

# Additional Information Booklet

## Skerryvore Global Emerging Markets All-Cap Equity Fund

23 October 2023

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### Important Information

The information in this document forms part of the Product Disclosure Statement ('PDS') for the Skerryvore Global Emerging Markets All-Cap Equity Fund dated 23 October 2023. You should read this information together with the PDS before making a decision to invest into the Fund.

This additional information is general information only and does not take into account a person's personal financial situation or needs. Before investing, you should obtain financial advice tailored to your personal circumstances.

# 1. About Bennelong Funds Management Ltd

No additional information has been incorporated by reference.

# 2. How the Skerryvore Global Emerging Markets All-Cap Equity Fund works

## Glossary

**Administrator** means Citigroup Pty Limited (ABN 88 004 325 080).

**Asset Value** means the aggregate gross value of all assets in the Fund.

**Benchmark** means the MSCI Emerging Markets Index.

**Business Day** means any day except any weekend or Australian national public holiday.

**Currency** means Australian Dollar AUD.

**Corporations Act** means the Corporations Act 2001 (Commonwealth) and its amendments.

**IDPS** means an Investor Directed Portfolio Service.

**Net Asset Value** at any time means the Asset Value less the liabilities at that time.

**Unit** means a Unit in the Fund.

**Unitholder** means the holder of Units in the Fund.

**Valuation Time** means any time the Net Asset Value is determined.

## AML/CTF obligations

As part of anti-money laundering and counter-terrorism financing responsibilities required by legislation, the Responsible Entity, the Investment Manager and the Administrator may request that a potential investor or Unitholder provide any information it reasonably requires to verify the identity of the investor or Unitholder, the identity of any underlying beneficial owner of Units, or the source or destination of any payment to or from the Fund.

If an investor does not provide such information or delays in doing so, the Responsible Entity may not be able to accept an application for Units, refuse to accept an application for Units or suspend payment of withdrawal proceeds payable to a Unitholder. If an application for Units is not accepted for this reason, the Responsible Entity may hold application monies in an applications bank account until the required information is received. Application monies are held for a maximum period of one month commencing on the day the Responsible Entity receives the application monies and will be returned (without payment of interest) to the source of payment after this period.

By subscribing, an investor consents to the disclosure by the Fund and the Administrator of any information about them to regulators and other parties upon reasonable request, in connection with money laundering and other regulatory matters, in any jurisdiction.

## Withdrawal restrictions

The Responsible Entity may pro-rata withdrawal requests received on any Business Day to ensure that only 25% (or such percentage as the Responsible Entity may determine) of the value of Units in the Fund is withdrawn on any Business Day.

The Constitution of the Fund permits the Responsible Entity to suspend withdrawals (freeze withdrawals) for a reasonable period ('Suspension Period') in certain situations, including situations which impact on the effective and efficient operation of a market

for an asset of the Fund. An investor's withdrawal request lodged during a Suspension Period is deemed to be received by the Responsible Entity immediately after the end of that Suspension Period.

If the Fund is illiquid (as defined in the Corporations Act), withdrawals from the Fund will only be possible if the Responsible Entity makes a withdrawal offer in accordance with the Corporations Act. Under the Corporations Act, a fund is illiquid if it has liquid assets (generally cash and marketable securities) that account for less than 80% of the value of the Fund. The Responsible Entity is not obliged to make withdrawal offers.

## Income distributions reports

Details relating to any tax-free or tax-deferred components, imputation credits or capital gain components for all distribution payments made during the year will be forwarded to Unitholders shortly after the end of each financial year.

## Income payments

Income distributions must be paid by either of the following methods:

- direct transfer to a nominated Australian bank account; or
- reinvestment to purchase additional Units.

Investors need to complete the appropriate section in the Application Form to elect their choice. If there is no notification of method of payment on the Application Form (or subsequent notification), income distributions will be reinvested.

There is no charge applied to reinvested income distributions. The issue price that will apply to Units from such reinvestment will be the unit price before application of the buy/sell spread after distribution. Reinvestment will be effected on the first Business Day after the close of each distribution period.

## Investing through an IDPS

Investors investing in the Fund indirectly via an IDPS do not themselves become investors in the Fund, and accordingly have no rights as a Unitholder. If you are an indirect investor, generally the relevant IDPS operator acquires the rights of a Unitholder. Unitholder rights include the right to attend Unitholder meetings, to make withdrawal requests, receive and reinvest distributions and participate in termination proceeds. The offer document for your IDPS should have further details.

Your rights and liabilities will be governed by the terms and conditions of the relevant IDPS, which you should read carefully prior to directing the relevant operator to invest in the Fund. Investors investing in the Fund indirectly via an IDPS are entitled to rely upon the complaint resolution procedures set out in section 8 of the PDS. Indirect investors complete application forms for the IDPS, not the Fund, and receive reports from their operator, not the Responsible Entity. Enquiries should be directed to that operator.

Minimum investment and withdrawal requirements may not always be relevant to indirect investors because the IDPS operator may invest on behalf of a number of indirect investors. Indirect investors may also incur fees and expenses applicable to the IDPS, as well as the Fund's fees and expenses. The tax information in this PDS does not specifically cater for indirect investors.

## Additional benefits of investing in the Skerryvore Global Emerging Markets All-Cap Equity Fund

### Regular reporting

Unitholders will be provided with the following reports:

- application and withdrawal confirmation statements;
- Unitholder statements, monthly;

- audited annual reports (and, if applicable, half-yearly financial reports and continuous disclosure notices) via our website;
- income distribution statements, annually; and
- tax statements, annually.

### Investing in the Fund through mFund

Investors accessing the Fund through mFund will have access to the following information on the ASX website (mfund.com.au) or via our website ( bennelongfunds.com):

- applications and withdrawal prices – provided on a daily basis as ‘buy’ and ‘sell’ prices on mFund;
- distributions – information on any distributions declared or paid are provided on ASX’s Market Announcement Platform; and
- statement of transactions – information on applications and redemptions (the amount and value of Units applied for and redeemed from the Fund). ASX settlement will issue you a CHESS holding statement at the end of each month in which a transaction has occurred, summarising any changes in your unitholding through mFund.

To obtain the most recent information about the Fund, including monthly performance data and latest portfolio composition, visit bennelongfunds.com or contact Client Experience (details on the front page).

### Your rights

Your rights as a Unitholder in the Fund are governed by the Constitution of the Fund and by legislation. They include the right to:

- receive distributions (where applicable);
- receive copies of accounts and other information for the Fund;
- attend and vote at Unitholder meetings;
- receive your share of distributions if the Fund is terminated;
- transfer Units to any other person, subject to the Responsible Entity’s right to refuse such a transfer; and
- pass Units to any surviving joint holder by will or otherwise to your estate.

You do not have the right to participate in the management or operation of the Fund.

### Authorised agent

You may appoint an agent to act on your behalf in relation to your investment in the Fund. We will generally act in accordance with your agent’s instructions, other than where our risk procedures apply to the contrary, to help protect the security of your account.

Your agent’s authority starts on the day the notice of the authority is received. It continues until the day we receive written advice from you terminating that authority. If you appoint a company as your agent, any director of that company or employee authorised by the agent can act under your agent’s authority. Likewise, if you appoint a partnership as your agent, any of the partners can act under that authority. The Responsible Entity may vary the powers of your agent or cancel their authority at any time.

### Related Party Agreement

Bennelong Funds Management Ltd (‘BFML’) is part of the BFM Group (‘BFMG’), an investment company that partners with boutiques across the globe. Outside Australia the Group operates as BennBridge, with a presence in the UK and US.

BFML has appointed BennBridge Ltd (‘BennBridge’) as the Fund’s Investment Manager, which is authorised and regulated by the UK Financial Conduct Authority (FRN 769 109). BennBridge is a wholly owned subsidiary of BFML and a Corporate Authorised

Representative of BFML (AFS Representative No. 1281639). All regulated activity relating to portfolio management, including execution of trades, takes place within BennBridge as the regulated entity.

Skerryvore Asset Management LLP (‘Skerryvore’) is a boutique asset management team. The company is majority owned by team members, and minority owned by BennBridge. Skerryvore’s personnel are assigned to BennBridge in order to provide portfolio management and trading activities. Skerryvore and BennBridge are collectively referred to as ‘the Skerryvore team’.

All transactions between BennBridge, BFML and Skerryvore are on arm’s length terms.

## 3. Benefits of investing in the Skerryvore Global Emerging Markets All-Cap Equity Fund

### Benefits of investing in a managed investment scheme

Investing in a managed investment scheme can offer a number of benefits, including:

- increased purchasing power – the size of a managed investment scheme means it can generally buy and sell assets at a lower cost than an individual investing directly;
- investment opportunities – managed investment schemes give you the opportunity to access a range of assets that you may not normally access as an individual investor; and
- professional investment management – your money is managed by a team of professionals who use their resources, experience and specialist skills to make the investment decisions on behalf of all investors in the Fund.

## 4. Risks of managed investment schemes

No additional information has been incorporated by reference.

## 5. How we invest your money

The Fund aims to invest in emerging markets with the goal of generating absolute long term-returns. This is based on an unwavering focus on the quality of the businesses in which the Skerryvore team invests.

### Investment philosophy

The investment philosophy of the Skerryvore team stresses the importance of alignment. Emerging markets present a distinctive context in which to operate a business. Investing alongside managers and owners with good reputations that share the Skerryvore team’s belief in a long-term approach to investment is an important way to align interests.

### Investment process

The Skerryvore team seeks to create a high conviction portfolio of reasonably-valued, high quality companies that are exposed to, or operate in, emerging markets.

Core principles of the Fund are:

- Focus on the long term - Investments are based on a five-year time horizon; this helps dial out the noise created by short-term fluctuations.

- Ignore the index - The index is not a useful guide on which to build a portfolio. The Skerryvore team prefers to start with a blank piece of paper.
- Invest bottom-up - Analysing the fundamental health and prospects of a company provides a firmer grounding for future investment returns than trying to second-guess macroeconomic changes.
- Own high-quality companies - The quality of a company's management, franchise and financials is key.
- Ask whether businesses are operating sustainably within the context of our risk analysis process - We believe the best companies recognise that behaving sustainably gives them a long-term advantage over those that do not. The Skerryvore team does not have a predetermined view about how far ESG considerations will be taken into account in this Fund, and there is no specific ESG methodology adopted for this Fund. However, the responses to questions posed by the Skerryvore team to businesses allow the Skerryvore team to take into account ESG risks or concerns that it becomes aware of, but only to the extent that they financially affect the investment.
- Focus on absolute, not relative, returns - Risk should be measured based on the potential to lose money, rather than underperform an index.
- Valuation discipline - Don't overpay for growth; a range of financial and non-financial metrics are used to establish long-term price review targets.

A proprietary bottom-up methodology for stock selection is used, focusing on individual companies rather than on the broader market. As bottom-up investors, the Skerryvore team views the emerging markets opportunity set from a different perspective than a more traditional index aware strategy.

The Fund's investment universe covers over 2,600 stocks. The Skerryvore team's research process helps to narrow this universe down to an investable watch-list of approximately 350-400 emerging market exposed companies, by assessing the quality of companies in certain key areas of importance, including but not limited to, corporate history (assessment of ownership, management and culture), franchise strength (consideration of industry background and competitive position), financial position (assessment of income statement and balance sheet analysis), the growth opportunity over the next 5 to 8 years, investment risks, valuation analysis, and other qualitative and quantitative factors that help determine investment suitability.

### Investment guidelines

To ensure adequate diversification, the Skerryvore team uses the following guidelines to assist with portfolio construction. These guidelines are absolute rather than relative in nature, meaning they are not referenced to any index.

#### Global Emerging Markets All-Cap Equity Strategy

Number of holdings	Min: 40 Max: 80
Holding size	Starting: 0.5-1% Established: 1-3% High conviction: 3-7% Hard limit: 10%
Single country exposure	Max: 40%
Single sector exposure	Max: 50%
Cash position	Max: 10%
Market capitalisation	All-Cap
Currency hedging	No
Derivatives	No

### Labour standards or environmental, social, or ethical considerations

The Skerryvore team does not have a predetermined view about how far ESG factors will be taken into account in this Fund, and there is no specific ESG methodology adopted for this Fund. However, the Skerryvore team takes into account ESG factors (including any risks or concerns) that it may become aware of, but only to the extent that they financially affect the investment. Once it becomes aware of these ESG factors, the Skerryvore team assesses how those ESG factors impact investment returns as part of the investment process for this Fund. Accordingly, in these circumstances, the Skerryvore team believes that ESG factors are important in determining the quality of a company for potential investment.

As a result, the Skerryvore team, in conjunction with its own wider assessment of potential and material investment risks, will always pose the question to companies as to whether they are taking into account ESG considerations in their business. This will assist the Skerryvore team in selecting, retaining or realising investments as it will allow the Skerryvore team to assess ESG risks or concerns in relation to the financial performance of potential investments. The Skerryvore team does not have a standard methodology when it assesses ESG risks or concerns and any analysis is conducted on a case-by-case basis.

As part of its approach to assessing the suitability of a new investment or during the ongoing review of existing holdings, the Skerryvore team considers climate and other-related third party provided data, including: total greenhouse gas emissions; carbon footprint; greenhouse gas emissions intensity; fossil fuel sector exposure; share of non-renewable energy consumption and production; energy consumption intensity per high impact climate sector; activities negatively affecting biodiversity sensitive areas; emissions to water; hazardous waste ratio; and investments in companies without water management policies.

Social and employee issues, respect for human rights, anti-corruption and anti-bribery matters are assessed by considering third party provided data on and including: companies in violations of United Nations Global Compact (UNGC) and the Organisation for Economic Development's (OECD) guidelines for multinational enterprises and implementation of fundamental International Labour Organisation Conventions; companies without policies or processes to monitor compliance with UNGC and OECD guidelines for multinational enterprises; unadjusted gender pay gap; board gender diversity; exposure to controversial weapons; and lack of a supplier code of conduct.

The ability to highlight or identify particular company characteristics which the Skerryvore team may wish to exclude from investment may also be supported by access to third party data services.

Data quality is analysed on an ongoing basis by both the Skerryvore team and third party providers, with underlying raw data considered where appropriate. The Skerryvore team recognises that third party sourced information is subject to limitations relating to methodologies and disclosures from investee companies and other entities, and that this is particularly true in an emerging market context.

This data is collated and assessed on a best endeavours basis and materiality, according to the specific context of the company, is considered. This, and those areas of materiality where data is limited or unavailable, will be followed up by engagement with company management and additional qualitative research.

Resulting analysis is robustly challenged within the investment team with weekly research and portfolio review meetings providing a formal venue, along with additional independent risk oversight of investment decisions on a quarterly and ad hoc basis.

Where, on a case-by-case basis, a company is deemed to have unacceptable or increasing risk relating to this analysis which would in turn have a negative impact on long-term return on investment potential, and no improvement is forthcoming via engagement and/or escalation, then a decision not to invest or to divest may be taken.

Skerryvore is a signatory to the Principles for Responsible Investment and believes that consideration of the influence of ESG factors on the risk, return and longevity of investments provides a more thorough due diligence process, leading to better risk-adjusted returns.

When the Skerryvore team assesses ESG factors, it focuses on: a) ESG risk assessment and review, b) exclusions, and c) company engagement and shareholder voting.

### **Risk assessment and review**

In addition to having at its disposal access to third party sourced data as highlighted above, the Skerryvore team's assessment of potential ESG factors of the Fund's investments is guided by a review of the company reports of potential investments. This includes the consultation of various sources of publicly available information together with discussions with competitors, suppliers and peers, but does not involve the application of a defined methodology or weightings to assess the relevant ESG factors. The Skerryvore team's research process clarifies a company's community relations and approach to environmental and social challenges. However, the Skerryvore team does not have a predetermined approach to quantify or qualify these non-financial risks.

### **Exclusions**

Companies involved in the following business practices are excluded from the Fund's investment universe (Excluded Business):

- Production and manufacture of cigarettes and tobacco products. This does not exclude companies involved in the sale or distribution of these products.
- Production of pornography. This does not exclude companies involved in the sale or distribution of this material.
- Manufacture of controversial weapons systems including nuclear weapons, cluster munitions, biological and chemical weapons, and anti-personnel land-mines.
- Manufacture of civil weapons.
- Operation of gambling establishments – such as racetracks or casinos.

In addition, the Skerryvore team also excludes companies involved in the extraction of fossil fuels where a business derives more than 25% of total revenue directly from fossil fuel extraction. Each business considered for investment is assessed against this metric on a historic rolling 5-year average.

The Skerryvore team identifies Excluded Businesses as detailed above by searching for the business name or company identification number on dedicated external exclusion lists or using third party data service provision, as well as additional internal team research and analysis. The Skerryvore team checks the MSCI Global Industry Classification Standard (GICS) Level 3 sub-industry list of tobacco producers and manufacturers to ensure that none of the businesses it invests in are on that list. The team also checks a business practices list produced by International Shareholder Services ESG (ISS ESG), which identifies businesses by the percentage of their revenues that are involved in the production of pornography, manufacture of controversial weapons systems, manufacture of civil weapons and operation of gambling establishments. The Skerryvore team has a 0% revenue exposure threshold for these activities for any business which it considers for investment. If above this level, then the business is an Excluded Business.

The Skerryvore team also makes use of the S&P Global Business Involvement Screens. S&P Global Business Involvement Screens allow the Skerryvore team to measure a company's direct and indirect exposures to specific products and services (for example, tobacco products), quantified as percentages of total company revenue and total company ownership. S&P Global Business Involvement Screens also allow the Skerryvore team to generate a list based on the percentage revenue a company derives from pre-determined business activities for exclusion. They allow a calculation of the specific level of involvement for each company including differentiation between activities such as production, distribution and operation. Overall company coverage is comprehensive across all major equity indices and analysis is refreshed on an annual basis. Where there is an absence of data from the S&P Global Business Involvement Screens, an independent check will be performed by the Skerryvore team's individual analyst responsible for the assessment of the company (whether it is being considered for the watchlist or is an existing holding). Assessment is undertaken using all commercially reasonable efforts and may be via further third-party information and engagement with the company.

In addition, the investment team checks several external ESG data services such as those provided by ISS ESG, RepRisk, MSCI and Bloomberg. The Skerryvore team also analyses company specific published accounts and reports, appropriate sell-side research on ESG related issues, and reports produced by non-government organisations.

This analysis is regularly reviewed and assessed for holdings, and any changes challenged via the Fund's independent risk oversight model on an ad hoc and/or quarterly basis.

### **Company engagement and shareholder voting**

The Skerryvore team meets with companies in which it is considering and/or holding an investment on behalf of the Fund, to discuss potential and ongoing investment opportunities.

The Skerryvore team does not have a set process for monitoring and reviewing potential and/or current investment companies for the purpose of ESG, but rather will implement a case-by-case approach. Generally, the Skerryvore team will engage with the leaders of a company that is a potential or current investment to increase understanding as to how they view their specific business challenges including those of an ESG nature. The Skerryvore team seeks to identify management teams that continually assess the threats that their business faces, including competitive, industry, societal or environmental threats, and seeks to understand the company's attitude towards these matters. This is done as part of the investment process where the Skerryvore team asks companies whether their businesses are operating sustainably.

The Skerryvore team also engages with companies in which the Fund invests as part of the voting process on matters for approval by a company's shareholders. Where a particular issue arises as part of the voting process, the Skerryvore team will typically engage with the company to better understand the rationale if it is not apparent. The Skerryvore team seeks to not just vote against issues, but discuss them in detail where they believe the resolution is potentially not in the interest of minority shareholders and ultimately the Fund.

Engagement may be undertaken directly or in collaboration with other investment institutions. Where engagement is unsuccessful in mitigating or reducing adverse impacts, the Skerryvore team will consider escalation of the issue via written communication to the company chairperson or lead independent director. They may also consider voting against directors that are considered by the Skerryvore team to be providing poor oversight over the business, wider engagement with other investors, making views public or reducing and/or divesting the holding.

The investment process and research conducted by the Skerryvore team that results in a low assessment on quality factors (including those of an ESG nature) may negatively impact the Skerryvore team's view as to the suitability of a company for potential or continuing investment by the Fund.

## 6. Fees and costs

### Additional explanation of fees and costs

All fees and costs in the 'Fees and costs summary' below are calculated with reference to the relevant costs incurred during financial year ended 30 June 2023.

### Fees and costs summary

#### Skerryvore Global Emerging Markets All-Cap Equity Fund

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	1.10% p.a.	The management fee component of the management fees and costs is calculated and accrued daily and payable within 21 days of the end of the month from the Fund's assets.  Indirect costs are not applicable to this Fund.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	0.00% p.a.	This fee is not applicable to this Fund.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.00% p.a.	Transaction costs are deducted from the assets of the Fund. They are recovered as they are incurred and reflected in the Unit price. They are disclosed net of amounts recovered by the buy-sell spread.

#### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
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<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
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#### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	The current buy spread is +0.30% of the investment amount. The current sell spread is -0.30% of the withdrawal amount.	Charged and paid into the Fund when you invest in, or withdraw from, the Fund. The spread is reflected in the application and withdrawal prices.
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<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
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<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
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<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable
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### Management fees and costs

Management fees and costs of the Fund as set out in the PDS are the additional fees or costs that an investor incurs by investing in the Fund rather than by directly investing in the assets. This includes components such as management fees, expenses and indirect costs.

### Management fee

The Responsible Entity is entitled to a management fee of 0.95% p.a. of the Net Asset Value of the Fund, which is included in the management fees and costs amount of 1.10% p.a. in the 'Fees and costs summary'. The management fee is calculated and accrued daily and payable within 21 days of the end of the month from the Fund's assets. As at the date of this PDS, the management fee component covers Responsible Entity fees and investment management fees.

### Expenses

All expenses properly incurred by the Responsible Entity in connection with the Fund (including the establishment of the Fund) or in performing the Responsible Entity's obligations under the Constitution are payable or can be reimbursed out of the Fund. These expenses include ordinary expenses such as administration, custodial, accounting, registry, production of offer documents, audit, legal, government charges, taxation advice, adviser, filing, postage, courier, faxing, photocopy, telephone and printing expenses. Extraordinary expenses such as litigation or unitholder meetings (if applicable) are also included.

There is no limit in the Fund's Constitution on the amount of expenses that may be reimbursed out of the Fund. However, the Responsible Entity currently chooses to cap the amount of expenses recoverable in each year at 0.15% p.a. of the Net Asset Value of the Fund and this is the amount charged to the Fund during the last financial year and it is included in the "Management fees and costs" figure in the "Fees and costs" table.

The Responsible Entity reserves the right to recover expenses incurred in any income year above the cap in a later income year subject to the 0.15% p.a. of Net Asset Value expenses recovery cap being met.

The Responsible Entity also reserves the right to increase the capped amount of expenses, or remove the cap entirely, in future. In case of an increase, the Responsible Entity will give 30 days notice to Unitholders.

### **Indirect costs**

In general, indirect costs are any amounts that directly or indirectly reduce the returns on the Units that are paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund). Indirect costs are reflected in the Unit price of your investment in the Fund.

The indirect costs component of the management fees and costs amount in the 'Fees and costs summary' is 0.00% p.a. of the average Net Asset Value of the Fund.

The Responsible Entity has a policy in place that contains information on how indirect costs are estimated. If you require more information on this policy, please contact the Responsible Entity.

### **Performance fees**

While the Constitution of the Fund allows for a performance fee to be charged, currently no performance fee is charged. As no performance fee has ever been charged to the Fund since its inception, the five-year average of performance fees is zero.

### **Differential fees**

Subject to the Corporations Act and the Constitution of the Fund, the Responsible Entity may negotiate lower or different fees with, or pay rebates to, certain investors that are wholesale clients as defined in the Corporations Act.

### **Transaction costs**

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage.

Transaction costs incurred as a result of Unitholders coming into and going out of the Fund may be recovered by way of the buy/sell spread charged to investors. Other transaction costs are additional costs to Unitholders that are deducted from the assets of the Fund. Such costs are recovered as they are incurred and reflected in the Unit price.

The total gross transaction costs incurred by the Fund for the financial year ending 30 June 2023 were approximately 0.19% p.a. as a percentage of the Fund's average Net Asset Value for that period.

The total net transaction costs incurred in the previous financial year as set out in the 'Fees and costs summary' are shown net of any amount recovered by the way of the buy/sell spread charged to investors, and as a percentage of the Fund's average Net Asset Value in that period. These costs were approximately 0.00% p.a.

Transaction costs may vary, as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transaction costs not covered by the buy/sell spread. Further, there are highly variable drivers upon which such transaction costs are dependent.

### **Buy/sell spread**

The buy/sell spread is an additional cost to you and is an adjustment to the Unit price. It represents a contribution to the estimated transaction costs (such as brokerage) incurred when assets are bought and sold by the Fund.

The current buy spread is +0.30% of the investment amount. The current sell spread is -0.30% of the withdrawal amount. This charge is levied to investors applying for Units or withdrawing Units and is retained in the Fund.

For example, an investment of \$50,000 would incur a buy spread of \$150 and a withdrawal of \$50,000 would incur a sell spread of \$150.

The application of a buy/sell spread means that transaction costs for investor-initiated transactions are allocated to the investor initiating the transaction, rather than being spread across the whole Fund.

The buy/sell spread is reviewed on an annual basis to ensure it reflects up-to-date costs of acting on investor initiated transactions.

There is no buy/sell spread on distributions from the Fund that are re-invested.

We may vary the buy/sell spread from time to time and prior notice will not normally be provided to you. Updated information will be posted on our website ([bennelongfunds.com](http://bennelongfunds.com)).

If buy and sell spreads are charged and represent only a portion of the Fund's transaction costs incurred during a financial year, the balance of the Fund's transaction costs will be borne by the Fund from the Fund's assets without any recovery from individual investors. If buy and sell spreads charged exceed the Fund's transaction costs during a financial year, the balance of the buy and sell spreads will be retained by the Fund.

### **Goods and Services Tax ('GST')**

All fees and expenses referred to in the PDS and this Section 6 are quoted on a GST inclusive basis less any reduced input tax credits available to the Fund (refer to Section 7 of this Booklet). The benefits of any tax deductions are not passed on to Unitholders. Please refer to Section 7 for further information on tax.

### **Administration fees**

The Responsible Entity may enter into arrangements to pay administration fees to IDPS operators in connection with the listing of this Fund on their investment menus. This fee is paid by the Responsible Entity and not by the Fund. It is not payable out of the assets of the Fund and is not a separate additional charge to investors.

### **Fee changes**

The Constitution of the Fund sets out the fees and expenses payable by the Fund. The Constitution of the Fund permits higher management fees and performance fees to be charged. The Responsible Entity can change the amount of fees without your consent, as long as it does not exceed the amount of fees permitted under the Constitution of the Fund. The actual performance fee, and expenses and indirect costs forming part of management fees and costs, may be different to those in the fee table. You will be given written notice of any variation of fees charged by the Fund in accordance with the Corporations Act (for example, where there is an increase in management fees, performance fees, or charges, you will be notified 30 days before the increase takes effect). Changes to expenses within the cap, indirect costs, transaction costs and the buy/sell spread do not require prior notice to investors.

### **Alternative forms of remuneration**

We may provide alternative forms of remuneration which include professional development and sponsorship to financial services licensees, authorised representatives, and master trust or IDPS operators. Where such benefits are provided, they are payable by the Responsible Entity and are not an additional cost to you. We will not pay any remuneration to advisers if it is prohibited by law.

### **Other fees and costs**

These may include additional fees and costs that apply to investors accessing the Fund through a master trust or wrap account. We may make payments to master trusts or wrap account operators out of the fees we receive.

## 7. How managed investment schemes are taxed

### General

The following taxation information is of a general nature and should not be relied upon by investors. The information provided is based on applicable Australian tax laws as at the date of this Additional Information Booklet.

As taxation consequences can only be determined by reference to investors' particular circumstances, investors should seek independent professional advice in relation to their own particular circumstances before investing in the Fund.

The taxation information below provides a guide for Australian resident investors only.

### Tax position of the Fund

The Fund is a resident of Australia for taxation purposes and will determine net income annually at 30 June.

Generally, no Australian income tax will be payable by the Fund, on the basis that:

- where the Fund is an Attribution Managed Investment Trust ('AMIT'), all taxable income is intended to be attributed to investors for each income year (see below); or
- where the Fund is not an AMIT, investors are presently entitled to all of the Fund's distributable income.

The Fund may derive franking credits from the receipt of franked dividends. The eligibility of the Fund to distribute franking credits is subject to certain conditions such as the holding period rule. An investor's individual circumstances will also be relevant in determining whether an entitlement to franking credits exists.

In the case where the Fund makes a loss for tax purposes, this loss cannot be distributed to Unitholders. It may be available for recoupment by the Fund against net income in future years, subject to certain conditions.

The Fund has made a capital account election for the purposes of the managed investment trust regime under Australian income tax law. This election means gains and losses on the disposal of certain assets (such as shares in companies and units in unit trusts, rights and options over such assets but excluding assets that are derivatives, foreign exchange or any other investments that are subject to the 'financial arrangement provisions') are subject to capital account treatment.

### Tax position of Australian resident investors

#### Distributions

Taxable income earned by the Fund, whether attributed (for an AMIT), distributed, retained or reinvested, can form part of the assessable income for investors in the year of entitlement or attribution. After the Fund's year-end, investors will be issued with an annual statement detailing the composition of the distributions they have received in respect of that year.

Generally, an investor's entitlement to net income for any year, including amounts reinvested by investors, will form part of an investor's assessable income and should be included in the investor's tax return for the year in which the entitlement or attribution arises.

#### Foreign income

Where the Fund pays foreign tax in respect of income or gains from a foreign investment, you may be entitled to receive a foreign income tax offset ('FITO'). You will usually include the foreign

income and the FITO in your assessable income and may be eligible for a tax offset for all or part of the FITO. The amount of FITO will be detailed in the tax report provided to you.

### Disposal of Units

A taxable capital gain or loss may arise from the disposal of an investment in the Fund and may form part of an investor's assessable income. The taxable gain or loss may be treated as a capital gain or loss or as ordinary income, depending on the investor's particular circumstances.

If the taxable gain is treated as a capital gain, individuals, trusts and complying superannuation funds may be entitled to a capital gains tax discount in relation to the disposal of Units where the Units have been held continuously for 12 months and other requirements are met. Companies are not entitled to this discount.

The Fund may distribute non-assessable amounts which are generally not subject to income tax. Broadly, the receipt of certain non-assessable amounts may reduce the cost base of the investor's investment in the Fund. If the investor has no cost base the amounts may trigger a taxable capital gain.

### AMIT regime

The Responsible Entity has elected to apply the AMIT rules to the Fund.

Under the AMIT rules, the Fund is deemed to be a 'fixed trust' for taxation law purposes that can rely on specific legislative provisions to make a yearly adjustment to reflect under-or-over distributions of income. As a result, the Fund's income will be 'attributed' to investors.

Australian resident investors will be subject to tax on the income of the Fund which is attributed to them under the AMIT rules. The tax payable (if any) depends on the investor's individual tax profile and applicable tax rate.

The amount attributed to investors will be advised in an AMIT Member Annual Statement ('AMMA Statement').

The AMMA Statement will set out the amount which has been attributed to an investor (and where relevant, its components) and other relevant tax information.

If an investor disagrees with the Responsible Entity's attribution of income, the investor can object to that attribution and substitute the Responsible Entity's determination with their own. If as an investor you decide to take this course, it is important that you obtain professional tax and legal advice. You must contact the Responsible Entity before notifying the Commissioner of Taxation.

### Tax File Number ('TFN') and Australian Business Number ('ABN')

It is not compulsory for you to quote your TFN or ABN. You may quote an ABN instead of a TFN if you are making an investment in the Fund in the course of a business or enterprise carried on by you.

If you fail to quote an ABN or TFN or claim an exemption, the Responsible Entity may be obliged to withhold tax at the top marginal rate (including Medicare levy) on gross payments (including distributions of income) to you.

### The Responsible Entity's reporting obligations

The Government has implemented the OECD Common Reporting Standard ('CRS') which requires the Responsible Entity to collect information from Unitholders and report information in relation to certain Unitholders with foreign residencies to the Australian Tax Office ('ATO'). That information may be provided by the ATO to foreign tax authorities in jurisdictions that have adopted the CRS. Similar obligations relating to the collection and reporting of Unitholder information are imposed on the Responsible Entity as a result of Australia enacting legislation that relates to the Foreign



Account Tax Compliance Act ('FATCA'). FATCA is US tax law which was enacted for the purpose of improving tax information reporting regarding US persons in respect of their offshore investments to the United States Internal Revenue Service.

### GST

The GST information provided in this section is of a general nature only.

GST will apply to the management fee. Fees and costs included in Section 6 are quoted on a GST inclusive basis less any reduced input tax credits available to the Fund. GST will also apply to most other Fund expenses.

Generally, the Fund cannot claim full input tax credits for GST incurred on expenses, but the Fund may be entitled to reduced input tax credits for any GST paid in respect of these expenses.

## 8. How to apply

### Payments via BPAY®

You can also make your application payment via BPAY using the following details:

- BPAY Biller Code: 266775
- BPAY Customer Reference Number (CRN): this will be provided via email shortly after the application has been submitted.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

Note you are not able to make payments by BPAY if you are a New Zealand investor.

### mFund Settlement Service

In addition to applying to the Responsible Entity directly by completing the Application Form accompanying the PDS, investors may apply to invest in the Fund using the mFund Settlement Service. The mFund Settlement Service enables investors to buy and sell Units in the Fund directly with the Responsible Entity via a stockbroker or advisory services provider used to transact shares or other ASX products.

The mFund Settlement Service is not a secondary market for Units in the Fund.

The mFund Settlement Service uses CHESS, ASX's electronic settlement system, to automate and track the process of buying (applying for) and selling (redeeming) Units in the Fund. Your holdings in the Fund are held electronically and can be linked to the same Holder Identification Number ('HIN') used to hold other investments transacted through ASX for broker sponsored transactions.

For mFund investors, if we need to collect information not provided by your broker, we will send out relevant forms. Please complete and return these forms promptly.

Contact your financial adviser or broker for more information on how to invest through the mFund Settlement Service.

## Get in touch



[bennelongfunds.com](https://bennelongfunds.com)



[client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)



1800 895 388 (AU) or 0800 442 304 (NZ)

**If you are investing or have invested in the Fund through the mFund Settlement Service, please contact your financial adviser or broker in the first instance.**