

Smallco

Smallco Investment Fund

Product Disclosure Statement | 29 February 2024

This Product Disclosure Statement (“PDS”) is issued by Smallco Investment Manager Limited ABN 89 092 626 090

Australian Financial Services Licence number 224108, as Responsible Entity for the Smallco Investment Fund ARSN 103 148 107

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ARSN 103 148 107 APIR ASC0001AU

Responsible Entity and Investment Manager:
Smallco Investment Manager Limited

ABN 89 092 626 090

Australian Financial Services Licence (AFSL) No. 224108

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1. Key investor information

Name of Fund	Smallco Investment Fund (the “ Fund ”)
Name of Responsible Entity and Fund Manager	Smallco Investment Manager Limited (“ Smallco ”, the “ Manager ”, “ we ” or “ us ”)
Custodian	Link Fund Solutions Pty Limited (“ Link Fund Solutions ”) (ABN 44 114 914 215) Perpetual Corporate Trust Limited (“ Perpetual ”) (ABN 99 000 341 533) – (for a portion of the cash holdings)
Investment vehicle	Unit trust
Recommended time frame	Long term – at least 5 years
Date Fund established	31 October 2000
Approximate Fund size	\$482.78 million (31 January 2024)
Minimum initial investment¹	\$40,000
Minimum additional investment¹	\$5,000
Minimum withdrawal¹	\$5,000
Buy/sell costs	+/- 0.45%
Application and withdrawal timing	Units are priced daily – applications and redemptions are normally processed as soon as practicable at the end of each day that is a business day in Sydney (“ Business Day ”)
Management fees and costs² comprising: Investment management fee: Administration costs: Indirect costs:	1.40% per annum of the total net asset value (“ NAV ”) of the Fund 0.15% per annum of the total NAV of the Fund 0.00% per annum of the total NAV of the Fund <i>For more information refer to Section 7 “Fees and other costs”</i>
Performance fee²	18.64% of the adjusted NAV increase above the previous high-water mark
Distribution	Annually after 30 June
Distribution reinvestment³	Available
Asset classification	Australian Equities
APIR Code	ASC0001AU

¹ If you are investing through a master trust or wrap account, the minimum investment and withdrawal procedures and other procedural matters are governed by the master trust or wrap account.

² Unless otherwise stated, all fees quoted in this PDS are inclusive of GST, after allowing for an estimate for Reduced Input Tax Credits (RITC).

³ For more information on distribution reinvestment, please refer to section 12.

2. ASIC benchmarks and disclosure principles

Benchmarks	Description
1: Valuation of assets	<p>This benchmark requires the responsible entity to have and implement a policy that requires valuation of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or valuation service provider.</p> <p>Smallco does not have such a policy for the following reasons:</p> <ul style="list-style-type: none"> • The Fund's assets are Australian Securities Exchange ("ASX") traded securities. The value of units in the Fund are determined by the market prices of those securities. • The Fund does not hold any non-exchange traded assets (besides cash).
2: Periodic reporting	<p>The Fund meets this benchmark.</p> <p>The Manager publishes unit prices daily and displays monthly unit price history information on its web site.</p> <p>The Manager will notify investors of the following types of change as and when they occur:</p> <ul style="list-style-type: none"> • Material changes to the Fund's risk profile or investment strategy. • Changes to key service providers, including any change in their related party status; and • Any material changes in the key investment management personnel responsible for managing the Fund's assets. <p>The Manager will make the following information available to investors on an annual basis:</p> <ul style="list-style-type: none"> • Asset allocation to each asset type. • Liquidity profile (estimated time required to sell an asset at the value it has been given in the most recent NAV calculation) of the Fund's assets at the end of the year. • Maturity profile of the Fund's liabilities at the end of the year. • The Fund's leverage ratio as at the end of the year. • Changes to key service providers, including any change in their related party status; and • The annual investment returns of the Fund.

Disclosure Principles	Disclosure Principles
1: Investment strategy	The Manager actively looks for high quality, smaller companies with share prices significantly below what it considers to be the true underlying value of the assets. The Manager selects individual securities with an emphasis on achieving growth in the value of the Fund whilst also aiming to earn some income.
2: Investment manager	The investment manager and responsible entity of the Fund is Smallco Investment Manager Limited, which was formed in April 2000 and currently manages approximately \$750 million of funds, including the Fund and Smallco Broadcap Fund. The Manager was formed for the purpose of managing this Fund. The investment manager is staffed by Rob Hopkins, Bill Ryan, Andrew Hokin, Paul Graham, Adam Simpson, Craig Miller and Han Xu who between them have over 165 years of experience in Australian investment markets.
3: Fund structure	Monies from all investors in the Fund are added together to form a pool of capital. The capital is invested under the direction of the Manager in a range of investments authorised by the Fund's constitution, which establishes and largely governs the Fund.
4: Valuation location and custody of assets	The assets are securities listed on the ASX and cash. The appointed custodians for the Fund are Link Fund Solutions and Perpetual (for a portion of the cash holdings).
5: Liquidity	The Fund's assets are listed equities which can readily be sold either to meet investor redemptions or enable the Manager to change the Fund's investments.
6: Leverage	The Fund can gear although it has not geared for in excess of ten years. Under normal circumstances the Fund would be between 80% to 100% invested. If however, the Fund was 30% geared, this would provide an exposure of approximately \$1.30 for every \$1.00 invested.
7: Derivatives	The Fund only seeks to generate returns from the positions it holds in listed Australian equities. The Fund's investment strategy does not seek to make investments in derivative instruments to generate a return for investors.
8: Short selling	Subject to the law, the Fund sometimes effectively short sells shares to take advantage of securities which the Manager considers are overvalued. Typically, the Fund will be less than 25% short, but at no time will the value of short positions be more than 50% of the value of the Fund.
9: Withdrawals	You may redeem part or all of your investment by notifying the Manager in writing by 4pm Sydney time on any Business Day. The minimum amount you can withdraw is \$5,000 and the minimum balance remaining will generally need to be \$40,000.

Disclosure Principle 1: Investment strategy

Smallco invests the Fund's assets mostly in smaller Australian listed companies, but may invest up to 20% of the Fund's assets in larger Australian listed companies at the time of investment and may also hold some cash. Smallco classifies a smaller Australian listed company as one outside the top 100 ASX listed companies by market capitalisation at the time the Fund makes its initial investment. Smallco focuses particularly on companies with \$100 million to \$500 million market capitalisation. All of the Fund's investments are denominated in Australian dollars.

Historically Smallco has limited the number of investors in the Fund when necessary to protect capacity and limit liquidity issues. It will continue to manage capacity and limit inflows using its power under the Fund's constitution to reject applications at its discretion.

Smallco will continue limiting inflows into the Fund to a level it considers will keep the Fund nimble by reducing the risk of liquidity issues and reducing the time needed to establish or exit a given stock position.

Smallco actively looks for high quality, smaller companies with share prices significantly below what it considers to be the true underlying value of the shares. Smallco selects individual securities with an emphasis on achieving growth in the value of the Fund whilst also aiming to achieve some income.

Some characteristics of quality, smaller companies that Smallco seeks to identify include:

- **Strong competitive position.** The company should have a business that has a strong or dominant market position in its particular industry or sector. Barriers to entry for new competitors, for example, could create such a market position.
- **Attractive and predictable earnings outlook.** It is essential for the longer-term success of an investment that the company has the ability to grow its profits significantly over an extended period of time. Implicit in this is the ability to at least maintain its profit margins, which usually relates to good pricing power for the products or services it offers.
- **High return on funds employed and cash generation ability.** For a company to be an attractive investment, its business should be capable of generating good returns on the cash invested in the business. Typically, this will show up as a high historical return on funds employed and strong cash generation.
- **A strong board and good management team.** Not only is it important that the management team is competent, but also that the management team's interests are aligned with the interests of the shareholders. The most common way for this to occur is for the management team to have shares in the company so they think more like shareholders.

Shares are valued using a combination of measures and estimates including price to cash flow, price earnings, dividend yield and EBITDA⁴ ratios. These assist Smallco to determine whether the share is trading significantly below its intrinsic value and may be worth investing in.

Smallco looks to meet with management and competitors of a company to assist in the evaluation process.

In selecting shares to invest in, Smallco typically focuses on a three-year horizon, after which time it believes earnings forecasts become of considerably less value.

Smallco's philosophy is that it is better to have a small number of good investments rather than a large number of mediocre investments. Accordingly, the Fund will usually be relatively concentrated - generally invested in between 20 and 35 securities.

To reduce some concentration, the Fund maintains holdings across at least four of the ASX's 11 Global Industry Classification Standard

("GICS") industry sectors.⁵ Additionally the Fund's exposure to any one security is limited to 20% of the total assets of the Fund. If a security were suddenly to increase in value and breach this limit (as a result of a takeover bid, for example), Smallco would reduce the Fund's holding in a timely manner which also recognises the financial interests of the Fund.

Investments can (and do) fall in value as well as rise. Generally speaking, the value which the market attributes to an investment will be a function of (amongst other things) the growth in the underlying earnings of that company. However, Smallco believes that, in the short term, market values are often more representative of investor sentiment towards a company, rather than the true underlying value of the company's business.

Unless specified in this section, Smallco does not take into account labour standards, environmental, social or other ethical considerations when selecting, realising or retaining investments for the Fund. Smallco does not seek to invest in companies which have publicly reported to the ASX that their primary revenue is generated from alcohol, tobacco products, gambling equipment or facilities or armaments. This also applies to the Fund's short selling positions. If an existing holding of the Fund falls within these categories, or acquires another business so that the holdings primary business now falls within these categories and it is publicly reported as doing so to the ASX, Smallco will seek to exit this position in the Fund in an orderly manner having regard to the financial interests of the Fund.

Investors should look to invest for a period of at least five years.

The Manager uses leverage, securities lending and short selling in pursuing the Fund's investment objective. This is discussed under the other relevant Disclosure Principle headings below.

Section 6 refers to the risks associated with the Fund's investment strategy and other matters. Risks that are associated with the investment strategy include market risk, interest rate risk, gearing risk, concentration risk, risks from taking short positions and securities borrowing.

If there were to be a change in investment strategy, the Manager would provide advance notice to investors.

Disclosure Principle 2: Investment manager

The Manager and responsible entity of the Fund is Smallco Investment Manager Limited, which was formed in April 2000 for the purpose of managing the Fund.

The members of the Smallco investment management team collectively have over 165 years of experience in Australian investment markets.

Rob Hopkins – Executive Director (38 years investment experience) - Rob founded Smallco in 2000 with Bill Ryan. Prior to this, Rob had been specialising in smaller company research since 1994 and was the head of small company research at Macquarie Equities, BT Alex Brown, ANZ Securities and Macintosh. Rob began his career in the Australian investment industry in 1985 and was a Senior Industrial Analyst at Potts West Trumbull & Co, the General Manager for Australian Equities with Chase Corporation and an analyst with Potter Partners. Rob has Bachelor of Engineering (Civil) degree from the James Cook University and a Masters of Business Administration from the University of Oklahoma.

Bill Ryan – Executive Director (28 years investment experience) – Prior to establishing Smallco with Rob in 2000, Bill commenced his investment career working with Rob at ANZ Securities in 1996. Bill's working life began in the 1980s owning, developing and managing agricultural enterprises. This background has ingrained in Bill a strong focus on risk management and the uncontrollable risks faced

⁴ EBITDA ratio – A valuation tool similar to price earnings ratio but based on Earnings Before Interest, Tax, Depreciation and Amortisation

⁵ GICS classifies companies around the world according to the type of business operation they perform.

by certain industries. Bill has a Bachelor of Commerce degree from Western Sydney University.

Andrew Hokin – Portfolio Manager (29 years investment experience) – Andrew joined Smallco in July 2007 from Macquarie Securities, where he was a Division Director and led the banking sector research team. During more than eight years with Macquarie, Andrew gained broad market experience, through his coverage of small companies, diversified financials and developers/contractors prior to moving into the banking sector. During this time Andrew built a professional relationship with Rob and Bill, including working with Rob in Macquarie's smaller companies' team in 1999. Andrew's investment career began at Adelaide stockbroker Day Cutten in 1994, where he gained exposure to a range of businesses, in particular utilities and property trusts. Andrew has a Bachelor of Economics degree from the University of Adelaide.

Paul Graham – Portfolio Manager (29 years investment experience) – Paul joined Smallco in June 2014. Paul has over 25 years of experience as an equity analyst in Australia and the UK, including working with Rob and Bill in the late 1990s. Paul has worked at a number of international investment banks including Citi, Credit Suisse, Nomura and HSBC (UK). Paul has Bachelor of Commerce (Hons) and Bachelor of Law degrees from the University of Queensland.

Adam Simpson – Managing Director (21 years investment experience) – Adam joined Smallco in July 2017 from Macquarie Group, where he had been a Division Director and Head of Emerging Leaders Research. During his 15 years at Macquarie, Adam was a highly rated analyst responsible for all aspects of equities research in the emerging leader's sector. Adam has an MBA (Distinction) from London's Cass Business School and a Bachelor of Veterinary Science (First Class Honours) from University of Queensland. Prior to Macquarie Adam practised as a veterinarian for seven years in Australia and the UK.

Craig Miller – Portfolio Manager (18 years investment experience) – Craig is a portfolio manager at Smallco and spends part of his time overseeing the management of the business with Smallco's Financial Controller and Operations Manager. Prior to joining Smallco in 2005 Craig was head of the tax compliance division for GE Commercial Australia and New Zealand for three years. Craig is a Chartered Accountant and spent seven years with Ernst & Young prior to working at GE.

Han Xu – Portfolio Manager (16 years investment experience) – Han joined Smallco in November 2018. Before joining Smallco Han spent over 3 years at Ellerston Capital as the senior analyst in the emerging companies fund investing in Australian and New Zealand small cap companies. Prior to Ellerston Capital Han worked in equities research at UBS Australia as a top-rated analyst and covered various sectors including infrastructure & utilities and emerging companies, as well as worked on a number of capital market transactions.

Smallco does not promise that investors will earn any return on their investment or that their investment will gain or retain its value.

Disclosure Principle 3: Fund structure

In a unit trust, such as the Fund, monies from all investors are added together to form a pool of capital. The capital is invested under the direction of the Manager in a range of investments authorised by the Fund's constitution which establishes and governs the Fund.

Investors in a unit trust are allocated a number of units. The price of units reflects the value of the trust assets and will change as asset values change.

As investment administrator, Link Fund Solutions is responsible for the day-to-day administration of the Fund. Link Fund Solutions is also a custodian for the Fund and holds the Fund's equity positions. Perpetual is also a custodian for the Fund and holds a portion of the Fund's cash positions. Neither custodian has a supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in

accordance with their respective agreements with Smallco, which have been entered into on commercial arm's length terms.

Link Fund Solutions and Perpetual were not involved in preparing, nor do they take any responsibility for, this PDS and they give no guarantee as to the success of the Fund, nor the repayment of capital or any particular rate of capital or income return. Link Fund Solutions and Perpetual have each given and have not withdrawn before the preparation date of this PDS, their written consent to be named in this PDS as the investment administrator and/or custodian for the Fund respectively.

Smallco has an Australian Master Securities Lending Agreement ("AMSLA") with Macquarie Bank Limited which allows the Fund to borrow stock and cash which is transferred and held in custody at Link Fund Solutions. In exchange for this, collateral in the form of cash or stock is transferred to Macquarie Bank Limited. The collateral provided includes a buffer of 5-15%. Under the AMSLA, if an event of default occurs, an account shall be taken of what is due from each party to the other and the sums due to one party shall be offset against the sums due from the other and only the balance of the account shall be payable.

The relationships above are reviewed regularly to ensure that service agreement obligations are being met. Smallco ensures that its key service providers comply with their service level obligations via annual review. This involves reviewing independent internal control audits performed on the Fund's custodians, Link Fund Solutions and Perpetual, and the Fund administrator, Link Fund Solutions.

No related parties of Smallco are involved in the operation of the Fund.

The Fund's financial auditor is Crowe Sydney, which conduct a financial audit at the end of financial year and a review of the interim financial statements at the end of every calendar year.

All of the Fund's activities are conducted within Australia, including those which are outsourced to third party service providers.

Section 6 refers to the risks associated with the Fund's structure and other matters. See particularly "Counterparty or default risk".

Disclosure Principle 4: Valuation, location and custody of assets

The Fund holds cash and ASX listed securities. The Fund may hold short positions in listed securities and may borrow securities from Macquarie Bank Limited under the AMSLA.

The Manager determines the market value of the Fund's assets daily, based on the most recently available information.

All of the Fund's assets are issued in Australia.

Link Fund Solutions and Perpetual have been appointed as the custodian to hold the Fund's assets. Please see Disclosure Principle 3 above for further information about Link Fund Solutions and Perpetual.

Disclosure Principle 5: Liquidity

The Manager invests the Fund's assets in companies listed in Australia and cash.

The Manager focuses on smaller listed companies, including those with a market capitalisation of between \$100 million and \$500 million. Generally speaking, it is expected that there will be a smaller volume of trade in these types of companies than in larger companies with a higher market capitalisation. The Manager anticipates that there may be occasions when it could take some time (which may be more than 10 days) to enter or exit a position at a price which reflects the Manager's estimate of the value of the shares (which, where the Fund holds those shares, will be the value that is used to calculate the Fund's NAV).

The Manager seeks to manage the Fund's liquidity by allocating some of the assets to cash and, when appropriate, using its discretion under the Fund's constitution to reject applications in order to limit the size of the Fund and the number of investors coming in.

Withdrawal requests are generally processed on each Business Day.

Where you have made a withdrawal request, the Manager can delay access to your money in some circumstances (although as at the date of the PDS this has never happened), such as:

- when the Fund is illiquid.
- when something impacts on the ability to calculate NAV (for example, if markets are closed or disrupted or if market conditions are such that the realisation of assets would not reflect a value which could be obtained in an orderly market) ~ then the Manager can delay payment for so long as this goes on; or
- without limiting the above, when a quantity of withdrawal requests representing more than 10% of the Fund's value is received ~ then the Manager can stagger withdrawal payments.

Please refer to "Disclosure Principle 9: Withdrawals" for further information about how the Manager deals with withdrawal requests.

Liquidity risk is discussed in section 6.

Disclosure Principle 6: Leverage

To enable it to take better advantage of share market opportunities, the Fund may from time to time be geared. Gearing means borrowing to invest. Gearing magnifies both positive and negative returns from the investments purchased, relative to the returns of a comparable ungeared investment portfolio. The Fund (not the individual investor) may borrow money to increase the Fund's investments. The Fund's gearing will never be more than 50% of the NAV of the Fund. Under normal circumstances the Fund would be between 80% to 100% invested. However, if the Fund was 30% geared, this would provide an exposure of approximately \$1.30 for every \$1.00 invested.

The Fund may borrow securities from Macquarie Bank Limited under the AMSLA and, where it does so, will use the cash that it receives from selling the borrowed securities to invest. If the Fund borrows securities, the Manager will be required to provide cash collateral to Macquarie Bank Limited, which represents the value of the securities borrowed plus a margin.

If the Fund was 50% geared, for example, and the assets in which the Fund was invested increased in value by 5%, the value of your investment would increase by 7.5%, all things being equal. Conversely if the value of the securities the Fund was invested in fell by 5%, your investment would decrease by 7.5%, all things being equal.

Disclosure Principle 7: Derivatives

The Fund only seeks to generate returns from the positions it holds in listed Australian equities. The Fund's investment strategy does not seek to make investments in derivative instruments to generate a return for investors.

Disclosure Principle 8: Short selling

Subject to the law, the Fund sometimes effectively short sells securities which the Manager considers are overvalued. Short selling is where the Fund agrees to sell securities it does not own with an expectation that it will purchase them back at a lower value at a later date, thus generating a profit. The Fund has effectively been short selling securities since inception, and this has been a profitable strategy. Typically, the Fund will be less than 25% short, but at no time will the value of short positions be more than 50% of the value of the Fund. For the Fund to short sell a security, it may need to borrow the shares. As securities become smaller (in terms of market capitalisation) it tends to be more difficult to borrow them. It has been the Manager's experience that securities in the top 200 ASX listed companies by market capitalisation are mostly able to be borrowed

while it is often difficult to borrow securities outside the top 200 ASX listed companies by market capitalisation.

Please refer to section 6 for an explanation of the risks associated with the Fund's short selling activities.

Disclosure Principle 9: Withdrawals

You may make a request to withdraw part or all of your investment by notifying the Manager in writing by 4pm Sydney time on any Business Day. The minimum amount you can withdraw is \$5,000 and the minimum balance remaining will generally need to be \$40,000. The Manager reserves the right to require an investor to fully redeem a holding of less than \$40,000. Where the Manager determines that your units can be redeemed without detriment or disadvantage to the other investors, has not exercised its right to suspend the Fund and there are no withdrawal offers open (due to illiquidity of the Fund), it will accept your withdrawal request and your units will be redeemed.

The Manager determines the market value of the Fund daily based on the most recently available information. The unit price is calculated as follows: the value of the Fund's liabilities is deducted from the value of its assets and that figure is divided by the number of units on issue. An adjustment is made for transaction costs (the buy and sell spread).

Units will be redeemed at the redemption unit price. The effective date of your withdrawal request is the date on which your correctly completed request is received. Valid withdrawal requests received by the Manager by 4pm Sydney time on a Business Day will, if accepted, be processed at the redemption unit price at the close of business on that day. Valid withdrawal requests received after 4pm Sydney time on a Business Day will, if accepted, be processed at the redemption unit price at the close of business on the following Business Day.

It usually takes five Business Days to process a withdrawal request, although the Fund's constitution allows a longer timeframe. The funds are then paid directly to your nominated account. We can withhold from amounts we pay you any amount you owe to us or that we owe someone else with respect to your investment (for example, the Australian Taxation Office).

We generally pay withdrawal proceeds in cash, but the constitution allows us to meet withdrawal requests by making an in-specie transfer of assets.

Liquidity risk is discussed in section 6.

3. Fund overview

The Fund invests mostly in smaller ASX listed companies and cash but may invest up to 20% of its total assets in larger Australian listed companies at the time of purchase. Smallco classifies a smaller Australian listed company as a company outside the top 100 ASX listed companies by market capitalisation at the time the Fund makes its initial investment in the company.

Subject to law, the Fund sometimes effectively short sells and uses gearing. For more information on short selling and gearing, please refer to section 2 'Disclosure Principles', see 'Disclosure Principle 8: Short selling'.

Smallco expects that a typical investor in the Fund would be seeking capital growth and understands and accepts that the value of their investment can rise and fall. The Fund is not a short-term investment and Smallco suggests that investors adopt a minimum five-year time horizon for investment in the Fund.

Smallco recommends that you get professional advice before investing in the Fund.

4. Help

If you need help about investing generally, speak to a licensed financial adviser. The Australian Securities and Investments Commission ("ASIC") can help you check if a financial adviser is licensed.

If you have questions about investing, speak to your adviser. If you have questions about the Fund in particular, speak to your adviser or call Smallco for more information.

5. The benefits

Investors in the Fund stand to benefit from the Manager's specialised expertise and experience in managing the Fund's portfolio of assets.

The main benefit the Manager aims to achieve is high compound returns by investing in the securities market, although returns are not guaranteed.

It is the aim of the Manager that high compound returns will come mostly from capital appreciation, which will be reflected in the unit price, but net realised profits, if they occur, will be distributed annually shortly after 30 June of each year. These distributions may carry imputation tax credits. The Fund is generally not taxed itself,

but investors will usually be taxed on the realised gains they make from the Fund. See section 14 'Tax' for more details. It is important that investors seek their own professional advice, including advice regarding tax.

Under normal circumstances you can redeem all or part of your investment daily subject to a minimum withdrawal amount of \$5,000 and a minimum holding balance of \$40,000. Further details are included in section 2 'Disclosure Principles' – see 'Disclosure Principle 9: Withdrawals'.

6. Significant risks

About risk and return

All investments are subject to risks. Different asset classes perform differently at different times and have different risk characteristics and volatility. These are some of the reasons why investors might consider diversifying their investments. The Fund offers limited diversification across asset classes as it invests only in a particular type of Australian companies and sometimes New Zealand companies whose shares are listed on the ASX.

As with most investing, it is not guaranteed that investors will make money from their investment. The value of the investment can go up and down.

What about the risks of the Fund?

Although Smallco seeks to manage the risks for the Fund, there is always the possibility that it may not succeed in choosing investments that perform well or in selecting the optimum asset mix for the Fund.

Smallco considers the significant risks for the Fund to be:

- **Individual investment risk:** Individual investments made by the Fund can (and do) rise and fall in value for many reasons such as changes in the entity's internal operations or management, or in its business environment.
Smallco aims to reduce these risks with careful analysis of a company which usually includes publicly available information, broker research and talking to the people who run the company and those who are responsible for changes which impact on the Fund's investments.
- **Market risk:** Economic, technological, political or legal conditions, national and international natural disasters and other unforeseen events and even market sentiment, can (and do) change, and this can mean that changes in the value of investment markets can affect the value of the Fund's investments.
Smallco uses research and analysis to form a view on these matters as best it can and then re-balance the investment mix of the Fund to reduce any negative impact.
- **Interest rate risk:** Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns. For example, the cost of the Fund's or of a company's borrowing can increase or decrease.
- **Currency risk:** The Fund can invest in companies listed in Australia which have operations in foreign countries. When that country's currency changes in value relative to the Australian dollar, the value of the investment changes. Smallco does not manage this relative exchange rate exposure.
- **Fund risk:** Risks particular to the Fund include that the Fund could terminate, Smallco could be replaced as responsible entity and manager and Smallco's investment professionals could change. There is also a risk that investing via the Fund may give different results as opposed to investing directly in the same portfolio of assets because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors.
Smallco aims to keep this risk to a minimum by monitoring the development of the Fund and acting always in investors' best interests.
- **Gearing risk:** As gearing amplifies both potential positive and negative returns, the level of risk increases when the Fund is geared. The more the Fund borrows to invest, the greater the potential for investors to lose their capital.
Smallco monitors the gearing of the Fund daily and makes adjustments upwards or downwards as required (and at its

discretion) so that the Fund remains conservatively geared. Gearing will never exceed 50% of the NAV of the Fund.

- **Counterparty or default risk:** Counterparty or default risk refers to the risk that a party which has entered into a contractual obligation in relation to the Fund fails to perform its obligations. This may result in a loss of capital for the Fund. Counterparties may include stockbrokers, banks and other parties to shares and options transactions.
Smallco seeks to control this risk by dealing only with reputable stockbrokers and regulated market participants.
- **Concentration risk:** The Fund will generally hold shares in 20 to 35 companies, but it is not restricted to this sized portfolio. Investing in a small number of companies reduces diversification benefits and increases risk as does holding stocks only within a particular industry sector or a limited number of sectors.
Smallco seeks to manage this risk by ensuring that the investments are spread across a diversified range of industries and companies.
- **Liquidity risk:** If the Fund has insufficient cash or has problems selling its listed investments and does not wish to take on debt, access to your money could be delayed. Similarly, if there is an interruption of regular trading on the ASX or for a particular asset of the Fund, there may be delays in processing withdrawal requests due to difficulties in selling investments.
Smallco closely monitors cash levels in the Fund to manage this risk and aims to ensure there is adequate liquidity to meet the needs of investors. See also section 2 'Disclosure Principles' – see 'Disclosure Principle 9: Withdrawals'.
Units in the Fund are not quoted on any stock exchange and therefore cannot be sold through a stockbroker.
- **Risk from taking short positions:** Subject to any restrictions the law might impose, the Fund can effectively take short positions in individual investments. Individual investments sold can (and do) rise in value for many reasons as discussed above and because of takeovers. If the Fund has a short position in a share which rises in value, then this can cause a substantial decrease in the value of the Fund. The size of the loss will increase as the share price increases. As there is no upper limit on the share price there is no limit on the potential loss from a short position.
Smallco aims to keep this risk to a minimum by carefully selecting the investments in which it takes short positions and closely monitoring the value of those securities.
- **Securities borrowing risk:** Subject to any restrictions the law might impose, the Fund can borrow securities to establish short positions. There is a risk that such securities may be recalled by the lender at short notice and the Fund will have to buy the securities on the market at an unfavourable price, resulting in losses.
Smallco aims to keep this risk to a minimum by closely monitoring the value and liquidity of those securities.
- **Cyber risk:** There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of Smallco and its service providers.
Smallco has procedures in place to manage the risk, and as much as possible, monitor the controls within these procedures to ensure cyber risk is adequately managed.

The consequences of some or all of the above risks occurring are that distributions may be lower than expected (or there may be none), the value of an investment in the Fund could fall or there could be delays for investors in accessing their money.

7. Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC) Moneysmart website** (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment, or from the assets of the managed investment scheme as a whole.

You should read all of the information about fees and costs as it is important to understand their impact on your investment. Taxes are set out in section 14 'Tax'.

Fees and costs summary

Smallco Investment Fund		
Type of fee or cost	Amount ¹	How and when paid
Ongoing annual fees and costs		
<i>Management fees and costs</i> ² The fees and costs for managing your investment	1.40% p.a. investment Management fees Plus 0.15% p.a. ³ Administration costs Plus 0.00% p.a. ³ indirect costs	Management fee and costs are accrued daily based on the daily gross asset value of the Fund and are reflected in the Fund's unit price. Management fee and costs are generally paid to Smallco monthly in arrears.
<i>Performance fees</i> Amounts deducted from your investment in relation to the performance of the product	18.64% of the adjusted net asset increase above the previous high-water mark [This is an average of 1.86% p.a. ⁴ of the NAV of the Fund]	Performance fees are calculated and accrued daily. This cost is deducted from the assets of the Fund and payable half yearly in arrears, if applicable. The deduction of the performance fees is reflected in the Fund's unit price.
<i>Transaction costs</i> The costs incurred by the scheme when buying or selling assets	0.01% p.a. ⁵	Transaction costs are variable and deducted from the Fund as they are incurred and reflected in the unit price. They are disclosed net of amounts recovered via the buy-sell spread.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)¹		
<i>Establishment fee</i> The fee to open your investment	Not applicable	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Not applicable	Not applicable
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.45% of the amount you invest or withdraw ⁶	Buy/sell spreads apply when your money moves in or out of the Fund
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Not applicable	Not applicable
<i>Exit fee</i> The fee to close your investment	Not applicable	Not applicable
<i>Switching fee</i> The fee for changing investment options	Not applicable	Not applicable

¹ All fees are expressed as a percentage of net asset value of the Fund excluding accrued fees. Unless otherwise stated, all fees quoted in this PDS are inclusive of GST, after allowing for an estimate for Reduced Input Tax Credits (RITC).

² The amount of this fee can be negotiated. See "Additional explanation of fees and costs" below for more information.

³ The estimated administration and indirect costs for the Fund reflect Smallco's reasonable estimates of the typical ongoing amounts for the current financial year, based on the actual amounts incurred for the last full financial year.

⁴ This represents the average of the performance fees paid by the Fund over the previous five financial years ending 30 June 2023 and is not a forecast of future performance fees. See "Performance fees" below for more information.

⁵ The estimated transaction costs for the Fund reflects Smallco's reasonable estimates of the typical ongoing amounts for the current financial year, based on the actual amounts incurred for the last full financial year and are shown net of the total amount recovered by the Fund through the buy/sell spread charged to applicants and withdrawing investors.

⁶ Buy/sell spreads apply when you invest in the Fund and when you withdraw from the Fund. See "Additional explanation of fees and costs" for more detail.

Example of annual fees and costs

The following table gives an example of how the fees and costs charged by the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment schemes. It is important to read the assumptions and notes below the table.

EXAMPLE – Smallco Investment Fund		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs	1.55% p.a. (comprising investment management fee of 1.40% p.a. plus estimated administration costs of 0.15% p.a. and 0.00% indirect costs)	And , for every \$50,000 you have in the Smallco Investment Fund you will be charged \$775 each year
PLUS Performance fees	1.86% p.a.	And , you will be charged \$930 in performance fees each year
PLUS Transaction costs	0.01% p.a.	And , you will be charged \$5 in transaction costs
EQUALS Cost of Smallco Investment Fund	3.42%	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$1,710* (assume \$5,000 is invested in the end of the year). What it costs you will depend on the fees you negotiate

* Additional fees may apply, including a buy/sell spread (refer to further information below).

The example above assumes that your balance remains constant at \$50,000 throughout the year (i.e., no further contributions are made) and the Fund's unit prices do not change. Ongoing annual fees and costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions) during any 12-month period.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website (www.moneysmart.gov.au) and use their managed fund fee calculator.

Additional explanation of fees and costs

Management fees and costs

Management fees and costs include amounts payable for administering/operating the Fund, amounts paid for investing in the assets of the Fund, other expenses/reimbursements in relation to the Fund including indirect costs (where applicable).

Management fees and costs paid out of Fund assets reduce the net asset value of the Fund and are reflected in the unit price. Management fees and costs exclude transaction costs.

The Fund's constitution allows all costs, charges and expenses reasonably and properly incurred by Smallco in the proper performance of its duties in connection with the Fund or in performing its obligations under the constitution to be reimbursed out of the Fund's assets and are unlimited. The ordinary expenses for the Fund (called administration costs in this PDS) are based on the financial year ending 30 June 2023 and are estimated to be 0.15% p.a. These are the ordinary and every day expenses incurred in operating the Fund including, without limitation, the cost of audit, fund administration, custodial, compliance, taxation advice, annual financial statements, investor reporting, product disclosure statements and distribution - including wrap service providers, marketing and other allowable expenses. Administration costs are deducted from the assets of the Fund as and when they are incurred.

We reserve the right to recover abnormal expenses from the Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investor's right, costs to defend claims in relation to the Fund, investor meetings and termination and wind up costs.

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs. The Fund's indirect costs are based on the financial year ending 30 June 2023 and are estimated to be nil. The indirect costs component is variable and reflected in the unit price of the Fund as the relevant fees and costs are incurred. Actual indirect costs for the current and future years may differ.

For a worked dollar example, please see "Example of annual fees and costs" above.

Smallco cannot increase the maximum fee in the constitution without the approval of investors.

Performance fees

The performance fee is calculated and accrued daily and will be payable to Smallco (if eligible) at the end of each six-month period. So that Smallco's interests are aligned with investors, Smallco is entitled to a performance fee if the NAV per unit (adjusted for

distributions) of the Fund has reached a new all-time end-of-six-month high (a “high-water mark”).

Smallco is entitled to 18.64% of the difference between the NAV of the Fund (before any distributions) at the end of a six-month period (“B”) and the NAV of the Fund at the beginning of the period (adjusted for distributions) (“A”).*

Any increase because of new money into the Fund (“I”) or any decrease because investors have withdrawn money (“O”) is cancelled out.

The formula used is therefore $18.64\% \times (B - A - I + O)$.

Smallco cannot increase this fee without changing the constitution of the Fund, which would require the approval of investors.

Transaction costs

Transaction costs include brokerage, settlement costs, bid-offer spreads on investments and currency transactions and borrowing, clearing and stamp duty costs. These costs are paid by the Fund.

When you invest in the Fund, investments may be purchased, and these costs may be incurred. Similarly, when you make a withdrawal, investments of the Fund may be sold to obtain the cash to meet your withdrawal request. Such costs are also incurred in connection with day-to-day trading within the Fund. Some of these costs are recovered through the buy spread and the sell spread, which are adjustments to the unit price reflecting the transaction costs that we estimate may be incurred in connection with the purchase or sale of assets in connection with issuing new units or meeting withdrawal requests, respectively.

Transaction costs for the financial year ended 30 June 2023	Recovery through buy-sell spread	Net transactional costs
0.05%	0.04%	0.01%

Our estimate of the total transaction costs for the Fund during the year ended 30 June 2023 was calculated using the Fund’s actual transactions during the last full financial year. We expect this amount to vary as it will be affected by the Fund’s volume of trading, brokerage arrangements and other factors. The amount recovered through the buy-sell spread was calculated using actual applications and withdrawals during the last full financial year. We expect this amount to vary from year to year as it will be affected by the volume of applications and withdrawals and any changes in the buy-sell spread for the Fund. The net transaction costs is the difference between these two amounts. All of these amounts are expressed as a percentage of the Fund’s average NAV for the year. Based on an average account balance of \$50,000 over a one-year period, the net transaction costs represent approximately \$5.

Buy/sell spread

The buy-sell spread aims to ensure that other investors do not pay the transaction costs associated with an investor entering or exiting

the Fund. The buy and sell costs are not fees paid to Smallco – they are retained in the Fund to cover those transaction costs.

The current buy spread is 0.45% of the unit price. The current sell spread is 0.45% of the unit price.

So, for example, if you invested \$50,000 in the Fund and the NAV per unit was \$1, you would pay \$1.0045 per unit and the buy spread amount you paid would be \$225. If you later withdrew \$50,000 and the NAV per unit was \$1, you would receive \$0.9955 per unit and the sell spread paid would be \$225.

The buy-sell spread will impact on the return on your investment.

Reinvested distributions do not incur the buy spread.

Borrowing costs

If the Fund borrows securities under the AMSLA, Smallco will be required to provide cash collateral to the lender Macquarie Bank Limited, which represents the value of the securities borrowed plus a margin.

Can fees be different for different investors?

The law allows us to negotiate fees with “wholesale” investors or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion.

Adviser remuneration

If you use a financial adviser, you may need to pay them additional fees, which will be set out in the Statement of Advice they provide to you. Smallco does not pay commissions to financial advisers in respect of retail client investors but may do so in respect of wholesale client investors.

Government charges and taxation

Unless otherwise stated, all fees quoted in this PDS are inclusive of GST where applicable, after allowing for an estimate of reduced input tax credits.

Government charges such as GST are applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply.

Greater detail on tax is set out in section 14 “Tax”.

Can the fees change?

It is possible for the fees and costs to change (although in the 20 plus year history of the fund this has not occurred). We would give you 30 days’ written notice of any increase to fees.

We cannot charge more than the Fund’s constitution allows. To change the constitution in this regard we require investor approval. Any increase in the Investment management fee or performance fee would require a change to the constitution, which would require investor approval.

8. Fund performance

The Fund was formed on 31 October 2000. Its size at 31 January 2024 was approximately \$482.78 million.

Up to date information about the Fund’s performance can be found on the Manager’s web site. The Manager makes available a Quarterly Update Sheet which has current performance and other relevant information. The Quarterly Update Sheet is available on the Manager’s web site or on request from your adviser or the Manager.

Past returns are no guarantee of future performance and are not a reliable guide to future performance. Returns are volatile and may go up and down significantly and sometimes quickly.

The Manager does not guarantee any potential rate of return.

* Where a performance fee was paid in the immediately preceding 6-month period: A, the net asset value of the Fund at the beginning of the period, will be as at the last day of the preceding 6 months (adjusted for distributions). Where no performance fee was paid in the immediately preceding 6-month period: A, the net asset value of the Fund at the beginning of the period, will be as at the last day the net asset value per unit (adjusted for distributions) became greater than it had been on the last day of any prior six-month period.

9. Investing details

Generally, the minimum investment amount is \$40,000 unless you are investing indirectly through a master trust or wrap account. If investing directly, you should apply using the application form at the back of this PDS. See section 22 'Guide to the application form'. If investing indirectly, please see section 17 'Investing through a master trust or wrap account'.

The Manager generally issues units every day that is a business day in Sydney ("**Business Day**"). You will be notified regarding the acceptance of your application. The Manager may reject an application without giving any reason, and if your application is rejected, your application monies will be returned to you without interest. Any interest earned will be credited to the benefit of the Fund.

Where valid application forms and application monies are received by the Manager by 4pm on a Business Day, if the application is accepted then units will be issued at the entry price calculated at the close of business on that day. Where valid application forms and

monies are received after 4pm on a Business Day, if the application is accepted then units will be issued at the entry price at the close of business on the following Business Day.

To make a further investment, either use a current additional application form or an application form accompanying the current PDS, including your account number. Any subsequent investment generally needs to be at least \$5,000. Further investment is made on the basis of the then current PDS.

If you are investing through a master trust or wrap account, do not complete our application forms. Instead, complete the forms the master trust or wrap account operator requires and if you have enquiries, that operator can help you. In this case, minimum investment and withdrawal procedures and other procedural matters are governed by the arrangements offered by the master trust or wrap account.

10. Cooling-off period

If you decide within a specified cooling off period that you don't want the units issued to you, the Manager must repay your money, provided you do not exercise any rights or powers attached to the units (such as voting on units held at a meeting of investors).

If you change your mind, you have 14 days to contact the Manager and advise that you have changed your mind.

The 14-day cooling-off period commences on the earlier of:

- when the Manager sends you confirmation that you are invested; or
- the end of the 5th day after the day on which you are issued the units.

The Manager is allowed to (and generally will) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. The amount returned may be less than your original investment.

No cooling off rights apply to units acquired through the reinvestment of distributions.

For investments via a master trust or wrap account, please refer section 17.

11. Enquiries

If you need help about investing generally, speak to a licensed financial adviser, ASIC can help you check if a financial adviser is licensed.

If you have questions about investing, speak to your adviser. If you have questions about this Fund in particular, speak to your adviser or call Smallco for more information.

An electronic version of this PDS, a target market determination ("**TMD**"), updates and other historical information on the Fund and Smallco can be obtained from the Smallco web site www.smallco.com.au.

Investors with questions on how to complete the application form or who require printed copies of this PDS or the TMD should contact

their financial adviser or Smallco on 02 8256 1000 or 1300 888 583 (for the cost of a local call) or by email to smallco@smallco.com.au.

If you are investing through a master trust or wrap account then any enquiries should be directed to the operator of that service, not to Smallco.

Copies of documents outlining the Fund's unit pricing methodology and practices (including information about the circumstances in which Smallco may exercise discretion in determining a unit price and the value of Fund assets and how Smallco has exercised its discretion in certain circumstances, including any exercise of discretions which are outside the scope of, or inconsistent with, the Fund's unit pricing methodology and practices) are available on request at no charge by contacting Smallco.

12. Distributions

Any income available for distribution will be paid to your nominated account as soon as practicable after the end of June each year.

Distributions of income can vary and there is no guarantee that a distribution will be paid for any given financial year.

You may elect to reinvest automatically any income distributions in additional units. Use the application form or contact us. Any distributions reinvested will be reinvested at the unit price relevant at

the end of the relevant distribution period. The price of such additional units will not be subject to a contribution fee, buy spread or GST.

If you do not provide us with any instructions on your application form, your distributions will be automatically reinvested.

13. Keeping investors informed

The Manager will:

- Confirm all transaction investors make (which includes applications, withdrawals and any variation of terms while you hold units).
- Report to investors annually including their opening and closing balances, a summary of all transactions, the Fund's NAV, updated performance, unit price, asset allocation, liquidity profile, gearing and maturity levels of liabilities and any change in key service providers as soon as is practicable after June 30.
- Send a distribution tax statement as soon as is practicable after June 30.
- Notify you when the annual financial report of the Fund is available each year (around September); and
- Notify you of any material changes to this PDS and any other significant event as required by law.

Investors investing through a master trust or wrap account will receive reports on their investment from the operator of that service, not from the Manager.

The Manager intends to satisfy its continuous disclosure obligations for any relevant matters as required under the Corporations Act by posting continuous disclosure notices on its website at www.smallco.com.au. As the Fund has more than 100 investors and is therefore a disclosing entity, you have the right to obtain a copy of the Fund's annual financial report most recently lodged with ASIC, any half year financial report lodged with ASIC and any continuous disclosure notices lodged after the annual financial report and before the date of this PDS and any notices moving forward. The Manager will provide you with copies of these documents for free, if you ask.

14. Tax

The Fund is not a tax paying entity under the present law as Smallco distributes all of the income of the Fund in each financial year. Your tax liability, however, ultimately depends on your circumstances. So, it's important that you seek professional advice before you invest or deal with your investment.

Smallco will send you a tax statement as soon as is practicable after June 30 each year. It will contain all the information you need to complete your tax return.

Will I be liable for tax on money I receive from the Fund?

Probably yes.

The tax impact for you depends on what makes up the distributions. Distributions could comprise:

- income (like dividends and interest).
- net capital gains (from the sale of Fund investments ~ the gains can be both discounted and non-discounted depending on the type of investor you are); and
- tax credits (like franking credits attached to dividend income).

Will I be liable for tax when I withdraw money from the Fund?

Probably yes.

Australian residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units to someone else.

If you are an individual and have held your units for more than a year, you will normally be entitled to a capital gains concession which will reduce the liability by up to one half. If you are a complying superannuation fund and you have held your units for more than a year, the capital gains concession will reduce the liability by up to one-third. The capital gains concession is not applicable to company investors.

Do I need to provide my tax file number ("TFN") or Australian business number ("ABN")?

It's not compulsory, but we recommend it. Use the application form.

If you choose not to give us your TFN or ABN and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

Other information

We have elected to operate the Fund under the attribution managed investment trust ("AMIT") regime. As an AMIT the Fund can attribute amounts of income and tax offsets to investors on a fair and reasonable basis. There is also an ability to adjust the cost base of an investor's interest in the Fund upwards or downwards.

15. The Manager's responsibilities to investors

The constitution, the PDS and the law govern our relationship with investors. The constitution limits our need to compensate investors if things go wrong. Generally, if we comply with our duties, then we do not need to compensate you unless the law so requires.

The constitution also governs what happens if the Fund is terminated and describes the rights, obligations and liability of the Manager.

We are required by law to obtain investors' approval to make any changes to the constitution which might adversely affect investors' rights.

16. Complaints

Making a complaint

Smallco is committed to ensuring that all complaints are handled promptly, and complaints are treated with respect.

If you have a complaint about Smallco, its products or services, you should direct this to Smallco's Complaints Officer:

Email: complaints@smallco.com.au
Telephone: 02 8256 1000
Facsimile: 02 8256 1010
Mail: GPO Box 4564 Sydney NSW 2001

All complaints will be acknowledged within one business day of receipt. Smallco will investigate complaints it receives and will provide a response within 30 calendar days of receiving the complaint.

Wrap Account or Master Trust investors

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via a Wrap Account or Master Trust) can access Smallco's complaints procedures outlined above. If you are investing through a master trust or wrap account and your

complaint concerns the operation of the Wrap Account or Master Trust or the provider, you should contact your Wrap Account or Master Trust provider in the first instance, not Smallco.

If your complaint is not resolved

If you have not been provided a solution within 30 calendar days of you lodging your complaint with us or if you are not satisfied with the response or resolution, you may also approach the Australian Financial Complaints Authority ("AFCA").

Telephone: 1800 931 678 (local call)
Email: info@afca.org.au
Web: www.afca.org.au
Mail: Australian Financial Complaints Authority
GPO Box 3 Melbourne VIC 3001

AFCA is an independent body and is approved by ASIC to consider complaints. AFCA is free to consumers. For information on the AFCA Rules governing its jurisdiction and processes, please refer to www.afca.org.au.

17. Investing through a master trust or wrap account

In the case of investments through a master trust or wrap account, the operator of that service (not the individual) is the investor in the Fund. It follows that the operator has the rights of an investor and can exercise, or decline to exercise, those rights in accordance with that operator's arrangements with the individual investor. So, if you have invested through a master trust or wrap account, you generally cannot vote on units held in the Fund.

Smallco is not responsible for the operation of any master trust or wrap account service through which individual investors invest. However, investors can still rely on the information in this PDS. In addition to reading this PDS, investors investing via a master trust or wrap account should read the disclosure document from the operator of that service which explains the master trust or wrap service.

Indirect investors do not receive income or reports directly from Smallco, nor do they directly participate in investor meetings or winding up of the Fund.

Redemption times depend on the redemption times of the operator of the relevant master trust or wrap service. Indirect investors should also take into account the fees and charges associated with investing via a master trust or wrap account, which will be in addition to the fees paid in connection with an investment in the Fund.

It is uncertain whether the master trust or wrap account operator has the cooling off right. Investors should refer to the agreement with the operator for their policy on cooling off.

You should consult your adviser if you have any questions on investing in the Fund through a master trust or wrap account, nominee or custody service.

Indirect investors should not complete the application form from this PDS.

18. Privacy

The Manager will collect personal information from you when you apply for units and in the course of administering your investments. This will include the personal information that you include in the Application Form, as well as other personal information that you provide from time to time in connection with your investment. Where possible, the Manager will only collect personal information directly from you. However, it may be necessary for us to collect personal information about you from other sources for the purposes of verifying your identity or otherwise conducting checks for the purpose of compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ("AML/CTF Act") and various taxation legislation. If the Manager does not collect personal information from you, or if you provide incomplete or inaccurate information, then your application may not be processed or Smallco may not be able to otherwise provide you with requested services or information.

The Manager will not give anyone any information it has about an investor unless:

- the law requires it to (including under anti-money laundering and counter-terrorism financing legislation);
- the information is needed to provide your personal information confidentially to external service providers including custodians, auditors, taxation and legal advisers and information technology consultants;
- it considers that the investor's adviser needs the information; or
- it needs the information to send promotional material to the investor. Investors who do not wish to receive promotional material can notify Smallco.

If you think the Manager's records are wrong or out of date, particularly your address, e-mail address or adviser details, it is important that you contact the Manager, and we will correct them.

Individuals who wish to access the personal information the Manager holds about them should contact the Manager on 02 8256 1000.

The Manager has a Privacy Policy which can be obtained by contacting the Manager.

19. About this PDS

Paper copies of this PDS (with attached application form) and the TMD are available free on request from Smallco. Alternatively, the operator of your master trust or wrap account service will be able to provide you with paper copies free of charge. Electronic copies can be obtained from the Smallco web site www.smallco.com.au. Any person receiving this PDS electronically should note that applications can only be accepted if Smallco receives a completed, current application form which accompanied the electronic or paper copy of this PDS.

This PDS is dated 29 February 2024 and has been prepared by Smallco. This PDS has not been lodged with ASIC and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

Smallco may make available updated information relating to this PDS. Investors may access this information at www.smallco.com.au, or alternatively may request a paper copy of this information free of charge from their financial adviser or by contacting Smallco. The information that Smallco will make available by way of these updates is subject to change from time to time and will not be information that is materially adverse to investors.

This PDS is not an offer or invitation in relation to units in the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation.

It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Smallco, or any associate of Smallco or any other person concerning an investment in the Fund. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in the Fund and should seek independent financial, legal and taxation advice before making a decision to invest. No person is authorised by Smallco to give any information or to make any representation not contained in this PDS. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of Smallco. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of the Fund.

20. Anti-money laundering

Smallco is bound by laws about the prevention of money laundering and the financing of terrorism, including the AML/CTF Act and to this end has an Anti-Money Laundering and Counter-Terrorism Policy. By subscribing to invest in the Fund, you warrant that:

- You are not aware and have no reason to suspect that the monies used to fund your investment have been derived from or are related to any money laundering, terrorism financing or similar activities that would be illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement. You also warrant that any proceeds from your investment in the Fund will not be used to finance any illegal activities.
- The information and documentation you provide to the Manager is true, correct and valid (it is a criminal offence under the AML/CTF Act to provide the Manager with false or misleading information or documentation).
- You will provide us with all additional information and assistance that may be requested in order to comply with our obligations under AML/CTF Act now and in the future. Please refer to the required documentation below in section 23 'Required documentation under AML/CTF Act'.

By subscribing to invest in the Fund, you also acknowledge that Smallco:

- Will not accept or process your application until all of the required documentation under AML/CTF Act has been received and it is satisfied that all client identification procedures that it considers necessary to satisfy its obligations under those laws have been completed.
- Reserves the right not to accept an application with or without reason and that any money not accepted will be returned to you without interest.
- May delay or refuse any request or transaction in the future including suspending the issue or redemption of units in the Fund if Smallco is concerned that it might breach its obligations, or cause it to commit an offence, under the AML/CTF Act, and that it will incur no liability to you for any resulting loss if it does so.
- May be required to disclose information that you have provided to Smallco or information about your transaction history with the Australian Transaction Reports and Analysis Centre or other government bodies and may be prohibited from informing you of such disclosure.
- Will take any further action it considers necessary in order to comply with our AML/CTF Act obligations with regards to your application for investment in the Fund.

If you are unsure of anything or have questions regarding the AML/CTF Act requirements, please contact us on (02) 8256 1000.

21. No offer to foreign investors

The PDS is not an offer or invitation in relation to units in the Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of the PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions.

The offer of units in the Fund is generally not available to foreign investors (except in very limited circumstances and only in respect of certain jurisdictions which Smallco determines in its absolute discretion).

For this purpose, foreign investors include:

- a non-Australian citizen, resident or tax resident
- a partnership domiciled outside of Australia
- a corporation incorporated or domiciled outside of Australia; or controlled or owned by a foreign individual or entity
- a trust of which any trustee or beneficiary is non-Australian
- an estate of which any executor or administrator is non-Australian.



Contact Details

Phone: (02) 8256 1000 or 1300 888 583
Fax: (02) 8256 1010
Mailing Address: Smallco Investment Manager Limited
GPO Box 4564
SYDNEY NSW 2001
Email: smallco@smallco.com.au
Web Address: www.smallco.com.au