendix 1 to this Explanatory Memorandum. Please refer to the Notice of Meeting for information on how to vote. The Record Date for voting is 7:00pm 30 November 2020. If Unitholders do not wish to vote during the Meeting the deadline for Voting Forms for the meeting is 9:00am 30 November 2020, all votes and proxy forms must be received by this time in order to be cast at the Meeting. The Meeting will be held at 9:45am on 2 December 2020.

The Responsible Entity is closely monitoring and responding to the impact of the COVID-19 pandemic in Australia and is following guidance issued by the federal and state governments. In light of government restrictions on meetings in public venues, the Meeting will be held virtually. There will not be a physical meeting where Unitholders can attend.

Under this arrangement, Unitholders will be provided with alternative ways to participate in the Meeting, including the ability to ask questions online.

If it becomes necessary to make further alternative arrangements for the Meeting, we will ensure Unitholders are given as much notice as possible.

Please refer to the Notice of Meeting for information on how to vote and attend the Meeting online.

### After the Meeting

If the Resolutions are passed by the requisite majorities, the Delisting and change of responsible entity will proceed.

Boardroom will send out new holding statements to Unitholders upon Delisting. Unitholders will be able to access details about their holding through the Boardroom website at

[www.investorserve.com.au](http://www.investorserve.com.au) once they have received their holding statements. Investors will be able to invest and withdraw their investment in the Fund from 1 February 2021 onwards.

# 3. Operating of the Fund after delisting

## 3.1 Open-ended unit trust

The Fund will remain as a registered managed investment scheme structured as a unit trust. It will not be listed on any security exchange. Each Unitholder's money is pooled together with other Unitholders' money, and the Investment Manager invests that money and manages the assets of the Fund on behalf of all scheme members in accordance with the Fund's investment strategy, and this would not change following Delisting.

The tables below provide an overview of the key features of an investment in the Fund, and how some of the Fund's features will differ after Delisting.

## 3.2 Key Terms

<b>Fund structure</b>	Open-ended unit trust
<b>Inception</b>	6 July 2018
<b>Liquidity</b>	The Fund will allow investors to apply for the issue or redemption of units on any business day. If an application or withdrawal form is received prior to 2:00 pm Sydney time on a Sydney Business Day, it will normally be processed at the unit price for that day. The unit price will be the NTA per unit adjusted for a buy/sell spread, proposed to be 0.20% ( <b>Buy/Sell Spread</b> ). The responsible entity will aim to pay withdrawal proceeds within three business days where possible, however the Fund's Constitution provides that it may take up to 21 days from the date on which redemption occurs. The Fund's Constitution does not oblige the responsible entity to accept redemption requests. The processing or payment of redemptions may be suspended in some circumstances, such as where financial markets are closed, or unit prices cannot be fairly determined.
<b>Buy/Sell spread</b>	0.20%/0.20%.  The spreads will be reviewed at least annually by the Investment Manager so that they remain appropriate to compensate the Fund for the cost of adjusting the portfolio for applications and redemptions.
<b>New applications</b>	Minimum initial investment of \$5,000

<b>Additional investment</b>	Minimum additional investment \$1,000
<b>Minimum balance</b>	The minimum balance for Unitholders is \$5,000. Unitholders with existing balances below \$5,000 will be able to maintain their holdings.
<b>Minimum withdrawal</b>	Minimum withdrawal amount of \$1,000. Unitholders with a total balance less than \$1,000 will need to withdraw the entire amount.
<b>Distributions</b>	
<b>Frequency</b>	Semi-Annual
<b>Target</b>	4% per annum based on the NTA at or around the beginning of the relevant semi-annual distribution period.
<b>Distribution Reinvestment Plan (DRP)</b>	The responsible entity may require that any distribution greater than the target distribution of 4% per annum be reinvested in accordance with the DRP. Unitholders will need to include all income distributions in their tax return, even if reinvested.
<b>DRP discount</b>	No DRP discount applicable on the target distribution or on any amount above the target distribution.
<b>DRP election</b>	If Unitholders have not made a distribution reinvestment election, they will automatically be assigned reinvestment as their preference.

### 3.3 Comparison of key metrics before and after implementation of the Proposal

The table below provides a comparison of key metrics before and after implementation of the Proposal.

<b>METRIC</b>	<b>CURRENT</b>	<b>PROPOSED</b>	<b>EXPECTED PROPOSAL IMPACT</b>
<b>Liquidity</b>	Liquidity is dependent on on-market volume and price	No volume restrictions	Liquidity volume will be improved
<b>Pricing</b>	Live market available through the ASX trading platform	Pricing is NTA plus or minus Buy/Sell Spread of 0.20%	Average pricing will be closer to NTA

<b>METRIC</b>	<b>CURRENT</b>	<b>PROPOSED</b>	<b>EXPECTED PROPOSAL IMPACT</b>
<b>Settlement</b>	T+2 settlement	The Fund will aim to process applications and withdrawal requests within three business days	Withdrawal settlement times may take longer after implementation of the Proposal
<b>Minimum trading volumes</b>	Minimum trade value of \$500	Minimum initial investment of \$5,000 Minimum additional investment of \$1,000 Minimum Withdrawal amount of \$1,000.	The minimum amount you will be able to invest and withdraw will increase
<b>Trading hours</b>	Trading during ASX trading hours of 10:00 am – 4:00 pm	Daily processing with a cut off time of 2:00 pm Sydney time on a Sydney Business Day	Withdrawal requests to be received prior to 2:00 pm Sydney time for processing at the day's price
<b>Fees</b>	A total of 1.35% p.a. of gross asset value comprising: Investment management fee 1.25% (inclusive of the net effect of GST) The Investment Manager may also be paid a performance fee of 10% (inclusive of the net effect of GST) of the excess return of the Fund above the higher of the MSCI World Net Total Return Index Return (measured in	Management fee remains at a total of 1.35% p.a. (inclusive of the net effect of GST), which may be shared differently among the service providers. The Fund's performance fee is unchanged.	No change in overall management fee. The management fee is a combination of the investment management fee of 1.25% and the responsible entity fee of 0.10%. The Fund's performance fee is unchanged. The fees and costs associated with the operation and administration of the Fund are able to be reimbursed to the

METRIC	CURRENT	PROPOSED	EXPECTED PROPOSAL IMPACT
	US dollars and converted to Australian dollars) (Index Return Hurdle) and the published 10-year US Government Bond yield at the first business day of the calculation period (Absolute Return Hurdle) over each six-month period ending 31 March and 30 September in each year.		responsible entity and/or the Investment Manager, or paid directly to service providers including, but not limited to, costs associated with registry, tax, custodian, valuation, accounting, and audit. The Investment Manager has agreed to bear the costs of all out-of-pocket expenses properly incurred by the Investment Manager and the responsible entity in connection with the operation and administration of the Fund, indefinitely, with the exception of transactional and operational costs that are incurred by the Fund when the Fund acquires and disposes of assets and extraordinary expenses for the Fund incurred in the future.

METRIC	CURRENT	PROPOSED	EXPECTED PROPOSAL IMPACT
<b>Reporting</b>	The Fund is subject to the ASX listing rules on Continuous Disclosure and Periodic Reporting.	<p>After Delisting, the Fund will continue to be a disclosing entity for the purposes of the Corporations Act and will be required to comply with the continuous disclosure regime under the Corporations Act. As a disclosing entity, the Funds will be subject to regular reporting and disclosure obligations.</p> <p>The Investment Manager and responsible entity will provide the following;</p> <ul style="list-style-type: none"> <li>• annual financial report;</li> <li>• annual performance report;</li> <li>• annual distribution statements;</li> <li>• half-year financial statement;</li> <li>• quarterly updates;</li> <li>• monthly portfolio update containing details on performance, top 10 holdings and sector and country exposures; and</li> <li>• daily unit prices.</li> </ul> <p>These reports will be available on the Fund's website:</p> <p><a href="http://globalflagshipfund.com.au">globalflagshipfund.com.au</a></p>	The Fund will no longer be subject to the ASX listing rules, however, the Corporations Act continuous disclosure regime will continue to apply.



## 3.4 Applications & Withdrawals

### Initial Investment

You can acquire units by completing either the online or paper-based **Application Form** and paying the application money. The minimum initial investment in the Fund is \$5,000. The responsible entity is not bound to accept any application.

**Online Applications are preferred.**

### Additional investments

You can make additional investments at any time. The minimum additional investment amount is \$1,000. **Additional Investment Forms** will be available from [globalflagshipfund.com.au](http://globalflagshipfund.com.au). Completed forms should be sent to Boardroom along with your payment as per the instructions on the Additional Investment Form.

### Unit prices

The price of units will vary as the market value of the assets in the Fund rises or falls. Unit prices are generally determined once each business day based on the NTA of the Fund, divided by the number of units on issue in accordance with the Constitution. The Constitution of the Fund allows unit prices to include an allowance for transaction costs (Buy/Sell Spread). In the case of an application price, the price is increased by an allowance for the estimated costs of the purchase of assets in the Fund. In the case of a withdrawal price, the price is reduced by an allowance for the estimated cost of the sale of assets in the Fund.

### How to withdraw

You may ask to withdraw part or all of your investment in the Fund at any time. Withdrawal requests are normally processed in cash within three business days. However, the Fund's Constitution allows the responsible entity up to 21 days following the date on which redemption occurs and, in certain circumstances, to further extend the processing period. Withdrawal proceeds are generally paid by direct credit to your nominated Australian bank account.

To withdraw, in part or in full, Unitholders will need to complete a **Withdrawal Form** from the Fund's website and follow the instructions in the Withdrawal Form. The minimum withdrawal amount is \$1,000 and, your remaining investment balance must be at least \$5,000 unless you withdraw all of your investment. In the unlikely event that the Fund becomes illiquid, you may not be able to withdraw your funds within the usual period upon request.

## Processing applications and withdrawals

Correctly completed application and withdrawal requests received by the unit registry before 2:00pm Sydney time on a Sydney Business Day, will be processed using the next unit price calculated, based on the market value of Fund assets. A Sydney Business Day means a day other than a Saturday or a Sunday on which registered banks are open for business in Sydney, New South Wales.

**Application money should be paid at the time of application. Units will only be issued upon receipt of application money.**

If an Application Form or Withdrawal Request is received after this time or on a day that is not a Sydney Business Day, it is deemed to be received on the next Sydney Business Day.

### 3.5 Product disclosure statement

Should the Resolutions be passed, and the Fund delists, a new PDS will be issued. This product disclosure statement will provide further information on the operation of the Fund as an open-ended unit trust and information for determining whether it is an appropriate investment option for investors.

## 4. Additional information

### 4.1 Investment management

If the Resolutions are passed, Evans and Partners Investment Management Pty Limited will continue to be the Investment Manager of the Fund.

As part of the Proposal there will be no change to the investment mandate, process or investment team. Since the inception of the Fund's strategy in July 2018, the Investment Manager has provided Unitholders a per annum return of 9.6% as at 30 September 2020, inclusive of distributions and net of fees and costs, outperforming the MSCI World Index by 0.8% per annum over this period. Over the last two years to 30 September 2020, the Fund has returned 8.5% p.a., outperforming the MSCI World Index by 2.0%.

The current investment team consists of the portfolio manager, Ted Alexander and the assistant portfolio managers, Kunal Valia, Ying Lou and Jumana Nahhas.

### 4.2 Investment Manager and other Service Providers

If the Resolutions are passed, the Investment Manager will continue to manage the Fund's investments in line with the existing investment parameters, but on the terms of an amended Investment Management Agreement (**IMA**). Most of the amendments are to align with Perpetual's standard requirements and procedures. The IMA will no longer have a fixed term up to October 2022, but will be able to be terminated by Perpetual, if Perpetual reasonably considers that its duties require it to do so, if there is a breach by the Investment Manager that adversely affects the rights of members of the Fund which is not rectified within a reasonable period, or a special resolution of Unitholders so directs. The Investment Manager may terminate the agreement on six months' notice. Other detailed new terms will apply about the Investment Manager's and Responsible Entity's rights and obligations between them, such as in relation to fees and expenses and reporting.

Also, the current arrangements with Boardroom as unit registry, and JP Morgan Chase Bank, National Association, Sydney Branch (**JP Morgan**) as custodian would continue. The Trust Company (Australia) Limited (**The Trust Company**) would no longer be engaged as the Fund's second custodian.

If the Resolutions are passed, following Delisting, Mainstream Fund Services Pty Ltd (part of the Mainstream Group) will provide investment administration and fund accounting services for the Fund. Mainstream is a global investment administration and fund accounting business, providing administration services for approximately 1,042 schemes with total funds under advice of around \$187 billion.

Australian Fund Accounting Services Pty Limited, an Evans Dixon group company, is the current provider of fund accounting and administration services to the Fund. Australian Fund Accounting Services Pty Limited will no longer provide services to the Fund from the date of changes of responsible entity, assuming the Resolutions are passed.

## 5. Appendix 1: Notice of Meeting



### **Notice of Meeting**

Pursuant to section 252A of the Corporations Act, 2001 (Cth) (**Corporations Act**), notice is hereby given by Walsh & Company Investments Limited (ACN 152 367 649 | AFSL 410 433) (**Walsh & Company** or **Responsible Entity**) in its capacity as responsible entity of the Evans & Partners Global Flagship Fund (**Fund**) that a meeting of the Unitholders of the Fund will be held at 9:45am (Sydney time) on 2 December 2020

The Responsible Entity is closely monitoring and responding to the impact of the COVID-19 pandemic in Australia and is following guidance issued by the federal and state governments. In light of government restrictions on meetings in public venues, the Meeting will be held by virtual means (via a webcast and live online voting facility). There will not be a physical meeting where Unitholders can attend. Details on the alternative ways that Unitholders can participate in the Meeting are provided below.

This Notice of Meeting is dated 29 October 2020.

### **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety.

This Notice of Meeting is an appendix to an Explanatory Memorandum. The Explanatory Memorandum has been prepared to assist Unitholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum should be read in conjunction with this Notice of Meeting.

Unitholders are encouraged to vote by direct voting or by proxy prior to the Meeting and lodge questions prior to the Meeting.

## BUSINESS

The business of the meeting is to consider, and if thought fit, to pass the following proposed resolutions:

**Resolution 1:** a **special resolution** that the Evans & Partners Global Flagship Fund be removed from the official list of ASX under Listing Rule 17.11, conditional upon the passing of Resolution 2.

**Resolution 2:** an **ordinary resolution** that The Trust Company (RE Services) Limited be appointed as responsible entity of the Fund, conditional upon the passing of Resolution 1, with this Resolution 2 to choose the new responsible entity becoming effective immediately upon the removal of the Fund from the official list of ASX.

**Resolution 3:** a **special resolution** that the constitution of the Fund be amended for the purposes of section 601GC(1)(a) of the Corporations Act as set out in the copy of the supplemental deed available at [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au), and that the Responsible Entity be authorised to execute the supplemental deed and lodge it with the Australian Securities and Investments Commission.

**Resolution 4:** an **ordinary resolution** that the Fund authorises and approves, for the purposes of Section 601KH(8)(a) of the Corporations Act (as inserted by ASIC Legislative Instrument 2016/1159) and for all other purposes, the buyback of up to 25% of the issued units in the Fund on-market during the 12 month period from 3 December 2020.”

Resolutions 1 and 2 are inter-conditional, that is, neither Resolution 1 nor Resolution 2 will take effect unless both of the Resolutions are passed by the requisite majority. Resolutions 3 and 4 are not inter-conditional on the other two Resolutions.

## VOTING ON THE RESOLUTIONS

All resolutions will be decided on a poll.

Resolutions 1 and 3 can only be passed if at least 75% of the votes cast by Unitholders entitled to vote either in person or by proxy are in favour of those resolutions. Resolutions 2 and 4 will be passed if more than 50% of the votes cast by Unitholders entitled to vote either in person or by proxy are in favour of those resolutions.

On a poll, each Unitholder has one vote for each dollar of the value of their Units in the Fund. You need not exercise all of your votes in the same way, nor need you cast all of your votes.

## VOTING EXCLUSIONS

The Responsible Entity will disregard any votes cast by a person who is not entitled to vote because of section 253E of the Corporations Act. This section provides that the Responsible Entity and its associates are not entitled to vote their interest on a resolution at a meeting of the Fund's members if they have an interest in the resolution or matter other than as a member. However, this does not apply to a vote cast in favour of a resolution by:

- a) person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## HOW TO VOTE

### Entitlement to Vote

The Responsible Entity has determined that, for the purposes of the Meeting, units in the Fund will be taken to be held by Unitholders who are the registered holders at a time not more than 48 hours prior to the commencement of the Meeting, being 7:00PM on 30 November 2020. Accordingly, transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If your units in the Fund are jointly held, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held units, only the vote of the person named first in the register of Unitholders counts.

### How to exercise your right to vote

Unitholders entitled to vote at the Meeting may vote:

- a) by direct voting online during the Meeting;
- b) by direct voting prior to the Meeting;
- c) by appointing a proxy to participate and vote on their behalf, using the notice of direction and voting form accompanying this Notice. A proxy may be an individual or body corporate; and
- d) by appointing an attorney to participate in the Meeting and vote on their behalf or, in the case of corporate Unitholders or proxies, a corporate representative to participate at the Meeting and vote on its behalf.

Please also refer to the Lumi user guide for further information on voting and participating in the Meeting. A copy of the Lumi user guide is available on the Fund's website at [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au).

If it becomes necessary to make further alternative arrangements for the Meeting, Unitholders will be provided with as much notice as possible. Further information will be made available on the Fund's website at [www.globalflagshipfund.com.au](http://www.globalflagshipfund.com.au).

### Direct Voting Online During the Meeting

If Unitholders, proxyholders, attorneys or corporate representatives wish to vote during the Meeting, they may participate in the webcast and live online voting facility for the Meeting by using:

- a) **Computer**, enter the following URL in your browser:  
<https://web.lumiagm.com/395617099>
- b) **Mobile device**, use the Lumi AGM app

The meeting ID for this Meeting is: **395-617-099**

Your username is your Boardroom Voting Access Code (VAC) number. This number is located on the front of your proxy form and is in your notice of meeting email.



Your password is your postcode registered on your holding if you are an Australian Unitholder. Overseas Unitholders should refer to the Lumi user guide.

Participating in the Meeting online enables Unitholders to view the Meeting live, ask questions and cast direct votes.

### Direct Voting Prior to the Meeting

If Unitholders do not wish to vote during the Meeting, they may submit the notice of direction and voting form, or lodge a direct vote online by visiting the website at

<https://www.votingonline.com.au/egfgm2020>

using the instructions and Voting Access Code that is provided with this Notice of Meeting. You will then not need to appoint a proxy to act on your behalf.

The deadline for submitting votes by this method is 9:00AM (Sydney time) on 30 November 2020.

### Proxies

If Unitholders do not wish to vote during the Meeting or are unable to participate in the webcast and live online voting facility, they may appoint a proxy to participate and vote on their behalf at the Meeting.

Any Unitholder entitled to participate and vote at the Meeting is entitled to appoint not more than two proxies to participate and vote in their stead.

A proxy need not be a Unitholder of the Fund.

If a Unitholder appoints two proxies, that Unitholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the votes. If the specified proportion or number of votes exceeds that which a Unitholder is entitled to, each proxy may exercise half of that Unitholder's votes. Any fractions of votes brought about by the appointment of votes to a proxy will be disregarded.

To appoint a proxy, a Unitholder must complete and sign the notice of direction and voting form, which must be:

- a) lodged by posting it to the address specified below;
- b) received at the fax number specified below; or
- c) registered online at the web address below,

in each case, by 9:00AM (Sydney time) on 30 November 2020.

Online:	<a href="http://www.boardroomlimited.com.au">www.boardroomlimited.com.au</a>
Address:	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
Fax:	+61 2 9290 9655

A notice of direction and voting form is provided with this Notice of Meeting.

### Attorneys

Any Unitholder entitled to participate and vote at the Meeting is entitled to appoint an attorney to participate and vote in their stead.

An attorney need not be a Unitholder of the Fund.

The power of attorney appointing the attorney must be duly signed and specify the name of each of the Unitholder, the Fund and the attorney, and also specify the Meetings at which the appointment may be used. The appointment may be a standing one. To be effective, the power of attorney must also be returned in the same manner (other than online), and by the same time, as outlined above for the notice of direction and voting forms.

### Corporate representatives

A Unitholder, or proxy, that is a corporation and entitled to participate and vote at the Meeting may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with section 253B of the Corporations Act.

To be effective, the appointment must also be lodged in the same manner (other than online), and by the same time, as outlined above for the notice of direction and voting forms.

### **The Chair Acting as Proxy**

The chair of the Meeting is deemed to be appointed as a Unitholder's proxy where a notice of direction and voting form is returned which does not contain the name of the proxy or where the person appointed on the form is absent from the Meeting.

For proxies without voting instructions that are exercisable by the chair, the chair intends to vote undirected proxies in favour of the resolutions.

### **CHAIR**

In accordance with section 252S(1) of the Corporations Act and clause 15.7 of the Fund's constitution, the Responsible Entity intends to nominate Stuart Nisbett, to act as chair of the Meeting, but may appoint another person if Mr Nisbett is unable to attend the Meeting for any reason.

### **QUORUM**

In accordance with clause 15.5 of the Fund's constitution the quorum requirement for the Meeting is at least two Unitholders holding or representing at least 10% of units on issue in the Fund present in person or by proxy.

If a quorum is not present within 15 minutes of the scheduled time for the Meeting, the Meeting will be adjourned to such place and time as the Responsible Entity decides.

### **SUBMITTING QUESTIONS PRIOR TO THE MEETING**

Unitholders, proxyholders, attorneys and corporate representatives may also submit questions in advance of the meeting by emailing [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

Unitholders should note that it may not be possible to respond to all questions.

If a Unitholder has voted prior to the Meeting, but wishes to view the live webcast, they can visit <https://web.lumiagm.com>, or use the Lumi app, as described earlier. If they wish to ask questions during the Meeting (and/or change a

vote made prior to the Meeting) they should log on with their username and password.

Alternatively, they can register as a guest, but will not be able to ask questions or vote.

**By order of the Board.**

**Caroline Purtell – Company Secretary**

**29 October 2020**