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# INFORMATION MEMORANDUM

DATED MARCH 25, 2024



## APRICOR FUND



### INVESTMENT MANAGER

**Apricor Capital Pty Ltd**

**ABN: 66 666 855 787**

**[www.apricorcapital.com](http://www.apricorcapital.com)**

### RESPONSIBLE ENTITY

**One Managed Investment**

**Funds Limited**

**ABN: 47 117 400 987**

**AFSL: 297042**

**[www.oneinvestment.com.au](http://www.oneinvestment.com.au)**

Note: The offer made under this Information Memorandum is available only to investors that qualify as wholesale clients (as defined in section 761G of the Corporations Act 2001 (Cth)).



## Important Information

This Information Memorandum (**IM**) contains important information and requires your careful attention. You should read it in its entirety. Please consult with your financial adviser before making any investment decision.

### Offer and issue date

This IM sets out information in relation to the offer of units (**Units**) in the Apricor Fund (**Fund**) and is dated 25 March 2024 (**Offer**).

This IM is issued by One Fund Services Ltd ACN 615 523 003 (AFSL no. 493421) (the **Trustee**) as trustee of the Fund. The Fund is an unregistered managed investment scheme structured as a unit trust. Units in the Fund will be issued by the Trustee in its capacity as trustee for the Fund. The monies contributed by Unitholders will be pooled and invested in accordance with the investment strategy described in Section 1 of this IM.

The Trustee has appointed Apricor Capital Pty Ltd ACN 666 855 787 (**Investment Manager** or **Apricor Capital**) as the investment manager of the Fund pursuant to an investment management agreement (**IMA**). The Investment Manager is a corporate authorised representative (Registration No. 001308341) of One Wholesale Fund Services Ltd ACN 159 624 585 (AFS licence No. 426503).

### Offer made to Wholesale Clients only

The Offer is only being made to persons who qualify as wholesale clients (as defined in section 761G of the *Corporations Act 2001* (Cth)) (**Wholesale Clients**).

### This IM is not a product disclosure statement or prospectus

This IM is not a product disclosure statement or prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**). This IM is not required to be, and has not been, lodged with the Australian Securities and Investments Commission (**ASIC**).

This IM does not, and is not required to, contain all of the information that a product disclosure statement, prospectus or other disclosure document issued under the *Corporations Act* is required to contain. It may not include all of the information that you and your advisers would expect or require in order to make an informed investment decision and is intended to provide general information only in respect of the Offer.

The Fund is not required to be, and is not, registered as a managed investment scheme under the *Corporations Act* by ASIC and the protections and provisions of the *Corporations Act* that apply to registered managed investment schemes do not apply to the Fund.

## No guarantee of repayment of capital or investment performance

Investments in the Fund are not deposits with or other liabilities of the Trustee, its associates or any other person (including the Investment Manager) and are subject to investment risk, including loss of capital invested, negative returns and delays in repayment. None of the Trustee or the Investment Manager or any of their respective employees, agents, officers, associates or related bodies corporate (**Specified Persons**) guarantees the performance of the Fund or the meeting of any investment objectives, the repayment of capital or the payment of any, or any particular rate of return from, or increase in the value of, the Fund or Units.

### Disclaimer

To the extent permitted by law, each of the Specified Persons exclude all liability for any loss or damage suffered or incurred by you or any other person or entity howsoever caused relating in any way to this IM or the Fund (including without limitation, the accuracy or completeness of the information, any errors or omissions or any other written or oral communications made by any of those persons in relation to this IM or the Fund).

### Restrictions on distribution of this IM

The Offer to which this IM relates is only available to persons receiving this IM in Australia and who are Wholesale Clients.

This IM does not constitute an offer of Units in any place in which, or to any person to whom, it is not lawful to make such an offer or in circumstances in which such offer or solicitation is not authorised. The distribution of this IM in jurisdictions outside of Australia may be restricted by law, and any person who resides outside Australia or receives this IM outside of Australia should seek advice about it and observe any applicable legal restrictions. No recipient of this IM in any jurisdiction outside of Australia may treat it as constituting an offer to acquire Units.

In particular, Units have not been registered under the United States Securities Act of 1933 (as amended) (**US Securities Act**) or the securities laws of any state of the United States, and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This IM may not be transmitted in the United States or distributed, directly or indirectly, to any 'U.S. person' (as defined in Regulation S under the US Securities Act) (a **US person**). It does not constitute an offer to sell, or a solicitation of an offer to buy, or an invitation to subscribe for or buy Units in the United States or to any US person or for the benefit of a US person, and is not available to persons in the United States or US persons or for the benefit of US persons. Each applicant will be taken to have represented and warranted to the Trustee that such applicant is not a US person and is not acting on account of a US person.

## Forward-looking statements

This IM contains 'forward-looking statements'. These forward-looking statements may include statements of intention, forecasts, projections of revenues and expenses, profits, losses, returns to Unitholders, capital expenditure, financings or investments by third parties, developments and plans for future operations. These 'forward-looking statements' are based upon certain assumptions that may change. Due to various risks and uncertainties, including those described in this IM, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Any 'forward-looking statements' in this IM reflect beliefs or views held by the Trustee or Investment Manager (as applicable) only as at the date of this IM.

No representation or warranty is given as to the achievement or reasonableness of any assumptions, target returns, plans, forecasts, future projections, management targets or prospects and nothing in this IM is or should be relied upon as a promise or representation as to the future.

## Taxation consequences

The taxation consequences of an investment in the Fund will depend upon your own taxation position and you should consult your professional advisors to determine the taxation consequences of your investment in and receipt of any distributions from, the Fund. No representation or warranty is made or should be implied as to the availability of taxation deductions or any other taxation implications in relation to the Fund or in respect of the investment in or distributions from the Fund. Refer to Section 7 for further tax information in relation to the Fund.

## Trust Deed

Units are offered and issued by the Trustee subject to the terms of the Trust Deed, and on the terms and conditions described in this IM.

Unitholders may obtain and should review a copy of the Trust Deed establishing the Fund which governs an investment in the Fund before making any investment decision. A copy may be obtained from the Trustee on request at [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au) or on request from the Investment Manager at [enquiries@apricorcapital.com](mailto:enquiries@apricorcapital.com).

If there is any inconsistency or conflict between this IM and the Trust Deed, the Trust Deed will prevail.

## Fund is not listed or a disclosing entity

Units will not be quoted for trading on any financial market operated by a securities exchange and the Trustee is not required to publish, make available or notify any securities exchange, ASIC or Unitholders of any material information or changes to the financial position or performance of the Fund or information that might influence an investor in deciding whether or not to invest in Units.

The Trustee will prepare audited financial statements for the Fund and make these available to Unitholders after the end of a financial year.

## No unauthorised statements or representations

Neither the Trustee nor the Investment Manager has authorised any person to give any information or to make any representation in connection with the Offer other than the information contained in this IM. No information or representation which is not contained in this IM may be relied upon as having been made or authorised by the Trustee or the Investment Manager in connection with the Offer.

## Accuracy and updates

The information contained in this IM has been prepared as at the date of this IM. No representation or warranty is made that there has been no change to the information in this IM or in the affairs or financial condition of the Fund since the date of this IM. None of the Trustee or the Investment Manager is obliged to update this IM if any of them becomes aware of, or there is, any change in, or to the accuracy of, any information in this IM after the date of this IM. However, where considered appropriate by the Trustee it may notify you of a change.

## No investment advice

This IM is not intended to be investment advice and it is not personal financial product advice for the purposes of the Corporations Act and does not take into account your investment objectives, financial situation or particular needs. Nothing in this IM should be regarded as a recommendation by the Trustee or the Investment Manager or by any other person concerning an investment in the Fund. No cooling off rights apply to an investment in the Fund.

Persons considering making an investment in Units should carefully consider the risks in making such an investment (including those set out in Section 5) and in light of, and carefully consider, their own particular investment objectives and financial circumstances (including financial and taxation issues) and seek professional advice from their accountant, investment advisor, lawyer or other professional adviser before making any investment decision.

## Confidential information

The information in this IM is strictly confidential and must not be copied, disclosed, used, duplicated or transmitted by any means in whole or in part for any purpose other than the evaluation by the recipient of an investment. If you do not agree with this condition please return or destroy this document immediately. You are not permitted to discuss this investment or this IM with any person or entity other than your advisers.

## Copies of this IM

If you received this IM electronically, a paper copy will be provided free upon request. Please contact the Trustee at [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au) or the

Investment Manager at [enquiries@apricorcapital.com](mailto:enquiries@apricorcapital.com) for a copy.

### **Applications for Units**

Applications for Units must be made using an Application Form which appears at the end of, or accompanies, this IM or which may be obtained from contacting the Trustee at [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au) or by contacting the Investment Manager at [enquiries@apricorcapital.com](mailto:enquiries@apricorcapital.com).

### **Defined terms and interpretation**

In this IM, unless otherwise specified, references to \$, AUD or currency are to the lawful currency of Australia, time are to the time in Sydney, Australia and a Section is to a Section of this IM.

See the Glossary for defined terms used in this IM.

### **Queries**

If you have any queries regarding this IM or should you require any further information, please contact:

#### **Trustee**

Contact: Trustee Services

Email: [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au)

Phone: +61 2 8277 0000

#### **Investment Manager**

Contact: Paul McGregor

Email: [enquiries@apricorcapital.com](mailto:enquiries@apricorcapital.com)

Phone: +61 8 9417 4727

# Contents

<b>1. Investment Overview .....</b>	<b>6</b>
<b>2. Management of the Fund .....</b>	<b>12</b>
2.1. Trustee .....	12
2.2. Investment Manager.....	12
2.3. Key Executives of the Investment Manager....	12
<b>3. The Fund.....</b>	<b>13</b>
3.1. Fund structure .....	13
3.2. Investment objective.....	13
3.3. Investment Strategy.....	13
3.4. Investments .....	14
3.5. Investment approach.....	15
<b>4. Fund Details .....</b>	<b>17</b>
4.1. Application Price .....	17
4.2. Minimum initial investment and balance.....	17
4.3. Application process .....	17
4.4. Withdrawal price.....	18
4.5. Withdrawal process .....	18
4.6. Suspensions .....	18
4.7. Distributions.....	19
4.8. Leverage .....	19
<b>5. Risks.....</b>	<b>20</b>
5.1. Risks relating to the investment strategy of the Fund .....	20
5.2. Risks relating to an investment in managed investment schemes.....	23
<b>6. Fees, Expenses and Costs .....</b>	<b>27</b>
6.1. Management Fee.....	27
6.2. Performance Fee .....	27
6.3. Trustee Fees .....	27
6.3.1. Trustee Engagement Costs.....	27
6.3.2. Trustee Fee .....	27
6.4. Trustee removal fee.....	28
6.5. Transaction costs and expenses .....	28
6.6. Waiver or Deferral of Fees .....	30
6.7. Fee changes.....	30
6.8. GST.....	30
<b>7. Taxation Information.....</b>	<b>31</b>
7.1. General Disclosure.....	31
7.2. The Fund is structured as a Managed Investment Trust.....	31
7.3. No cash distribution policy .....	31
7.4. What happens if there is an understatement or overstatement of taxable income that is discovered in the future? .....	34
7.5. Special cash distributions.....	34
7.6. Offshore tax rules for income earned on profits sourced outside of Australia.....	34
7.7. Withdrawals.....	34
7.8. Investors using Trusts, Companies or SMSFs.. ..	35
7.9. Tax File Numbers & Australian Business Numbers .....	35
7.10. Foreign Investors.....	35
7.11. Other Things You Should Know .....	36
<b>8. How to invest in the Fund .....</b>	<b>37</b>
How to invest.....	37
Application Form instructions.....	37
<b>9. Additional Information.....</b>	<b>38</b>
9.1. Key Fund Documents .....	38
9.2. Transfer of Units .....	39
9.3. Termination of the Fund .....	39
9.4. Register of Unitholders .....	39
9.5. Financial year.....	39
9.6. Cooling off period .....	40
9.7. Related Party Transactions.....	40
9.8. Reporting .....	40
9.9. Fund Service Providers .....	40
9.10. Privacy .....	41
9.11. Anti-Money Laundering .....	42
9.12. Foreign Account Tax Compliance Act (FATCA) .....	42
9.13. Common Reporting Standard (CRS).....	43
9.14. Complaints.....	43
<b>Glossary.....</b>	<b>44</b>

# 1. Investment Overview

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This Section contains a summary of certain key features of an investment in the Fund. It is not intended to be exhaustive. You should read the whole of this IM to make an informed decision about whether to invest in the Fund.

## KEY FEATURES OF THE FUND

<b>Fund Name</b>	Apricor Fund
<b>The Offer</b>	An offer to subscribe for fully-paid Units in the Fund.
<b>Trustee</b>	One Fund Services Ltd (ACN 615 523 003).
<b>Investment return objective</b>	<p>The Fund's investment return objective is to provide Unitholders with a total return of 12-15% per annum, before tax and Performance Fees but after all other fees, costs and Ordinary Expenses.</p> <p>Returns are affected by many factors and there can be no assurance that the investment return objective of the Fund will be achieved.</p>
<b>Investment strategy</b>	<p>The Fund seeks to achieve the investment return objective by implementing a proprietary quantitative trading strategy (referred to as the Portfolio Allocation Model) developed by the Investment Manager which is designed to allocate investments in exchange traded futures and options contracts based on historical price trends (up and / or down) in global financial markets and commodities.</p> <p>The investment strategy of the Fund is implemented by the Investment Manager through investing in exchange traded futures and options contracts listed on major global exchanges including the CME, CBOT, CBOE (Globex), the ASX 24, the Eurex and the ICE. The Fund does not have a specific geographic allocation policy.</p> <p>Investment allocations are diversified across multiple derivative instruments linked to underlying assets which generally include international interest rates (short and long term), global equities, international currencies, international commodities and intra and inter exchange spreads. A small portion of the portfolio will also be allocated to cash for liquidity purposes. The Fund does not have specific diversification guidelines or limits or asset allocation ranges across these underlying assets.</p> <p>These underlying assets will generally have a mixture of short, intermediate and long-term maturities (generally ranging between one month and 10 years). The derivative investments held by the Fund will generally be denominated in the currency of the jurisdiction in which the relevant exchange is located.</p> <p>The Investment Manager has a very broad discretionary mandate and will change the investment allocations from time to time in accordance with the Portfolio Allocation Model.</p> <p>Further detail about the investment strategy, the underlying assets of the derivatives which the Fund will have exposure to and the investment approach of the Fund are contained in Section 3. Risks of investing in the Fund are outlined in Section 5.</p>

<p><b>Investment Manager</b></p>	<p>Apricor Capital Pty Ltd (ACN 666 855 787).</p> <p>The Director and Head of Trading and Investment Strategy, Paul McGregor, is responsible for implementing the Fund's investment strategy. Mr McGregor is appropriately experienced and qualified to perform the role, and devotes all of his business time to the Investment Manager.</p>
<p><b>Fund Structure</b></p>	<p>The Fund is an open-ended, unlisted, unregistered Australian managed investment scheme structured as a unit trust. For more information on the Fund structure, see Section 3.1.</p> <p>For the names of the key service providers involved in the Fund, and a description of their services, see Section 9.9. The registry service provider (One Registry Services Pty Limited) is a related body corporate of the Trustee. The administrator (Unity Fund Services Pty Ltd) is an affiliated company of the Trustee.</p> <p>One or more third parties will be appointed to provide broker and clearing services in relation to the futures and options contracts to be entered into on behalf of the Fund. A broker and clearing services provider may also instruct a local participant in respect of execution and clearing for trades carried out outside of Australia on non-Australian exchanges.</p>
<p><b>Valuation, location and custody of assets</b></p>	<p>It is intended that the Fund's assets will only comprise exchange-traded assets and cash or cash equivalents. The values of exchange-traded assets are determined on a mark to market basis using the price quoted on the relevant exchange.</p> <p>The Trustee is located in Australia. However, investments of the Fund may be held outside Australia where trades are carried out by the Fund's broker and clearing services provider on a non-Australian futures exchange.</p> <p>Further detail about the investment strategy, the underlying assets of the derivatives which the Fund will have exposure to and the investment approach of the Fund are contained in Section 3.</p>
<p><b>Liquidity</b></p>	<p>The Fund will invest in highly liquid listed exchange-traded derivative contracts listed on major global exchanges. The Fund accepts applications and withdrawals on a monthly basis. The Trustee reasonably expects that at least 80% of the Fund's assets are capable of being realised within 10 days under normal market conditions.</p> <p>Unitholders may seek to transfer their Units in accordance with the Trust Deed but the Trustee has the power to refuse to register a transfer.</p>
<p><b>Leverage and short selling</b></p>	<p>The Trustee has the power under the Trust Deed to borrow on behalf of the Fund. However, the Trustee and Investment Manager currently have no intention to borrow on behalf of the Fund, other than to the extent required to manage cash flows by way of short-term funding of withdrawals of Units. It is expected that any borrowing of the Fund will be on standard commercial terms.</p> <p>The Trustee will only borrow where it believes it is in the best interests of Unitholders to do so. Borrowings will be obtained through loans provided by one or more prudentially regulated financial institutions selected by the Trustee.</p>



The Fund will invest in derivative transactions as part of its investment strategy which have a leveraged component. There is no maximum permitted level of leverage.

While the Fund will not itself enter into short sales as part of its investment strategy, the derivatives used will reflect either long or short positions, meaning that in the combined notional value of these positions can exceed 100% of the value of the assets of the Fund. For more information on long and short positions, see the derivative risk in Section 5. This leveraged exposure can magnify potential gains and potential losses for the Fund.

As security for the performance of the Trustee's obligations under agreements entered into with broker and clearing services providers, the Trustee may grant a security interest and / or a general lien on all property of the Fund held by a broker and clearing services provider (or its nominee). These agreements may also include certain set-off rights for the broker and clearing services provider against the assets of the Fund for amounts owing to it by the Trustee. For more information on the Fund's use of leverage and the associated risks, see Sections 4.8 and 5.

## Derivatives

The use of derivatives will be central to the normal operation and investment of the Fund. Derivatives will be used as a substitute for taking a position in an underlying asset. The Investment Manager may or may not fully hedge the foreign currency exposure of the Fund. Depending on the construction of the portfolio of the Fund, it is possible that from time to time the Fund may be exposed to significant unhedged foreign currency risks.

The Fund will primarily invest in exchange traded futures and options contracts. The purchase or sale of a futures or option contract can magnify losses in excess of the amount invested. As the futures and options utilised by the Fund are exchange traded, the primary credit risk on these futures and options contracts resides with the clearing house for the relevant exchange. There can be no guarantee that the price of a futures or option contract will accurately correlate with the price fluctuation in the underlying asset.

Further details about the investment strategy, underlying asset classes and investment approach of the Fund are contained in Section 3.

Further information on the risks associated with the use of derivatives is described in Section 5.

## Applications

Units will usually be issued with effect on the first Business Day of each calendar month (**Dealing Day**) using the Application Price calculated as at the last calendar day of the previous month (**Valuation Date**).

A completed Application Form (including all supporting documentation) as well as cleared funds must be received by the Registrar by 2:00pm (Sydney time) on the second last Business Day of each month to be accepted and processed as at the next Dealing Day (**Application Cut-off**).

Application Forms received after the Application Cut-off for a month will be taken to have been received before the Application Cut-off of the following month. However, the Trustee may waive the Application Cut-off

in any case at its discretion.

The Trustee may accept or reject applications at its discretion.

For further information on the application process see Section 4.3.

**Application Price**

The application price for a Unit is:

- for the first Units issued after the date of this IM, \$1.00; and
- for any subsequent Units issued, the Net Asset Value plus an adjustment for transaction costs (if applied), divided by the number of Units on issue, calculated as at the relevant Valuation Date.

**Withdrawals**

Withdrawals will usually be processed with effect on a Dealing Day using the Withdrawal Price calculated as at the previous Valuation Date.

A completed Withdrawal Request (including all supporting documentation) must be received by the Registrar by 2:00pm (Sydney time) on the second last Business Day of each month to be accepted and processed as at the next Dealing Day (**Withdrawal Cut-off**).

Withdrawal Requests received after the Withdrawal Cut-off for a month will be taken to have been received before the Withdrawal Cut-off of the following month. However, the Trustee may waive the Withdrawal Cut-off in any case at its discretion.

The Trustee may suspend withdrawals or the payment of Withdrawal Amounts for a period of time in certain circumstances. Refer to Section 4.6 for more information on the circumstances when the Trustee may suspend withdrawals or the payment of Withdrawal Amounts. The Trustee will notify Unitholders of any material changes to their withdrawal rights.

For further information on the withdrawal process see Section 4.5.

**Withdrawal Price**

Pursuant to the Trust Deed, the withdrawal price for a Unit is the Net Asset Value less an adjustment for transaction costs (if applied), divided by the number of Units on issue, calculated as at the relevant Valuation Date (**Withdrawal Price**).

**Target Capital Raising**

The Fund is seeking to raise \$100 million, subject to the discretion of the Trustee to accept greater or lesser amounts.

**Class of Units**

The offer under this IM is to subscribe for a single class of Units in the Fund. The Trustee may issue different classes of Units under the Trust Deed.

**Investment term**

The Fund has no fixed term.

The minimum suggested timeframe for holding an investment in the Fund is 5 years. This is a guide only and not a recommendation. The Trustee and the Investment Manager recommend that you consider with your financial adviser the suggested investment period for the Fund having regard to your own investment timeframe. You should review this regularly to ensure that the Fund continues to meet your investment needs.

**Minimum initial investment amount** \$100,000.

The Trustee may exercise its discretion to vary or waive this minimum initial investment amount on a case by case basis.

**Minimum additional investment** Multiples of \$25,000.

The Trustee may exercise its discretion to vary or waive this minimum additional investment amount on a case by case basis.

**Minimum balance** \$25,000.

The Trustee may exercise its discretion to vary or waive this minimum balance amount on a case by case basis.

**Minimum withdrawals** \$25,000.

The Trustee may refuse to accept a Withdrawal Request in respect of Units having a Withdrawal Amount of less than the minimum balance amount. However, the Withdrawal Request can be less if it relates to the remaining balance of a Unitholder's holding.

If complying with a Withdrawal Request would result in a Unitholder holding Units with an aggregate value of less than the minimum balance, the Trustee may treat the Withdrawal Request as relating to the remaining balance of the Unitholder's holding.

#### **Distributions**

An investment in the Fund is not suitable for investors who seek to receive regular cash distributions from their investment.

The Trustee does not propose to make regular cash distributions to Unitholders. All profits the Fund earns from the sale and maturity of its investments will be re-invested in further new investments for the Fund.

Similarly, the Trustee does not propose to make regular cash distributions from the other forms of income the Fund receives (e.g. interest earned on money deposited in bank accounts). Distributable income payable to Unitholders will be allocated to Unitholders in proportion to their unitholding as at the date the distribution is determined and will be automatically reinvested in full on behalf of the Unitholder in exchange for additional Units on the next Business Day. No Application Cut-off will apply in respect of these amounts automatically reinvested. Each additional Unit will be issued to Unitholders at the ex-distribution Net Asset Value plus an adjustment for transaction costs (if applied), divided by the number of Units on issue, calculated as at the date the distribution is determined. Unitholders have no right to request for distributions to be paid in cash.

For further information on distributions see Section 4.7.

#### **Foreign exchange**

The Fund will hold assets in international derivative markets and accordingly will be exposed to the risk of movements in the foreign currencies in which those derivatives are denominated against the Australian dollar. The Investment Manager may at its discretion employ hedging strategies for risk management purposes.

#### **Risks**

The risk level of an investment in the Fund is considered high. The Fund will invest in speculative investments.

The Fund is suitable for investors with a high risk-return profile and who are comfortable with the potential loss of some or all of their capital invested. By investing in the Fund, you will assume risks associated with investments generally, as well as specific risks associated with the investments that the Fund will make.

The Fund will invest in derivatives and accordingly, will be exposed to risks that the Fund would have had if it had acquired the underlying asset directly, as well as additional risks arising from the indirect nature of the investment and the terms of the derivative contracts.

A summary of key risks associated with investing in the Fund is set out in Section 5. There are also risk management procedures in place which are detailed in Section 3.5.

#### **Fees and Expenses**

The fees you will be charged as a Unitholder include:

- a Management Fee of 1.98% (plus GST) per annum of the Gross Asset Value of the Fund; and
- a Performance Fee of 20% (plus GST) of any performance above the Performance Hurdle.

Refer to Section 6 (Fees, Expenses and Costs) for further information on fees and expenses in relation to the Fund.

#### **Cooling Off**

No cooling off period applies to an investment in the Fund.

#### **Reporting**

The following reports in electronic form will be made available to Unitholders:

- a monthly performance report (showing the Net Asset Value per Unit, Fund returns since inception and any updates to material information since the previous monthly performance report) provided by the Investment Manager and available at [www.apricorcapital.com](http://www.apricorcapital.com);
- an annual taxation statement and audited financial accounts provided by the Trustee;
- distribution statements following payment of distributions; and
- a transaction statement from the Registrar when you make an application to, or withdrawal from, the Fund.

Unitholders will be notified of any changes to the Trustee or the Investment Manager.

The Trustee does not intend to provide details of any counterparties it may engage (other than those identified in this IM) which are confidential, or the actual allocations to each asset type. The Trustee also does not intend to provide details of the liquidity profile of the portfolio assets or the maturity profile of the liabilities of the Fund.

## 2. Management of the Fund

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### 2.1. Trustee

One Fund Services Ltd, the Trustee, is a member of the One Investment Group (**OIG**). **OIG** is an independent Australian funds management business that focuses on providing responsible entity, trustee and other services associated with funds management. **OIG** operates several entities that, pursuant to the Corporations Act, are licensed to conduct financial services businesses and to act as responsible entities for registered schemes and as trustees for unregistered schemes.

**OIG**'s licensed entities hold over 300 responsible entity/trustee roles, administering a range of asset classes including hedge funds, real estate, private equity, fixed income, credit and equities. The total value of the assets within these trusts is in excess of \$35 billion.

**OIG**'s capabilities include:

- Responsible entity services;
- Trustee services;
- Registry services;
- Fund administration and taxation services; and
- Custody services.

### 2.2. Investment Manager

Apricor Capital Pty Ltd, the Investment Manager, was registered in March 2023. Apricor Capital Pty Ltd was established to provide investment management services to, and to implement the investment strategy for, the Fund.

### 2.3. Key Executives of the Investment Manager

#### **Paul McGregor – Director and Head of Trading and Investment Strategy**

Paul has an established career spanning over 35 years in international financial markets. He has a long history of providing client advisory and execution services, market analysis and quantitative strategies to balance sheet, bank trading, hedge funds and funds management businesses.

Paul's expertise extends to Global Prime Broking solutions for both domestic and international institutions. Amongst others, he has worked with Goldman Sachs JB Were as Executive Director; Head of Futures, Newedge Australia (a Societe Generale company) as Head of Institutional Sales, HSBC Australia as Manager; Bond Futures, and ICAP Australia, as Senior Broker; Technical Analyst. He has also served as a member of the Market Practice Committee for the Sydney Futures Exchange.

Paul has experience in developing and distributing proprietary quantitative strategies. These strategies have supported traders across the broad spectrum of financial markets and asset classes, and adhere to strong risk management principles while seeking to maximise profitable outcomes and delivering consistently high returns for traders.

Paul seeks to use his industry knowledge and experience as the foundation of Apricor Capital's investment profile, incorporating a unique risk-controlled allocation model aimed at achieving profit-targeted outcomes that reflect current market conditions.

The Investment Manager has the benefit of this deep industry knowledge and experience in formulating a unique allocation model to seek target investment returns for Unitholders.

## 3. The Fund

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### 3.1. Fund structure

The Fund is an open-ended unlisted, unregistered Australian managed investment scheme structured as a unit trust. This means when you invest in the Fund your money is pooled together with monies from other Unitholders. This pool is used by the Investment Manager to make investments through the Fund which are then managed on behalf of all Unitholders. The Fund's investments are acquired in accordance with the Fund's investment strategy. Unitholders receive fully-paid Units when they invest in the Fund. Each Unit in the Fund confers an equal and proportionate beneficial interest in the assets as a whole, subject to the liabilities of the Fund. A Unit will not give you an interest in any particular part of the Fund or in any particular assets of the Fund. Your Units will represent the value of your investment in the Fund.

The operation of the Fund is governed by the Trust Deed and the laws of Australia. The Trust Deed sets out the conditions under which the Fund is to operate, the rights and liabilities of Unitholders, and the rights, powers, responsibilities, and duties of the Trustee. Unitholders are bound by the provisions of the Trust Deed.

### 3.2. Investment objective

The Fund's investment return objective is to provide Unitholders with a total return of 12-15% per annum, before tax and Performance Fees but after all other fees, costs and Ordinary Expenses.

Returns are affected by many factors and there can be no assurance that the investment return objective of the Fund will be achieved.

### 3.3. Investment Strategy

The Fund seeks to achieve the investment return objective by implementing a proprietary quantitative trading strategy developed by Apricor Capital (referred to as the Portfolio Allocation Model) designed to allocate investments in exchange traded futures and options contracts based on historical price trends (up and / or down) in global financial markets and commodities. The Investment Manager has a very broad discretionary mandate and will change the investment allocations from time to time in accordance with the Portfolio Allocation Model.

The implementation of the Fund's investment strategy involves:

- investing in exchange traded futures and options contracts listed on major global exchanges (including the CME, CBOT, CBOE (Globex), the ASX 24, the Eurex and the ICE) predominantly to gain exposure to investments in underlying asset classes;
- diversifying investment allocations across multiple derivative instruments linked to underlying assets which generally include (but are not limited to) international interest rates (short and long term), global equities, international currencies, international commodities (including individual commodities and commodity indices) and intra and inter exchange spreads;
- allocating risk appropriately. Risk exposure will be monitored at a broker and clearing services provider level with dollar risk limits on overall portfolio and individual derivative contract exposure set by the Investment Manager with a broker and clearing services provider. The Fund will be required to post cash margins to a broker and clearing services provider in relation to its positions in line with clearing house and/or broker and clearing services provider margining requirements;

- having processes and procedures in place to minimise the risk of trades falling outside of pre-determined risk limits and that when this does occur, they are rejected by a broker and clearing services provider; and
- ensuring that the investments can be readily realised to meet liabilities of the Fund incurred when and as they fall due.

In order to meet the Fund's investment objective, asset classes and investment allocations may be changed from time to time by the Investment Manager in its discretion.

The Fund will not employ any investment strategy which includes:

- loans subject to the *National Consumer Credit Act 2009*; or
- crypto currencies.

See Section 3.5 for further information on the Portfolio Allocation Model.

### 3.4. Investments

The Fund will primarily invest in exchange traded futures and options contracts that reflect either long or short positions. A short position reflects a transaction whereby a security is sold with the expectation that the price of the security will fall before the security is purchased again at a later date. Conversely, a long position reflects a transaction whereby a security is purchased with the expectation that the price of the security will rise before it is sold at a later date.

These derivative instruments may provide exposure to various underlying asset classes including but not limited to the examples listed in the table below. These instruments are generally denominated in the currency of the jurisdiction in which the relevant exchange is located. The Fund does not have a specific geographic allocation policy.

Asset Class	Example Underlying Exposures
<b>Interest Rates</b>	Australian: <ul style="list-style-type: none"> <li>• bank bills</li> <li>• overnight interbank rate</li> <li>• 3 year bonds</li> <li>• 5 year bonds</li> <li>• 10 year bonds</li> </ul> US: <ul style="list-style-type: none"> <li>• Secured Overnight Financing Rate (SOFR) contracts</li> <li>• 2 year notes</li> <li>• 5 year notes</li> <li>• 10 year notes</li> </ul>
<b>Equities</b>	Australian: <ul style="list-style-type: none"> <li>• ASX200 Futures (SPI)</li> </ul> US: <ul style="list-style-type: none"> <li>• Mini S&amp;P</li> </ul>

	<ul style="list-style-type: none"> <li>• Mini Dow</li> <li>• Mini Nasdaq</li> </ul>
<b>Currencies</b>	<ul style="list-style-type: none"> <li>• CME – Dollar block currencies, for example: <ul style="list-style-type: none"> <li>○ AUD/USD</li> <li>○ EUR/USD</li> <li>○ USD/JPY</li> </ul> </li> </ul>
<b>Commodities</b>	<ul style="list-style-type: none"> <li>• Precious metals</li> </ul>
<b>Intra and inter exchange spreads</b>	<ul style="list-style-type: none"> <li>• Australian interest rate (IR)</li> <li>• intra-commodity spreads and strategies (STRIP)</li> <li>• IR strip v 3 year spread</li> <li>• 3 year spread v 10 year spread</li> <li>• Australian v US 10 year bond spread</li> </ul>

The Investment Manager will be required to post cash margins to broker and clearing services providers to secure its obligations under the relevant clearing house and/or broker and clearing services provider margining requirements. As security for the performance of the Trustee's obligations under agreements entered into with broker and clearing services providers, the Trustee may grant a security interest and / or general lien on all property of the Fund held by the broker and clearing services provider (or its nominee). These agreements may also include certain set-off rights for the broker and clearing services provider against the assets of the Fund for amounts owing to it by the Trustee. The broker and clearing services provider may have the right to use the assets it holds on behalf of the Fund for other purposes.

The risks of investing in such derivative instruments (including the counterparty risk associated with broker and clearing services providers) are explained in Section 5.

The Fund may allocate a portion of the portfolio to cash and cash equivalents for liquidity and mandated margin purposes (for example cash held in AUD bank deposits with Australian deposit taking institutions and bank bills or deposits held in cash management accounts).

### 3.5. Investment approach

Investment strategy and allocation is at the discretion of the Head of Trading and Investment Strategy (refer to Section 2.3). The valuation of investments is determined on a mark to market basis using the price quoted on the relevant exchange.

#### Portfolio Allocation Model

The portfolio of the Fund is constructed according to a quantitative trading strategy, referred to as the Investment Manager's Portfolio Allocation Model.

The Portfolio Allocation Model uses historical performance metrics generated by Apricor Capital's quantitative trading models to determine the target allocation percentage of the portfolio's investments. All investment decisions of the Investment Manager through the Portfolio Allocation Model are based on quantitative signals identified by the Investment Manager defining:

- trade direction - reflecting trends in rising or falling markets;



- trade confidence - analysing changes in market dynamics;
- entry and exit levels - finding opportunities in value investment through targeting entry and exit pricing; and
- risk management principles - seeking to minimise downside risk.

Trading decisions are dictated by the Portfolio Allocation Model which aims to provide further consistency in investment outcomes.

The structure of the portfolio is designed to allocate capital to investments in exchange traded derivative instruments proportionate to historical performance of underlying asset classes. The Investment Manager will also seek to diversify risk within each asset class and across differentiated asset classes. Outright directional exposure, intra and inter commodity spread strategies, and diversification within and across different asset classes aim to mitigate adverse market movements.

Maximum position exposure for each investment allocation is determined by each derivative exchange's risk parameter per investment target by way of mandated margin requirements. The Investment Manager will post cash margins to broker and clearing services providers in relation to the Fund's positions in line with clearing house and/or broker and clearing services provider margining requirements. Under normal circumstances, the Fund may allocate a portion of the portfolio to cash and cash equivalents for liquidity and mandated margin purposes.

Risk exposure will be monitored at a broker and clearing services provider level with dollar risk limits on overall portfolio and individual derivative contract exposure set by the Investment Manager with a broker and clearing services provider. These exposure limits aim to ensure allocations are within the portfolio's directive and seek to minimise any risk of over exposure at the trade level.

## 4. Fund Details

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### 4.1. Application Price

The application price for a Unit is:

- for the first Units issued after the date of this IM, \$1.00; and
- for any subsequent Units issued, the Net Asset Value plus an adjustment for transaction costs (if applied) divided by the number of Units on issue, calculated as at the relevant Valuation Date,

(**Application Price**).

Transaction costs relate to the costs of the Fund purchasing assets using the application money received. Transaction costs are paid out of the assets of the Fund.

### 4.2. Minimum initial investment and balance

The minimum initial investment amount is \$100,000. Following the initial investment, Unitholders may invest additional funds in the Fund in multiples of \$25,000.

The minimum balance is \$25,000.

The Trustee may vary or waive the minimum initial investment, the minimum additional investment and the minimum balance at its discretion from time to time on a case by case basis.

### 4.3. Application process

To apply for Units, investors must submit a completed Application Form (including all supporting documentation). A completed Application Form (including all supporting documentation) as well as cleared funds must be received by the Registrar by 2:00pm (Sydney time) on the second last Business Day of each month to be accepted and processed as at the next Dealing Day (**Application Cut-off**).

Units will usually be issued with effect on a Dealing Day using the Application Price calculated as at the previous Valuation Date.

Application Forms received after the Application Cut-off for a month will be taken to have been received before the Application Cut-off of the following month. However, the Trustee may waive the Application Cut-off in any case at its discretion.

An application is not considered a valid application until the Trustee has received the application money in cleared funds, a completed Application Form and all information referred to in that Application Form. Failure to provide a valid application may delay the processing of an investor's application.

An applicant is requested to provide its Tax File Number (**TFN**), Australian Business Number (**ABN**) or exemption code, and failure to quote an ABN or TFN will result in tax being withheld by the Trustee on any distributions paid to the Unitholder at the highest marginal tax rate plus Medicare levy. It is not compulsory for an applicant to quote its TFN or ABN.

The Trustee has the sole discretion whether to accept or reject an application. If your application is rejected, wholly or in part, then the Trustee will notify you in writing and arrange for the return of your application money to you. Interest will not be paid to applicants on application money and will be retained by the Trustee (regardless of whether the application is accepted or rejected).

By sending a completed Application Form, you are making an irrevocable offer to become a Unitholder in the Fund and you are agreeing to be legally bound by the Trust Deed and the terms of this IM. A brief summary of the contents of the Trust Deed is contained in Section 9.1 of this IM.

#### **4.4. Withdrawal price**

The withdrawal price is the Net Asset Value less an adjustment for transaction costs (if applied) divided by the number of Units on issue, calculated as at the relevant Valuation Date (**Withdrawal Price**). Unitholders should note that the Net Asset Value reflects the value of the investments of the Fund and is therefore subject to fluctuation.

Transaction costs relate to the costs and expenses of the Fund selling assets to meet Withdrawal Requests. Transaction costs are paid out of the assets of the Fund.

#### **4.5. Withdrawal process**

Withdrawals will usually be processed with effect on a Dealing Day using the Withdrawal Price calculated as at the previous Valuation Date.

A completed Withdrawal Request (including all supporting documentation) must be received by the Registrar by 2:00pm (Sydney time) on the second last Business Day of each month to be accepted and processed as at the next Dealing Day (**Withdrawal Cut-off**).

Withdrawal Requests received after the Withdrawal Cut-off for a month will be taken to have been received before the Withdrawal Cut-off of the following month. The Trustee may waive the Withdrawal Cut-off or accept part of a Withdrawal Request in any case at its discretion. The Trust Deed sets out the circumstances in which the Trustee can delay access to your monies (for example due to circumstances outside the Trustee's control such as restricted or suspended trading in the market for assets of the Fund).

The Trustee may, but is not obliged to, give effect to a Withdrawal Request. Withdrawal proceeds are generally paid around 21 days following the relevant Dealing Day by Electronic Funds Transfer to the account designated by a withdrawing Unitholder. The Trustee may refuse to accept a Withdrawal Request in respect of Units having an aggregate Withdrawal Amount of less than the minimum balance. However, the Withdrawal Request can be less if it relates to the remaining balance of a Unitholder's holding.

If complying with a Withdrawal Request would result in a Unitholder holding Units with an aggregate value of less than the minimum balance, the Trustee may treat the Withdrawal Request as relating to the remaining balance of the Unitholder's holding.

The Trust Deed allows for compulsory withdrawals by the Trustee under certain circumstances.

Please contact the Registrar for a copy of the withdrawal form to make a Withdrawal Request.

#### **4.6. Suspensions**

The Trustee may suspend withdrawals or the payment of Withdrawal Amounts for a period of time in certain circumstances. This includes where in the Trustee's opinion it is not in the best interests of Unitholders for withdrawals to be made, it is for any reason impracticable for the Trustee to calculate the Net Asset Value, the Application Price or the Withdrawal Price, including because of closure or other trading restrictions on a securities or other exchange on which the Fund invests or where the Trustee reasonably estimates that it must sell 5% or more (by value) of all assets of the Fund to meet current unsatisfied Withdrawal Requests. In cases where withdrawals are suspended for a period of time, the

Trustee may extend the relevant withdrawal or payment period for so long as the circumstances which caused the suspension continue to apply.

#### **4.7. Distributions**

An investment in the Fund is not suitable for investors who seek to receive regular cash distributions from their investment.

The Trustee does not propose to make regular cash distributions to Unitholders. Rather, all profits the Fund earns from the sale and maturity of its investments will be re-invested by the Fund in further new investments for the Fund. Similarly, the Trustee does not propose to make regular cash distributions from the other forms of income the Fund receives (e.g. interest earned on money deposited in bank accounts). Distributable income payable to Unitholders will be allocated to Unitholders in proportion to their unitholding as at the date the distribution is determined and will be automatically reinvested in full on behalf of the Unitholder in exchange for additional Units on the next Business Day. No Application Cut-off will apply in respect of these amounts automatically reinvested. Each additional Unit will be issued to Unitholders at the ex-distribution Net Asset Value plus an adjustment for transaction costs (if applied), divided by the number of Units on issue calculated as at the date the distribution is determined. Unitholders have no right to request for distributions to be paid in cash.

It is expected that distributions will be determined annually on 30 June, however, the Trustee has the power to determine interim distributions at any time. There is a risk that Unitholders may be liable for tax on income which is notionally generated by the Fund even though the Fund is not making cash distributions. This is explained in more detail in Section 7.

#### **4.8. Leverage**

The Trustee has the power under the Trust Deed to borrow on behalf of the Fund. However, the Trustee will only borrow where it believes it is in the best interests of Unitholders to do so. Borrowings will be obtained through loans provided by one or more prudentially regulated financial institutions selected by the Trustee. Currently, the Trustee and Investment Manager have no intention to borrow on behalf of the Fund, other than to the extent required to manage cash flows by way of short-term funding of withdrawals of Units. It is expected that any borrowing of the Fund will be on standard commercial terms.

Separately, the Fund may be leveraged through the use of derivatives (whether for hedging or investment purposes). Using derivatives can give rise to a leveraged exposure. At the time of the trade of a derivatives contract, the full value of the contract is not paid or received. Instead, margins are posted to the broker and clearing services provider to then satisfy its own margin requirements with the clearing house. As such, derivatives can get a much larger exposure to an asset class with a relatively small initial outlay. Further, the derivatives used will reflect either long or short positions, resulting in the combined notional value of these positions frequently exceeding 100% of the value of the assets of the Fund. This leveraged exposure can magnify potential gains and potential losses for the Fund.

There is no maximum permitted level of leverage in respect of the Fund.

The Investment Manager utilises the Portfolio Allocation Model which incorporates leverage monitoring and management.

For the risks associated with the use of leverage, refer to Section 5.

## 5. Risks

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An investment in the Fund is subject to substantial risk. It is important to understand that the value of investments will vary. As with most investments, the performance of the Fund may be influenced by a number of risk factors, many of which are outside of the control of the Trustee and the Investment Manager. The value of an investment in the Fund, and income received by Unitholders, may rise or fall. Consequently, Unitholders may suffer loss of all or part of their money invested in the Fund.

Before investing, prospective investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position and particular needs and circumstances. The level of risk for each person will vary depending on a range of factors including age, investment time frames, where other parts of their wealth are invested and risk tolerance. The significant risks of the Fund are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Fund.

Past performance is not a reliable indicator of future performance. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. The value of Units may decline significantly if the Fund's business, financial condition or operations were to be negatively impacted. Prospective investors should seek professional financial planning, legal and tax advice in setting their investment objectives and strategies before deciding to invest in the Fund. The Investment Manager will take steps to minimise risk, however, it cannot be guaranteed that all risks can be avoided.

An investment in the Fund is not risk-free. None of the Trustee or the Investment Manager or any of their respective employees, agents, officers, associates or related bodies corporate guarantees the performance of the Fund or the meeting of any investment objectives, the repayment of capital or the payment of any, or any particular rate of return from, or increase in the value of, the Fund or Units.

### 5.1. Risks relating to the investment strategy of the Fund

#### Quantitative Investment Risk

The Portfolio Allocation Model implemented by the Investment Manager relies on various algorithms, models or other systems (**Investment Inputs**) which may operate autonomously and without human intervention. In most cases these Investment Inputs rely on the use of proprietary and non-proprietary data, software, hardware, and intellectual property.

Inherent risks are associated with the use of Investment Inputs, including but not limited to:

- data inputs having errors or not being the most update to date information available;
- system crashes, malfunctions, delays, viruses, glitches and connectivity loss associated with the software and hardware used by the Investment Manager; and
- errors that may occur in the design, writing, testing, monitoring, and/or implementation of the systems, including in the manner in which the systems function together which may adversely impact the Fund.

The Portfolio Allocation Model has been designed and is operated by the Investment Manager. There is a risk that certain circumstances arise where intellectual property owned by the Investment Manager becomes unavailable to the Fund (for example, if the Investment Manager ceases to manage the Fund). This may impact the trading activity of the Fund and lead to adverse impacts on the value of the portfolio.

The Investment Manager will take reasonable steps to limit the risks associated with the implementation of the Portfolio Allocation Model and use of Investment Inputs. However, there can be no assurance that these risks will not arise which if they do may lead to a failure to achieve desired performance of the Fund or investment objectives. In particular, if they arise these risks may adversely affect the Fund by causing the failure or delay in the execution of intended trades, a failure to properly allocate trades, a failure to identify investment opportunities or implement certain investment or risk mitigation strategies for the portfolio.

### **Derivatives Risk**

A derivative is a contract or financial product that derives its price from one or more underlying assets, reference rates or indexes and may be highly volatile. The Fund uses derivatives to implement its investment strategy and as a substitute for taking a position in the underlying asset (further detail about the investment strategy and approach of the Fund is contained in Section 3). The Fund will primarily invest in derivative contracts such as options and futures that reflect either long or short positions.

The risks associated with the use of derivatives are different from, and often greater than, the risks associated with investing directly in the underlying assets itself or other traditional asset classes. These may include a number of risks described elsewhere in this Section 5, such as liquidity risk, market risk and counterparty risk as well as the possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position when intended.

The derivatives by the Fund will reflect either long or short positions, resulting in the combined notional value of these positions frequently exceeding 100% of the value of the assets of the Fund. This leveraged exposure can magnify potential gains and potential losses for the Fund which may exceed the value of the portfolio. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. In certain circumstances, a relatively small market movement can have a proportionately larger impact on the derivative position, magnifying any potential losses and gains for the Fund. As such, by investing in a derivative instrument, the Fund could lose more than the initial amount invested and derivatives may increase the volatility of the Fund, especially in unusual or extreme market conditions.

The Investment Manager may also use derivatives for hedging purposes. Although hedging can reduce or eliminate losses, it can also reduce or eliminate gains. There is no guarantee that a hedging strategy will work and any hedging strategy implemented may also increase expenses for the Fund.

### **Futures Risk**

The Fund will invest in exchange-traded futures contracts. Futures contracts are derivatives and involve a legal obligation to buy or sell an underlying asset, such as a security, currency or commodity, for a set price on a future date. The potential lack of liquidity of a futures contract means that the Fund may not be able to close out a futures or a futures option position when intended such that the Fund would remain obligated to meet margin requirements until the position is closed. The Fund may not be able to meet these margin repayments.

The purchase or sale of a futures contract can magnify losses which can be in excess of the amount invested in the futures contract. There can be no guarantee that the price of a futures contract will move in line with the price of the underlying asset which may magnify any losses for the Fund.

Because the futures used by the Fund are exchange traded, the primary credit risk on futures contracts resides with the Fund's broker and clearing services providers and the clearing house. The Fund may suffer loss if these parties are unable to meet their obligations to the Trustee in relation to the relevant futures contract.

There are also risks associated with the electronic trading platforms on which futures contracts may be traded, including in relation to response time, system access, security and failure. These risks may result in trading delays which means the Fund may not be able to trade or close out existing positions when intended.

### **Equities Risk**

The Fund will obtain exposure to equities through investments in derivatives with equities as the underlying asset. Share prices can be volatile and may fluctuate in response to activities and results of individual companies as well as in connection with general market conditions. This means the value of the derivatives within the Fund can increase or decrease frequently and substantially as the price of the underlying equity fluctuates. Equity securities generally have greater price volatility than fixed income securities. These risks can be magnified in the case of equity investments made through the use of derivatives.

Investments in companies established outside of Australia may be subject to considerable degrees of economic, political and social risk, which may negatively affect the value of the Fund's investment exposure to that underlying security.

### **Foreign Currency Risk**

The Fund will obtain exposure to foreign currencies through investments in derivatives with foreign exchange rates as the underlying reference rate. Foreign currency exchange rates may fluctuate significantly over short periods of time leading to a change in the value of the Fund's investment. Currency exchange rates are generally determined by supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by governments, central banks and other political developments. The resulting fluctuations may have a positive or negative impact on the value of the derivative, and so the value of the Fund.

### **Interest Rate Risk**

The Fund will obtain exposure to interest rates through investments in derivatives with interest rates as the underlying reference rate. Fluctuations in these interest rates may subsequently impact the Fund's exposure to those rates.

The value of the Fund may also be affected by interest rate fluctuations through investments in derivatives with fixed income securities as the underlying asset. Fixed income securities' values tend to move in opposite directions to interest rates. So when interest rates rise, fixed income securities' values tend to fall. Interest rate changes can be sudden and unpredictable, and the Fund may lose money as a result of movements in interest rates. Short-term fixed income securities are generally less sensitive to interest rate changes than longer-term securities.

### **Commodities Risk**

The Fund will obtain exposure to certain commodities (for example precious metals) through investments in derivatives with commodities as the underlying asset. Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of derivative investments linked to commodity assets may be affected by changes in overall market movements. Other factors that may adversely impact the value of derivative investments linked to commodity assets include changes in interest rates and factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

## **Counterparty Risk**

The Fund's counterparties may become insolvent or otherwise not meet their obligations to the Fund which may negatively affect the value of the Fund. The futures and options utilised by the Fund are exchange traded such that the primary credit risk on futures and options contracts resides with the Fund's broker and clearing services providers and the relevant clearing houses for the exchanges on which the Fund's investments are traded. A failure of either of these parties to perform their obligations may adversely impact the Fund's investments and subsequently have a negative impact on the value of the Fund.

## **Technology Risk**

The successful deployment of the investment strategy, the Portfolio Allocation Model construction process and/or the trading process could be severely compromised by software or hardware malfunctions, viruses, glitches, connectivity loss, system crashes or various other system incidents. The Investment Manager has adopted policies and procedures that implement controls governing the use of quantitative investment models, as well as related electronic trading systems that it believes are reasonably designed to prevent, detect, escalate and remediate system incidents. These policies and procedures include having multiple components to storing and backing up data going in and out of the quantitative investment models and trading systems. This encompasses having both internal components and external hard drive/cloud storage systems in place.

## **5.2. Risks relating to an investment in managed investment schemes**

### **Investment Risk**

All investments carry risk. Generally, investments with higher expected returns also carry higher levels of risk. Investing in the Fund carries risk as the value of the investments and the level of returns will vary. There is no guarantee that the Fund will achieve its investment objective. Returns are not guaranteed and you may lose some or all of your investment. This may occur if the assumptions are inaccurate or other variables or contingencies affect actual performance.

### **Market Risk**

The market price of investments by the Fund may go up or down, sometimes rapidly or unexpectedly. Particular factors affecting the underlying assets in which the Fund invests or affecting markets generally may cause a decline in the value of the Fund. Further, the value of an investment may decline due to general market conditions which are not specifically related to a particular asset or company, such as inflation rate increases, real or perceived unfavourable market conditions, investor behaviour, economic cycles and sentiment, movements in interest rates, changes in domestic and international economic conditions which generally affect business earnings, political and natural events and changes in government monetary policies or in laws and regulations, unforeseen exchange outages or closures. Specific domestic and global events that may negatively impact the markets in which the Fund invests and could in turn cause the Fund to lose value include (but are not limited to) environmental and natural disasters, terrorism, pandemics, government shutdowns, industrial actions, changes in political environments and wars. Such factors may lead to a reduction in payments to the Unitholders and the overall Fund value. Further, even when markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market.

### **Control Risk**

Unitholders have no opportunity to control the day-to-day operations, including investment and disposition decisions of the Fund. Unitholders must rely on the ability of the Investment Manager and the Trustee to



manage the Fund. The past performance of funds which the Investment Manager, the Trustee or their related bodies corporate have been involved in are not a reliable indicator of future performance and should not be relied upon in making a decision to invest in the Fund.

The Trustee may retire or be replaced in accordance with the Trust Deed and the services of key personnel of the Investment Manager or Trustee may become unavailable for any reason. There is always a risk that the Trustee or the Investment Manager may fail to identify and adequately manage the investment and management risks in the Fund's portfolio which may affect the value of the Fund.

### **Regulatory risk**

The Fund may be adversely affected by legal, tax and regulatory changes. Such changes may affect the value of the Fund's investments and consequently the value of the Fund itself. They may also adversely affect the Fund's ability obtain the leverage it might otherwise have obtained or to pursue its trading strategies.

### **Operating History**

The Fund has no operating history upon which Unitholders may base an evaluation of its likely performance. The success of the Fund's investment activities will depend almost entirely on the Investment Manager's ability to carry out the proposed investment strategy successfully. While the principals of the Investment Manager have previous experience making and managing investments of the type contemplated by the Fund, there can be no assurance that the Fund's investments will achieve the targeted rate of return.

### **Key Personnel Risk**

The Investment Manager relies on the services of key personnel. The departure for any reason of any key individual of the Investment Manager who is primarily responsible for managing the investment of the assets of the Fund (for example, the Director and Head of Trading and Investment Strategy) may consequently have a materially adverse effect on the performance of the Fund.

Whilst it is the intention for the Investment Manager to create and maintain a stable investment team, certain members could leave, pass away or become incapacitated at any time and without prior notice. This could have an adverse impact on the Fund's ability to realise its investment objective.

### **Valuation Risk**

Valuation of the financial investments of the Fund may involve uncertainties and judgmental determinations. If a valuation is incorrect, the NAV per Unit of the Fund may be adversely affected. Independent pricing information about some of the assets and other investments of the Fund may not always be available, or, if available, in a timely manner.

The value ascribed to assets held by the Trustee of the Fund will be influenced by many factors, including supply and demand of financial products, interest rates and market conditions. Asset values may fall if the underlying assumptions on which financial instruments have been acquired have been made change in the future.

Additionally, as the fees of certain service providers to the Fund are tied to its NAV, any discrepancy in valuation may result in overpayment or underpayment to those service providers.

None of the Fund, the Trustee or the Investment Manager will be liable if a price or valuation used in good faith in connection with any of the above procedures later proves to be incorrect or inaccurate.

## **Long-term Investment Risk**

There is no guarantee that the economic and financial environment for the Fund's investments will stay the same as at the date of this IM. Any adverse changes to the economy may result in a lower return than expected.

## **Liquidity Risk**

The Fund may be exposed to securities with limited liquidity, which are in practice infrequently traded or for which typical daily volumes traded are small. The Investment Manager and the Trustee do not guarantee the liquidity of the Fund's investments and it may not be possible to sell such securities when it is desirable to do so or to realise what the Investment Manager perceives to be their fair value in the event of a sale. The general level of market liquidity also varies and may deteriorate. Such a deterioration may negatively impact the Fund's ability to trade securities and may negatively affect the price at which a trade is executed. These circumstances could impair the Fund's ability to make payments to a withdrawing Unitholder in a timely manner and the Fund may need to consider suspending withdrawals.

## **Withdrawal Risk**

Substantial withdrawals by one or more Unitholders in the Fund at any one time could require the Trustee to liquidate its positions more rapidly than otherwise desired in order to raise the cash necessary to fund those withdrawals. The Fund may find it difficult to liquidate its positions on favourable terms in such a situation, possibly reducing the value of the Fund's assets and/or disrupting the investment strategies. Abnormal or difficult market conditions may also result in some normally liquid assets becoming illiquid, which could also restrict the Fund's ability to liquidate its positions. These circumstances may reduce the Fund's ability to satisfy Withdrawal Requests, or require a suspension of acceptance of Withdrawal Requests for a period of time.

The Fund is permitted to borrow for the purposes of funding withdrawals and may pledge assets of the Fund as collateral security for the repayment of that borrowing. In such circumstances, the Fund will bear the cost and risk of any such borrowing which may negatively impact the value of the Fund.

## **Inability to Source Investment Opportunities**

The success of the Fund will depend on the identification and availability of suitable investment opportunities. There is a risk that there may be a lack of suitable investment opportunities for the Fund to invest in, given the Fund's investment strategy. This risk is affected by a number of factors including the size of the Fund and the availability of opportunities for investment, within the Fund's intended investment markets.

## **Conflicts of Interest Risk**

The Investment Manager, the Trustee and their affiliates are not prohibited from engaging in other existing or future business including the management of funds with similar investment strategies and they may provide services to other clients. There may be instances whereby the Investment Manager or its affiliates have a conflict of interest because of their activities outside of managing the Fund (including as a result of investments made in, or their role in the management of, other funds or companies). Other present and future activities of the Investment Manager and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, the Investment Manager will attempt to minimise or resolve such conflict, to the extent feasible, in a fair and equitable manner.

## **Taxation**

Investing in a pooled investment vehicle like the Fund is not the same as investing directly in its underlying assets which may have tax consequences for Unitholders. For example, there is a risk that investing in the Fund may give different results than investing directly in the assets because of income or capital gains accrued in the Fund and the consequences of withdrawal by other Unitholders.

Another risk arises from the Fund's rolled-up pricing model where Unitholders may be liable for tax on income which is notionally generated by the Fund even though the Fund is not making cash distributions. This issue is explained in more detail in Section 7.

Changes to tax law and policy (including any changes in relation to how income of the Fund is taxed at the Fund level or at the Unitholder level or in relation to the deductibility of expenses) might adversely impact the Fund and the return for Unitholders. It is not possible to predict future changes to tax law or policy.

Before making any decision to invest in the Fund, prospective investors should seek and rely on their own professional tax advice in light of their own personal objectives, circumstances and needs.

## **Accounting Standards**

Accounting standards may change, which may necessitate a change in accounting policies to be adopted by the Fund. This may impact on the treatment of the Fund's assets, liabilities, income and expenses in a manner which is adverse to Unitholders.

## **Financial Forecast and Forward-Looking Statement Risk**

There is a risk that actual performance of the Fund will fall below the financial forecasts and forward-looking statements set out in this IM. This may occur if the assumptions are inaccurate or other variables or contingencies affect actual performance. The achievement of forecasts or forward-looking statements is neither promised nor guaranteed.

## **Force Majeure**

Force majeure generally refers to an event beyond a party's control, including fire, flood, earthquakes and wars. A force majeure event may adversely affect businesses in which the Fund invests, the Fund Service Providers and/or the standard operations of the financial markets.

## 6. Fees, Expenses and Costs

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### 6.1. Management Fee

The Investment Manager will be paid directly out of the assets of the Fund an ongoing Management Fee of 1.98% (plus GST) per annum of the Fund's Gross Asset Value, accrued monthly and payable monthly in arrears. The fee is payable to the Investment Manager for the investment management services it provides pursuant to the IMA and is payable from the commencement of the IMA until the time the IMA is terminated.

### 6.2. Performance Fee

The Investment Manager will be paid directly out of the assets of the Fund a monthly Performance Fee.

The Performance Fee is calculated at the end of each calendar month (**Performance Period**). The Performance Fee is calculated as 20% (plus GST) of any performance above a Performance Hurdle.

The Performance Hurdle is an increase in the Fund's NAV of 6% per annum calculated monthly as at the last day of a month when compared to the NAV as at the last day of the previous month. There is no high watermark or catch up for periods of prior underperformance or claw back of Performance Fees for subsequent periods of underperformance. **This means that a Performance Fee may still be payable in respect of a Performance Period notwithstanding the assets of the Fund having decreased in value in any of the previous Performance Periods.**

No amount is payable in a month where the Performance Hurdle is not achieved.

If payable, the Performance Fee is paid as soon as practicable after the end of the Performance Period.

When calculating any entitlement to the Performance Fee, adjustments are made for applications and withdrawals and the Performance Fee is calculated after deducting the Management Fee, the Trustee Fee and any expenses of the Fund.

### 6.3. Trustee Fees

#### 6.3.1. Trustee Engagement Costs

The Trustee is entitled to receive an establishment fee equal to \$10,000 (plus GST) in consideration for its work in establishing the Fund. This fee will be recoverable out of the assets upon the issue of the first Units under this IM.

#### 6.3.2. Trustee Fee

The Trustee is entitled to a Trustee Fee equal to the aggregate of:

- 0.06% (plus GST) per annum of the Gross Asset Value of the Fund of up to \$100 million; plus
- 0.03% (plus GST) per annum of the Gross Asset Value of the Fund above \$100 million, and

subject to a minimum Trustee Fee of:

- \$2,500 per month (plus GST) for the first 6 month period after the date the Trust Deed is signed;
- \$3,000 per month (plus GST) for the next 6 month period; and
- \$4,000 per month (plus GST) from the date which is 12 months after the Trust Deed is signed.

The minimum Trustee Fee is indexed to the higher of 3% or the CPI on 1 July each year. This Trustee Fee accrues daily and is payable monthly in arrears from the assets of the Fund from the date the first Unit is issued under this IM until the date of the final distribution following a winding up of the Fund in accordance with the Trust Deed.

#### **6.4. Trustee removal fee**

One Fund Services Ltd is entitled to be paid a trustee removal fee if:

- it is removed as trustee of the Fund before four years of the date of issue of the first Unit under this IM, other than for gross negligence or for a breach of a duty as trustee of the Fund which causes Unitholders substantial loss; or
- it retires as trustee of the Fund before four years of the date of issue of the first Unit under this IM at the request of the Investment Manager in accordance with the IMA.

The amount of the fee is the total amount of fees One Fund Services Ltd would have received if it had remained the trustee of the Fund for four years from the date of issue of the first Unit under this IM.

The fee payable is determined based on the Gross Asset Value of the Fund at the time that One Fund Services Ltd is removed or retires.

If the trustee removal fee becomes payable to One Fund Services Ltd then it will be an expense of the Fund and will be paid for out of the assets of the Fund.

#### **6.5. Transaction costs and expenses**

##### **6.5.1. Transaction costs**

The Fund is required to pay transaction costs when dealing with the assets of the Fund. Transaction costs may include brokerage when it buys or sells investments, exchange fees, settlement costs, clearing costs, market taxes and charges, stamp duty and other government taxes, and buy-sell spread of underlying assets (if applicable). Transaction costs will be paid out of the assets of the Fund.

##### **6.5.2. Buy-Sell Spread**

When the Fund incurs transaction costs from buying and selling underlying investments as a result of applications for, and withdrawals from, Units in the Fund, the transaction costs may be passed on to a Unitholder, by adding the estimate of these costs to applications or subtracting the

estimate of these costs from withdrawals (the Buy-Sell Spread). This is so that those persons entering and exiting the Fund are bearing the costs of buying and selling the Fund's assets as a consequence of their transaction, and so that existing Unitholders do not bear such transaction costs of the Fund. The Buy-Sell Spread is retained by the Fund and not paid to the Trustee or the Investment Manager.

Importantly, as at the date of this IM, the Trustee does not intend to charge a Buy-Sell Spread which means that these transaction costs will be satisfied out of the assets of the Fund. However, the Trustee reserves the right to introduce a Buy-Sell Spread on application and / or withdrawals in its discretion at any time in the future. The Trustee will notify Unitholders if it decides to charge a Buy-Sell Spread in the future. The Buy-Sell Spread, if charged, may change as a result of changes in the underlying transaction costs incurred by the Fund.

### 6.5.3. Expenses

The Trustee is entitled to recover from the assets of the Fund all ordinary day-to-day costs and expenses associated with the operation of the Fund which include, but are not limited to fees paid to service providers, the costs associated with the preparation of marketing material and disclosure documents, audit fees and government duties and taxes, tax advice fees, costs incurred in preparing annual reports and taxation statements, fees to paid independent research providers and consultancies relating to the Fund and other expenses properly incurred by the Trustee or the Investment Manager in connection with performing their duties and obligations in the day-to-day operation of the Fund (**Ordinary Expenses**). Ordinary Expenses will be paid out of the assets of the Fund in addition to the fees paid to the Trustee and the Investment Manager.

Fees paid to entities related to or associated with the Trustee for administration, taxation and registry services will be charged at arms'-length rates and paid out of assets of the Fund. Set out below is an estimate of these administration, taxation and registry services fees, together with the Trustee Fees referred to above in Section 6.3.2 (but excluding the Management Fee and Performance Fee) assuming different Gross Asset Values for the Fund over time).

<b>Assumed Gross Asset Value*</b>	<b>Estimate administration, taxation, registry services and Trustee fees for the Fund p.a.</b>
\$3 million	3.83% of Gross Asset Value of the Fund
\$20 million	0.57% of Gross Asset Value of the Fund
\$100 million	0.16% of Gross Asset Value of the Fund

The Trustee also reserves the right to recover all abnormal expenses of the Fund from the assets of the Fund which may include (without limitation) costs of litigation to protect Unitholders' rights, costs of defending claims in relation to the Fund, costs relating to preparing for and holding Unitholder meetings, expenses associated with regulatory changes, costs of amending the Trust Deed and termination and wind-up costs.

### 6.5.4. Estimated brokering and clearing costs and expenses

It is expected that the main source of transaction costs and expenses for the Fund will primarily relate to brokering and clearing activities for its investments. Set out below is an estimate of these costs assuming different Gross Asset Values for the Fund over time:

<b>Assumed Gross Asset Value*</b>	<b>Estimated brokering and clearing fees and costs for the Fund p.a.</b>
\$3 million	3.00% of Gross Asset Value of the Fund
\$20 million	1.05% of Gross Asset Value of the Fund
\$100 million	0.75% of Gross Asset Value of the Fund

\*The amounts reflected in the above tables are arbitrary estimates only. They do not provide a forecast as to the expected Gross Asset Value of the Fund at any particular time. The Fund may have a different (higher or lower) Gross Asset Value than the Assumed Gross Asset Values listed above.

These amounts include brokerage platform costs and fees payable to the broker and clearing services providers for the services they will provide and reflect reasonable estimates of these costs as determined by the Investment Manager based on information available as at the date of this IM. Therefore, these amounts may vary over time and may not reflect the actual ongoing transaction costs and other expenses for the Fund. These transaction costs and other expenses may also include other items not included in the above estimates (for example, fees payable to the registry and administration service providers).

## **6.6. Waiver or Deferral of Fees**

The Trustee or Investment Manager may, in its absolute discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will continue to accrue until paid.

## **6.7. Fee changes**

Additional fees and charges may apply where permitted under the Trust Deed. Where permitted under the Trust Deed, the Trustee and Manager may charge higher fees than those specified in this IM. However, the Trustee will give Unitholders not less than 30 days' prior written notice of any increase in the fees payable to the Trustee or Manager described in this IM.

## **6.8. GST**

Unless otherwise stated, all fees in this IM are exclusive of GST and reduced input tax credits. Where the Fund is entitled to input tax credit or reduced input tax credit under the GST legislation for GST paid in respect of the services provided to it, the cost to the Fund of paying GST will be reduced proportionally.

## 7. Taxation Information

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### 7.1. General Disclosure

This information is a general guide only for Australian resident Unitholders who hold their investment on capital account. It is not a complete statement of relevant tax laws. Before investing in the Fund, you should obtain your own independent tax advice, which takes into account your own specific circumstances. In particular, you should seek advice on the income and withholding tax liabilities that may arise for you by making an investment in the Fund.

Neither the Trustee nor the Investment Manager provides financial or tax advice, nor have they obtained taxation advice specific to the offer the subject of this IM. As such, this IM does not address all of the taxation issues which may be relevant to you. You must take full and sole responsibility for your decision to invest in the Fund, the associated taxation implications arising from that investment and the impact of any changes in those taxation implications during the course of your investment.

### 7.2. The Fund is structured as a Managed Investment Trust

The Fund is structured for Australian tax purposes as a managed investment trust within the meaning of Div 275 of the *Income Tax Assessment Act 1997* and operates as an investment trader. This means that all of the profits that the Fund earns from the sale and maturity from its investments are taxed on revenue account, not capital account, and the Fund cannot access any Capital Gains Tax discounts. On the other hand, this also means that the Fund is entitled to claim the money that it invests as tax deductions. This is explained in more detail in Section 7.3 below.

The Fund does not plan on:

- making an election under subdivision 275B of the *Income Tax Assessment Act 1997* to have the profits that it makes from the sale of its investments taxed on capital account; or
- making an election under subdivision Div 276 of the *Income Tax Assessment Act 1997* to become an Attribution Managed Investment Trust.

The reason for this is that the effect of such elections would be inconsistent with the rolled-up pricing model which has been adopted by the Fund.

### 7.3. No cash distribution policy

Under the Fund's rolled-up pricing model, the Trustee does not propose to make regular cash distributions to Unitholders from the profits the Fund earns from the sale and maturity of its investments. Rather, the profits (or losses) made by the Fund from the sale and maturity of its investments will be accumulated by the Fund and this value will be attributed to the Unit price. The changes to the Unit price caused by the Fund's profits (or losses) will affect the capital gain or the capital loss you will realise when you dispose of your Units (as further explained in Section 7.7 below).

Similarly, the Trustee does not propose to make regular cash distributions from the other forms of income (e.g. interest earned on money deposited in bank accounts) the Fund earns. However, in contrast to the investment profits, the profit from these income sources will be allocated to Unitholders for accounting purposes and Unitholders will be required to re-invest these amounts in the Fund in exchange for additional Units. The profit allocated to each Unitholder from these sources will be in proportion to their unitholding as at the date that the distribution is determined. Therefore, if you acquire or sell Units in the



Fund between distributions, it will be your unitholding percentage as at the date of the distribution which determines how much income will be allocated to you for reinvestment from that particular distribution in that particular financial year. Each additional Unit will be issued to Unitholders at the ex-distribution Net Asset Value plus an adjustment for transaction costs (if applied), divided by the number of Units on issue, calculated as at the date the distribution is determined.

The tax issues behind the Fund's no-distribution policy are central to the Fund's rolled-up pricing policy. The Fund's ability to expense and claim tax deductions for the profits that it re-invests means that the Fund will not generate any taxable income that has to be distributed to Unitholders under section 97 of the *Income Tax Assessment Act 1936* or accumulated by the Fund under section 99A of the *Income Tax Assessment Act 1936*. In other words, profits can be re-invested without any direct tax cost on those profits.

The tax deduction that the Fund claims on the profits that it re-invests will create a disconnect between the accounting profit which the Fund generates each year and the taxable income that it will be assessed on, which will produce certain tax outcomes for the Fund and the Unitholders under the "Proportionate Method of Taxation" dictated by section 97 of the *Income Tax Assessment Act 1936*.

### **7.3.1. Proportionate method of taxation**

Unitholders will be assessed for tax purposes on the "proportionate method". This involves assessing the Unitholder on the percentage of the Fund's taxable income which equates to the percentage of the trust's accounting profit that which the Unitholder has been distributed and made "presently entitled to".

The accounting profit that the Fund generates each year will encompass both the profit generated on the Fund's investments plus the other incidental income that the Fund earns (e.g. interest earned on bank accounts).

In contrast, the taxable income will only encompass the incidental income that the Fund earns plus other adjustments to recognise:

- receipts that are not income for accounting purposes but which are taxable as income (e.g. rebates);
- receipts which are income for accounting purposes which are not assessable for tax purposes (e.g. tax exempt government grants);
- notional receipts which are taxable as income before they are actually paid (e.g. profits from foreign sourced income);
- outgoings which are not expenses for accounting purposes but which are allowable as deductions for tax purposes (e.g. asset write-offs); and
- outgoings which are expenses for accounting purposes but which are not allowable deductions for tax purposes (e.g. non-deductible entertainment expenses).

Under the rolled-up pricing model, the Fund will accumulate the profit that is generated from its investments and will only distribute the surplus incidental income. For tax purposes, the taxable income of the Fund will be allocated in identical proportions.

For instance, if the Fund generates \$100,000 in investment profit and \$10,000 in surplus incidental income, then for trust law and accounting purposes:

- the Fund has accumulated 10/11 of the accounting profit; and
- the Unitholders (collectively) would have been distributed 1/11 of the accounting profit.

Under the “Proportionate Method of Taxation” this would, in turn mean that:

- the Fund will be deemed to have accumulated 10/11 of the taxable income (i.e. \$9,090); and
- the Unitholders (collectively) would have been distributed 1/11 of the taxable income (\$910).

Each individual Unitholder’s taxable income will depend on their individual unitholding percentage in the Fund as at the date that the Fund is deemed to have made the distribution (i.e. 30 June of each financial year). The Trustee will provide each Unitholder with a trust distribution statement following payment of a distribution which will detail the income that is being distributed to the Unitholder for accounting purposes and the income that is being allocated to them for taxation purposes. It is your responsibility and the responsibility of your tax adviser to ensure that the correct figure is reported in your tax return. As the intention is that no cash will be distributed from the Fund, Unitholders will need to pay their income tax liability out of other sources or elect to make withdrawals from the Fund (see Section 7.7 below for more information).

### **7.3.2. Shortfall between accounting income & taxable income when the Fund makes an investment profit**

As a result of the application of the “Proportionate Method of Taxation”, the accounting profit that the Fund will distribute to you will exceed the amount of taxable income that you will be assessed on. The excess amount will be treated as capital payment on your Units and will reduce the cost base of your Units. This amount is a tax-free return on capital but the reduction in the cost base of your Units means that you will realise a greater capital gain when you sell or dispose of your Units.

If your cost base has been reduced to nil, either by the capital payment or past capital payments, you will be subject to capital gains tax to the extent that the payment exceeds the cost base of your Units.

It is your responsibility to keep track and proper records of the cost base of your Units and the extent to which any capital payments have reduced the cost base of your Units and to pay your capital gains tax liability out of other sources or by making withdrawals from the Fund (see Section 7.7 below for more information).

### **7.3.3. Shortfall between taxable income & accounting income if the Fund makes an investment loss**

If the Fund were to make a small loss on its investments in a financial year, there might be a situation where the accounting profit that the Fund makes is less than the taxable income that it has generated from its other sources of income. If there is still an accounting profit to distribute, it would mean that the proportion of the taxable income that you are assessed on is greater than the

accounting income that is distributed to you by the Fund. In that situation, you will have to pay tax based on the higher taxable income amount.

If the Fund were to make a large loss which could not be offset by its other sources of income, then the Fund would not generate a distributable profit and the Fund would be deemed to accumulate all of the taxable income that it has generated from its other sources of income and the Fund would pay tax on that taxable income under section 99A of the *Income Tax Assessment Act 1936*.

#### **7.4. What happens if there is an understatement or overstatement of taxable income that is discovered in the future?**

The figures contained in the trust distribution statement that you receive from the Trustee may be based on estimates or figures that may not be determined definitively until some time afterwards. When such a discrepancy is discovered, the Trustee will issue a revised trust distribution statement for the affected financial year and you will be responsible for applying to the Australian Taxation Office to amend your tax return for the affected financial year based on the revised figure and will be liable to pay additional income tax where the discovered taxable income is higher or be entitled to a tax refund/credit where the discovered taxable income is lower.

#### **7.5. Special cash distributions**

The Trustee has discretion to pay cash distributions on an extraordinary basis. While not intended, if this was the case, the cash distributions that you receive will be treated as accounting income that has been allocated to you under section 97 of the *Income Tax Assessment Act 1936* and will be subject to the same “proportionate method” taxation considerations discussed in Section 7.3.1 above.

#### **7.6. Offshore tax rules for income earned on profits sourced outside of Australia**

The income that the Fund earns from investments made outside of Australia will be subject to tax laws in both Australia and the country where the income originated from. The interaction between the tax laws of Australia and that other country will depend upon whether Australia has a tax treaty with that other country.

Where you are allocated foreign sourced income, there could be tax credits attached which entitle you to a tax off-set for the tax that the Fund has already paid in the country where the income was earned.

#### **7.7. Withdrawals**

As a Managed Investment Trust, withdrawals of your investment constitute a disposal of your Units in the Fund which are treated as a Capital Gains Tax event.

If the market value of your units exceeds the cost base of your units (also taking into account reductions to your cost base discussed in Section 7.3.2 above), the difference is treated as an assessable capital gain which forms part of the taxable income that must be reported to the Australian Tax Office in your tax return.

If the market value of your Units is less than the cost base of your Units, the difference is treated as a capital loss which can be off-set against other capital gains in the same year or carried forward to be off-set against other capital gains which you make in subsequent years.

You should consult with your tax adviser on whether you are eligible to access any capital gains tax concessions (e.g. the general discount which applies to CGT assets held for 12 months more) which may reduce the amount of tax which you pay on the disposal of your Units.

## **7.8. Investors using Trusts, Companies or SMSFs**

The general tax information contained in this IM is tailored for Unitholders who will be investing directly in the Fund in their personal names. Unitholders who are investing in the Fund indirectly through trusts, companies or self-managed superannuation funds should obtain independent tax advice on the tax compliance requirements and the tax outcomes which flow from the use of these structures before you make your investment decisions.

## **7.9. Tax File Numbers & Australian Business Numbers**

The Trustee will request, as part of your investment application, details about your Tax File Number (**TFN**) and/or your Australian Business Number (**ABN**). You are not obliged to provide your TFN and ABN. However, if you do not supply your TFN or ABN, then the Fund will be required to withhold tax from amounts that it distributes to you (or which is deemed to be notionally distributed to you) at the highest marginal tax rate plus the Medicare levy and you will only receive the net amount in cash.

You will be entitled to claim a tax off-set for the withholding tax amount in your tax return.

## **7.10. Foreign Investors**

The general tax information contained in this IM is focused on the Australian tax laws which apply to Australian tax residents. Tax outcomes can be different for Unitholders who are not residents of Australia for tax purposes.

Generally speaking, Australia's tax laws seek to impose income tax on foreign Unitholders on income that is derived from an Australian source. Australia does not seek to impose income tax on foreign Unitholders where the income is derived from sources outside of Australia.

Under Australian law, a foreign Unitholder is a taxpayer who is not an Australian resident taxpayer. You should obtain your own independent advice on what your tax resident status is under the Australian laws. The fact that you live in another country or are considered a tax resident of another country does not, by itself, guarantee that the Australian laws will not deem you to be an Australian resident for Australian tax law purposes. Different countries have different rules concerning tax residency and it is theoretically possible to qualify as a tax resident in more than one country.

If you are not an Australian resident taxpayer, then the Fund may need to deduct withholding tax from the distributions that it pays. The withholding tax rate will depend upon whether Australia has a tax treaty with that other country.

Additionally, certain laws focus on Unitholders who are not Australian residents for tax purposes. These laws include the US based 'FATCA' laws, and also the 'Common Reporting Standard' which is designed to be a global standard for collection and reporting of tax information about non-residents. You must, in a timely way, give the Trustee such information concerning these matters as the Trustee may ask. Generally, the Trustee reports this to the ATO, who then shares this with relevant foreign tax authorities.

## **7.11. Other Things You Should Know**

The Trustee will send you information after the end of each financial year (June) to help you complete your tax return.

Investing through a trust can also mean some things are different for you from a tax viewpoint. Liabilities may be different and you may have less control. It is possible that a liability to pay tax arises on your investment even though the Fund does not pay any cash distributions and you will need to fund this liability independently of your investment.

Sometimes when administering the Fund, the Trustee learns things new about past tax matters and need to make adjustments. If this happens, it is possible that the Trustee will ask you to adjust your own tax records, or the Fund may pay tax or receive a refund and it can be the Unitholders at the time that are subject to this.

Tax outcomes can be different for indirect Unitholders. You are strongly encouraged you to you seek timely professional advice before making investment decisions.

The general tax information contained in this IM is based on that tax laws which apply at the time that the information was written. Since tax laws can change, often substantially, you should monitor all tax reforms, particularly those which relate to the taxation of trusts, and seek your own professional advice that is specific to your circumstances.

## 8. How to invest in the Fund

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### **Before completing the Application Form, you should read this IM carefully.**

If you have any questions about how to complete the Application Form which accompanies this IM, please contact the Registrar on (02) 8188 1510 or [info@oneregistryservices.com.au](mailto:info@oneregistryservices.com.au).

Please pay particular attention to all of the risk factors in Section 5 of this IM. The risks should be considered in light of your own investment situation. Where appropriate, you should also consult a financial, taxation or other professional advisor before deciding whether to invest in the Fund.

### **How to invest**

For an application to be considered, you must complete and submit your Application Form. Your application money is payable by the Application Cut-off.

The offer made under this IM is available only to investors who qualify as Wholesale Clients. If you are investing less than \$500,000, the easiest way to establish this is to have your accountant complete an Accountant's Certificate. If you would like a suggested form of Accountant's Certificate, please contact the Registrar.

### **Application Form instructions**

Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Trustee. At least one full given name and the surname are required for each natural person.

The Application Form should be signed by the applicant. If a joint holding, all applicants should sign. If signed by the applicant's attorney, a certified copy of the power of attorney must be attached to the Application Form. If executed by a company, then the form must be executed in accordance with the applicant's constitution and the Corporations Act.

Applicants should be aware that application amounts received to the Fund's application account will remain in the application account until Units are issued as at the first Business Day of the next month. Applicants will not receive interest on their funds while those funds are in the Fund's application account. Any such interest will be retained by the Trustee. Applicants may wish to take this into account in deciding when to pay cleared funds into the Fund's application account.

## 9. Additional Information

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### 9.1. Key Fund Documents

#### 9.1.1. Trust Deed

The Fund was established pursuant to the trust deed dated 12 December 2023 as amended from time to time (**Trust Deed**). The Trust Deed governs the rights and obligations of Unitholders in the Fund and investors should read the Trust Deed prior to making an investment in the Fund.

By way of overview, the Trust Deed sets out matters relating to:

- Unit pricing which changes from time to time;
- Withdrawals and withdrawal pricing and what you must do to withdraw your investment;
- Rights, powers, and obligations of the Trustee, including borrowing and investment rights, and how these can be exercised;
- How and when distributions are paid;
- How and when transfers are permitted;
- When the Fund can terminate;
- How and when the Trustee can retire or be removed; and
- Calling Unitholder meetings.

Under the Trust Deed, the Trustee may issue classes of Units with different rights attached. Different classes of Units may attract different management fees and performance fees.

Further, under the Trust Deed, the Trustee has a right of indemnity out of the assets of the Fund in respect of:

- any liability incurred by the Trustee in the proper performance of its duties in respect of the Fund;
- all fees payable to and costs recoverable by the Trustee under the Trust Deed; and
- any taxes, or liabilities for the payment of any taxes, imposed upon the Trustee in relation to the Fund.

The indemnity does not apply with respect to a liability to the extent that, in respect of that liability, the Trustee has acted negligently, fraudulently or with willful default.

The Trustee may vary the Trust Deed from time to time, in its absolute discretion, unless the variation will terminate, invalidate or annul the present right of Unitholders to a share of income and capital of the Fund.

You may obtain a copy of the Trust Deed by contacting the Trustee at [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au).

#### 9.1.2. Investment Management Agreement (IMA)

The Trustee has appointed the Investment Manager under the IMA to perform investment management services for the Fund.

By way of overview, the IMA sets out matters relating to:

- Powers, duties and rights of the Investment Manager;
- Duties of the Trustee;
- Indemnities in favour of the Trustee and Investment Manager;
- Fees and expenses in relation to the management of the Fund;
- When the IMA can terminate (which includes but is not limited to circumstances where the Investment Manager goes into liquidation, no longer carries on an investment management business, in certain circumstances fails in its duties and obligations under the IMA or if removed by a significant majority resolution of Unitholders); and
- Limitation of the Trustee's liability.

## **9.2. Transfer of Units**

You may transfer Units by contacting the Trustee and submitting a duly executed transfer form (if applicable, stamped for duty) together with any supporting documentation requested by the Trustee.

A transfer must not be made until the following have been satisfied:

- the transferee agrees to be bound by the terms of the Trust Deed;
- the Trustee has adequately identified the transferee; and
- any other requirements of the Trustee have been satisfied.

The Trustee may in its absolute discretion refuse to register any transfer of Units or in certain circumstances suspend the registration of transfers of Units from time to time.

The transfer of Units may have tax and/or stamp duty implications and you should consult your tax adviser before arranging any transfer of Units. It is the responsibility of the transferring parties to ensure any applicable stamp duty is paid.

## **9.3. Termination of the Fund**

The Fund will end on the earlier of:

- the date specified by the Trustee as the date of termination of the Fund in a notice given to Unitholders (which may be given at any time); and
- the date on which the Fund terminates in accordance with the Trust Deed or in accordance with the law.

## **9.4. Register of Unitholders**

The register of Unitholders of the Fund is maintained by the Registrar for the Fund.

## **9.5. Financial year**

Each financial year of the Fund ends on 30 June.



## 9.6. Cooling off period

No cooling off period applies to Units offered under this IM.

## 9.7. Related Party Transactions

The Trustee may from time-to-time face conflicts between its duties to the Fund as trustee, its duties to other funds that it manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Trust Deed, ASIC policy and the law.

The Investment Manager is not a related party of the Trustee.

The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties.

The Trustee may from time-to-time enter into transactions with related or associated entities. The registry service provider (One Registry Services Pty Limited) is a related body corporate of the Trustee. The administrator (Unity Fund Services Pty Ltd) is an affiliated company of the Trustee. All transactions between the Trustee or the Investment Manager and their related or affiliated entities will be effected on arm's length terms at market rates or at no charge.

The Trustee and Investment Manager may also engage third parties to provide professional services for the Fund from qualified service providers, including related parties. The fees for these services will be charged to the Fund at reasonable market rates. By investing in the Fund, to the maximum extent permitted by law, Unitholders will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest.

## 9.8. Reporting

The following reports in electronic form will be made available to Unitholders:

- a monthly performance report (showing the Net Asset Value per Unit, Fund returns since inception and any updates to material information since the previous monthly performance report), provided by the Investment Manager and available at [www.apricorcapital.com](http://www.apricorcapital.com);
- an annual taxation statement and audited financial accounts, provided by the Trustee;
- a distribution statement following payment of a distribution; and
- a transaction statement from the Fund Registrar when you make an application to, or withdrawal from, the Fund.

Unitholders will be notified of any changes to the Trustee or the Investment Manager.

The Trustee does not intend to provide details of any counterparties it may engage (other than those identified in this IM) which are confidential, or the actual allocations to each asset type. The Trustee also does not intend to provide details of the liquidity profile of the portfolio assets, the leverage ratio of the portfolio assets or the maturity profile of the liabilities of the Fund.

## 9.9. Fund Service Providers

The entities that will provide services to the Fund as at the date of this IM include:

- One Registry Services Pty Limited, providing registry services for the Fund;
- Unity Fund Services Pty Ltd, providing administration services for the Fund; and
- Apricor Capital Pty Ltd, providing investment management services for the Fund,

(together, the **Fund Service Providers**).

The Trustee has entered into separate agreements with each of the Fund Service Providers which set out the terms and conditions of the appointment any fees payable between the parties and the rights of the parties to terminate the relevant agreement. The Trustee has in place procedures to monitor the Fund Service Providers. The Fund Service Providers may be changed and added to at any time without notice, provided the Trustee is satisfied that a replacement meets any applicable regulatory requirements.

Each of the Fund Service Providers has given, and at the date of this IM has not withdrawn, its consent to being named in this IM in the form and context in which it is named.

Each of the Fund Service Providers has not otherwise caused or authorised the issue of this IM. None of the Fund Service Providers or their respective employees or officers accept any responsibility arising in any way for defects, errors or misrepresentations in or omissions from this IM.

## 9.10. Privacy

The Privacy Act 1988 (**Privacy Act**) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. The Trustee is committed to respecting the privacy of your personal information throughout the information lifecycle and the Trustee's Privacy Policy details how the Trustee does this.

The Trustee may collect personal information about you and individuals associated with you to administer your investment, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act and AML/CTF Laws). You must ensure that all personal information which you provide to the Trustee is true and correct in every detail. If you think the Trustee's records are wrong or out of date (particularly address, e-mail or financial adviser) it is your responsibility to contact the Trustee in writing to ensure prompt correction is made. If you do not give the Trustee the information requested, the Trustee may not be able to process your application, administer, manage, invest, pay or transfer your investment(s).

The Trustee may disclose your information to third parties including Fund Service Providers, other members of the Trustee's corporate group or to other third parties where it is necessary in order to provide you with the products or services. The third parties may be situated in Australia or offshore in jurisdictions that may not offer a level of protection equivalent to the Unitholder's country of residence.

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

- financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- the Fund's Service Providers and their affiliates, including the Investment Manager, auditors or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, Australian Prudential Regulatory Authority (**APRA**) and Australian Transaction Reports and Analysis Centre (**AUSTRAC**).

The Trustee's Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and

about how the Trustee will deal with your complaint. Full details of the Trustee's Privacy Policy are available on the Trustee's website at [www.oneinvestment.com.au](http://www.oneinvestment.com.au).

You can contact the Trustee at [apricor@oneinvestment.com.au](mailto:apricor@oneinvestment.com.au) to request a copy.

### **9.11. Anti-Money Laundering**

In accordance with AML/CTF Laws, the Trustee is required to identify and verify the identity of new Unitholders (and in certain circumstances, existing Unitholders). In order to do this, and as required by the AML/CTF Laws, the Trustee must collect certain information from you and verify this information by citing certain verifying documentation. If any information is required from you above that requested via the Application Form, the Trustee will contact you. If you do not provide us with all information requested, the Trustee will not be able to process your application (including any application for additional Units) or issue Units to you.

The Trustee is obliged under the AML/CTF Laws to take and maintain copies of any information collected from you and, in certain circumstances, may be required to disclose your information to AUSTRAC or other government bodies and the Trustee may not be permitted to inform you of any such disclosure.

The AML/CTF Laws also requires the Trustee to submit certain reports to AUSTRAC. Your information may be required under the AML/CTF Laws to be included in such reports. In addition to this disclosure, the AML/CTF Laws permits us to provide your information to related entities and persons. Aside from disclosures permitted or required under the AML/CTF Laws, the Trustee will ensure that your information is kept confidential in accordance with any relevant legislation.

By applying for Units, you are acknowledging that the Trustee may, in the Trustee's absolute discretion, not issue Units to you, cancel any Units previously issued to you, delay, block or freeze any transactions or withdraw any Units issued to you if the Trustee believes it necessary in order to comply with the Trustee's obligations under the AML/CTF Laws. In the above circumstances, the Trustee will not be liable to you for any resulting loss (including consequential loss).

### **9.12. Foreign Account Tax Compliance Act (FATCA)**

In April 2014, the Australian Government signed an intergovernmental agreement (**IGA**) with the United States of America (U.S.), which requires all Australian financial institutions to comply with FATCA enacted by the U.S. in 2010. Under FATCA, Australian financial institutions are required to collect and review information on investors to identify potential U.S. residents and underlying U.S. controlling persons that invest in assets through non-U.S. entities. This information may be reported to the Australian Taxation Office (**ATO**). The ATO may then pass that information onto the U.S. Internal Revenue Service. Investors may be requested to provide information and certifications in relation to themselves and their underlying controlling persons or beneficial owners to comply with FATCA. FATCA may impose a 30% U.S. withholding tax on certain payments which have (or are treated as having) a U.S. source where those certification, information reporting and other requirements are not satisfied.

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

By making an application to invest in the Fund, you agree to provide the Trustee with the identification documents and related information that is required for the Trustee to comply with its FATCA obligations.

### **9.13. Common Reporting Standard (CRS)**

The CRS is developed by the Organisation of Economic Co-operation and Development and requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities. Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures, and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries. In order to comply with the CRS obligations, the Trustee may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS.

By making an application to invest in the Fund, you agree to provide the Trustee with the identification documents and related information that is required in order for the Trustee to comply with its CRS obligations.

### **9.14. Complaints**

If you have a complaint, then you should contact the Trustee immediately using the following contact details:

Telephone: (02) 8277 0000

Email: [complaints@oneasset.com.au](mailto:complaints@oneasset.com.au)

Post: Complaints Officer  
One Investment Group  
PO Box R1471, Royal Exchange, NSW 1255

The Trustee will receive complaints made in writing or verbally and investigate your complaint with a view to resolving it and advise you as soon as possible.

## Glossary

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In this IM, unless otherwise defined or the context otherwise requires, capitalised terms have the meaning given to them below:

<b>\$ or dollar</b>	Refers to the Australian currency.
<b>AFSL</b>	Australian Financial Services Licence.
<b>AML/CTF Laws</b>	Anti-Money Laundering and Counter-Terrorism Financing laws, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
<b>Application Cut-off</b>	The cut-off time for applications as described in Section 4.3.
<b>Application Form</b>	The application form for Units included with this IM or otherwise provided by, or on behalf of, the Trustee.
<b>Application Price</b>	The application price for Units described in Section 4.1.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX 24</b>	Australian Securities Exchange 24.
<b>ATO</b>	Australian Taxation Office.
<b>broker and clearing services provider</b>	Any provider of broker and clearing services appointed by the Trustee from time to time.
<b>Business Day</b>	Any day other than a Saturday, Sunday or public holiday in Sydney, New South Wales.
<b>CBOE</b>	Chicago Board Options Exchange.
<b>CBOT</b>	Chicago Board of Trade.
<b>CME</b>	Chicago Mercantile Exchange.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>CPI</b>	The Consumer Price Index All Groups as published from time to time by the Australian Bureau of Statistics or if the Consumer Price Index All Groups is suspended or discontinued, such other replacement index determined by the Trustee.
<b>Dealing Day</b>	The first Business Day of each calendar month.
<b>Eurex</b>	Eurex Frankfurt AG.
<b>Fund</b>	Apricor Fund.
<b>Fund Service Providers</b>	The service providers listed in Section 9.9.
<b>Gross Asset Value or GAV</b>	The total value of the assets of the Fund determined in accordance with the Trust Deed.
<b>GST</b>	Goods and services tax as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).

<b>ICE</b>	Intercontinental Exchange Futures Europe.
<b>IM</b>	This Information Memorandum issued by the Trustee.
<b>IMA</b>	The Investment Management Agreement between the Trustee and the Investment Manager dated 13 March 2024 pursuant to which the Trustee has appointed the Investment Manager to provide investment management services for the Fund.
<b>Investment Manager or Apricor Capital</b>	Apricor Capital Pty Ltd ACN 666 855 787.
<b>Management Fee</b>	The management fee described in Section 6.1.
<b>NAV or Net Asset Value</b>	Net asset value of the Fund which is calculated as the Gross Asset Value less all of the Fund's liabilities as may be adjusted by the Trustee as it determines in accordance with the Trust Deed.
<b>Offer</b>	The offer for Units contained in this IM.
<b>Ordinary Expenses</b>	The meaning given in Section 6.5.3.
<b>Performance Fee</b>	The fee specified in Section 6.2.
<b>Performance Hurdle</b>	The percentage specified in Section 6.2.
<b>Portfolio Allocation Model</b>	The Portfolio Allocation Model refers to Apricor Capital's proprietary quantitative investment allocation model designed to allocate investments in exchange traded futures and options contracts based on historical price trends (up and / or down) in global financial markets and commodities.
<b>Registrar</b>	One Registry Services Pty Limited ACN 141 757 360.
<b>Trust Deed</b>	The trust deed establishing the Fund dated 12 December 2023 as amended from time to time.
<b>Trustee</b>	One Fund Services Ltd ACN 615 523 003.
<b>Trustee Fee</b>	The fee specified in Section 6.3.2.
<b>Unit</b>	An ordinary unit in the Fund.
<b>Unitholder</b>	A person who holds one or more Units or who otherwise holds an 'interest' in the Fund under the Trust Deed.
<b>Valuation Date</b>	The last calendar day of a month or any other date determined by the Trustee in its discretion.
<b>Wholesale Client</b>	A wholesale client as defined in section 761G of the Corporations Act.
<b>Withdrawal Amount</b>	In respect of a withdrawal of Units of a Unitholder which has been accepted by the Trustee, the total Withdrawal Price of all Units the subject of the withdrawal.
<b>Withdrawal Cut-off</b>	The cut-off time for Withdrawal Requests described in Section 4.5.
<b>Withdrawal Price</b>	The price equal to the calculation specified in Section 4.4.
<b>Withdrawal Request</b>	A request for the withdrawal of Units which must be in such form as the Trustee may determine from time to time.

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# APRICOR FUND

Apricor Capital Pty Ltd  
ABN: 66 666 855 787

Corporate Authorised Representative  
001308341 of One Wholesale Fund  
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