

Additional Information Booklet

Bennelong Avoca Emerging Leaders Fund

ARSN 149 609 781

Issue Date: 4 September 2015

Important information: This additional information forms part of the Product Disclosure Statement ('PDS') for the Bennelong Avoca Emerging Leaders Fund dated 4 September 2015. 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.

Responsible Entity: Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806)

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1. About Bennelong Funds Management Limited

No additional information has been incorporated by reference.

2. How the Bennelong Avoca Emerging Leaders Fund works

Glossary

Administrator means RBC Investor Services Trust (ABN 75 116 809 824).

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

Business Day means any day (except any weekend or public holiday) on which trading banks are open for usual business in Melbourne, Australia.

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 a client who has ownership 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 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 may 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 we receive the required information. Application monies are held for a maximum period of 30 days 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 request, in connection with money laundering and similar matters, in any jurisdiction.

Withdrawal restrictions

The Responsible Entity may stagger the payment of 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 any class of Units is withdrawn on any Business Day.

The Constitution permits the Responsible Entity to suspend withdrawals (freeze withdrawals) for a reasonable period ('Suspension Period') in certain situations which generally 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 lodged 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 we make a withdrawal offer in accordance with the Corporations Act. Under the Corporations Act, a fund is illiquid if it has less than 80% liquid assets (generally cash and marketable securities). We are 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.

For investors applying through the mFund Settlement Service, if we do not have valid bank account details on file, or if a distribution payment preference is not indicated, the distribution will be re-invested.

There is no charge applied to income distributions which are reinvested. The issue price that will apply to Units from such reinvestment will be the application 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.

2. How the Bennelong Avoca Emerging Leaders Fund works (continued)

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. The offer document for your IDPS should have further details. If you are an indirect investor, generally the relevant scheme operator acquires the rights of a Unitholder. Unitholder rights include the right to attend Unitholder meetings, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints.

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. 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 will 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.

Authorised agent

You may appoint an agent to act on your behalf in relation to your investment in the Fund. Your agent will have the authority to act in exactly the same manner as you, except that your agent cannot:

- request a change in records held relating to your name, address or other particulars; or
- create and/or alter any other interest in your Units (for example, make a withdrawal).

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.

3. Benefits of investing in the Bennelong Avoca Emerging Leaders 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.

Additional benefits of investing in the Bennelong Avoca Emerging Leaders Fund

Regular reporting

Unitholders will be provided with the following reports:

- application and withdrawal confirmation statements;
- Unitholder monthly statements;
- audited annual reports (and, if applicable, half-yearly financial reports and continuous disclosure notices)

via our website;

- income distributions, half-yearly; and
- tax statements, annually.

Your rights

Your rights as a Unitholder in the Fund are governed by the Constitution for 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.

The Constitution contains provisions designed to limit your liability to the amount invested in the Fund. However, you should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

4. Risks of managed investment schemes

No additional information has been incorporated by reference.

5. How we invest your money

Investment guidelines and policy

In order to achieve the risk/return objectives of the Fund, a variety of strategies are employed in a portfolio of primarily Australian listed companies. The main investment guidelines of the Fund are outlined below. Authorised investments of this Fund are Australian and New Zealand:

- equities;
- cash;
- convertible notes/hybrid equity instruments;
- exchange traded options to buy or sell authorised investments; and
- exchange traded derivative contracts (long futures contracts only).

Stock universe

The companies within the portfolio will be selected primarily from, but not limited to, the S&P/ASX 300 Index excluding the top 50 companies by market capitalisation within that index. Not more than 30% of the portfolio can be held in companies outside the S&P/ASX 300 Index and at least 50% of the portfolio must be held in companies within the S&P/ASX Small Ordinaries Index. The Fund may invest in securities expected to be listed on the ASX within 6 months. The Fund may also invest in securities listed or expected to be listed within 6 months on other exchanges where such securities relate to ASX-listed securities.

Stock holdings

The portfolio typically holds between 30-50 stocks (maximum of 70 allowable).

Cash limits

The Fund will not exceed 10% cash holdings other than in the start-up or wind-down phase.

Risk management and exposure limits

Tracking error will typically be between 4-8% on an ex-ante (expected returns) basis. Exposure limit/maximum active position (portfolio weight less index weight) of an individual stock is +/- 6%. The Investment Manager may from time to time temporarily exceed the exposure limits of the Fund, particularly during periods of market volatility, to allow for overweight holdings where the increase in the value of the underlying security is due to market movements.

Derivatives

The Fund will only invest in exchange traded derivatives.

Labour standards, environmental, social and ethical considerations

The Responsible Entity and the Investment Manager do not take into account labour standards or environmental, social and ethical considerations when selecting, retaining or realising the investments of the Fund. However, the Responsible Entity and the Investment Manager recognise that environmental, social and governance ('ESG') issues may affect the value of investments managed on behalf of our clients.

The Responsible Entity and the Investment Manager assess and manage all foreseeable and potentially material risk factors and in this context, the Responsible Entity and the Investment Manager consider ESG as a risk factor in the overall risk/reward assessment of an investment. However, the Responsible Entity and the Investment Manager have no predetermined view as to what constitutes ESG standards, which ESG considerations will be taken into account and the extent to which they will be taken into account when making decisions to acquire, hold and dispose of investments.

6. Fees and costs

Management Fee

The Management Fee is calculated and accrued daily and payable monthly within 21 days after the end of the month from the Fund's assets. The Responsible Entity intends to pay the Investment Manager's fee, as provided for under the Investment Management Agreement, out of the Management Fee to which the Responsible Entity is entitled.

Performance Fee

In addition to the fixed Management Fee, a Performance Fee may be payable to the Responsible Entity in respect of the Fund. This fee is only payable where the Fund's return (before fees and expenses) outperforms the return generated by its benchmark – the S&P/ASX Small Ordinaries Accumulation Index – by more than 1.25% per annum ('outperformance').

6. Fees and costs (continued)

The Performance Fee is set at 17.5% of that outperformance. The fee is calculated at each Valuation Time (which will generally be at the close of each Business Day, but may be any other time the Responsible Entity determines) and is paid quarterly. However, the Performance Fee will not be paid where the Fund's return over a quarter is negative. Instead the Performance Fee will be carried forward as an accrual in the Unit price and will not be paid until the Fund's return over a subsequent quarter is positive. The Unit price is reflective of accrued Performance Fees.

If at any Valuation Time the Fund's return is less than the benchmark, the Responsible Entity will be entitled to the Performance Fee already accrued (and will not be required to repay Performance Fees already accrued and/or paid) but will not become entitled to accrue further Performance Fees until the Fund's overall return (before fees and expenses) measured over the period since commencement of the Fund, is more than 1.25% per annum greater than the return generated by the S&P/ASX Small Ordinaries Accumulation Index.

Note

The Management Fees and Performance Fees are based in part upon unrealised gains (as well as unrealised losses) and such unrealised gains and/or losses may never be realised.

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.

Transactional and operational costs

In addition to the Expenses referred to below, the Fund may incur transactional and operational costs such as brokerage, settlement and clearing costs. Transactional and operational costs incurred as a result of Unitholders coming into and going out of the Fund may be accounted for in the buy/sell spread. Other transactional and operational 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 fee table in this PDS does not include an estimate of these other transactional and operational costs as it is not possible to come up with a meaningful estimate of such costs. The turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transactional and operational costs not covered in the buy/sell spread. Further, due to the highly variable drivers upon which such transactional and operational costs are dependent, any estimate provided may not be indicative of future transactional and operational costs not covered in the buy/sell spread.

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 transaction costs (such as brokerage) incurred when assets are bought and sold by the Fund. The current buy/sell spread is +/- 0.30% of the value of Units being bought and sold. This charge is levied to investors transacting rather than investors remaining in the Fund and is retained in the Fund.

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 on the Unit prices will be posted on our website (bennfundsmanagement.com.au/performance-and-prices).

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 administration, custodial, accounting, audit, legal, government charges, taxation, adviser, filing, postage, courier, facsimile, photocopy, telephone and printing expenses. All operational expenses are estimated on a yearly basis and prorated daily over the year.

There is no limit in the Fund's Constitution on the amount of expenses that may be reimbursed out of the Fund, but the Responsible Entity currently chooses to cap the amount of expenses recoverable in each year at 0.05% p.a. of the Net Asset Value of the Fund.

On occasion the Responsible Entity may incur expenses on behalf of the Fund. The Responsible Entity currently chooses to pay some of these from the proceeds of Management Fees received, but it reserves the right to recover expenses that it deems to be unusual or non-recurrent (e.g. litigation expenses, Unitholder meeting fees, termination) from the Fund. These unusual or non-recurrent expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. They are due to abnormal events like Fund formation costs, the cost of running a Unitholder meeting, or legal costs incurred by litigation or changes in the Fund's Constitution. The Responsible Entity reserves the right to charge or defer the recovery of the unusual and non-recurrent expenses incurred in any income year until a later income year subject to the 0.05% p.a. of net asset value expense recovery cap being met.

All expenses properly incurred by the Responsible Entity in connection with the Fund or its obligations are payable from 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.

6. Fees and costs (continued)

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 charged out of the assets of the Fund and is not a separate additional charge to investors.

Alternative forms of remuneration

We may provide alternative forms of remuneration which include professional development, sponsorship to financial services licensees and 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 maintain a public register of alternative forms of remuneration in accordance

with FSC/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact Client Services on 1800 895 388 if you wish to inspect this register. We will cease paying any remuneration to advisers if it is prohibited by the 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.

Additional fees may be payable by investors to their broker for facilitating an investment or withdrawal in the Fund using the mFund Settlement Service. Investors should consider their broker's Financial Services Guide for further information.

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 Information Booklet.

The Board of Taxation has performed an Australian Government sponsored review of the taxation of managed investment trusts and issued a comprehensive report in respect of its review to the Australian Government. As a result of this report, the Australian Government has announced that it will introduce a new taxation regime for managed investment trusts.

In addition, the Australian Government has also sought reviews of the taxation of trust income and the definition of 'fixed trusts'.

The reforms arising from these reviews may impact how the Fund and investors are taxed in the future.

The Responsible Entity will continue to monitor these reforms and their impact on the Fund.

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, as it is the intention that the net income of the Fund will be distributed in full each year to Unitholders who have a present entitlement to the net income of the Fund.

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

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 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.

Foreign Accumulation Funds ('FAF')

At the time of preparing this PDS, the FAF rules had not been enacted. Once enacted, it is proposed that these

7. How managed investment schemes are taxed (continued)

provisions, if applicable, may result in investors being assessed on their portion of unrealised income arising from certain foreign investments.

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.

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

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

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.

Foreign Account Tax Compliance Act ('FATCA')

As a result of the signing of the intergovernmental agreement between the Australian and United States ('US') governments in relation to compliance with the Foreign Account Tax Compliance Act (FATCA), a US statute, the Responsible Entity is required to collect and report information about investors who are US tax residents or entities that invest on behalf of US tax residents to the Australian Taxation Office ('ATO'). This information may be forwarded by the ATO onto the US Internal Revenue Service. To assist us in complying with these obligations, we will require certain information from you when completing the Application Form attached to the PDS.

Goods and Services Tax ('GST')

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

GST will apply to the Management Fees and Performance Fees. Fees and expenses included in Section 7 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

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 ('mFunds CHESS holdings') 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. Please contact your financial adviser or broker for more information on how to invest through the mFund Settlement Service.

Client Services:

Bennelong Funds Management Ltd
Bennelong House
Ground Floor, 9 Queen Street
Melbourne VIC 3000

t: 1800 895 388
e: client.services@bennfundmanagement.com.au
w: bennfundmanagement.com.au

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.