

# Bennelong Market Neutral Fund

## Product Disclosure Statement

23 October 2023



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# Disclaimers and important notices

This Product Disclosure Statement ('PDS'), dated 23 October 2023, relates to the offer to subscribe for Units in the Bennelong Market Neutral Fund ARSN 607 859 058 ('the Fund') and is issued by Bennelong Funds Management Ltd ('BFM') (Australian Financial Services Licence No. 296806), the Responsible Entity of the Fund. The Fund is a registered managed investment scheme under the Corporations Act.

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment in the Units described, and is not to be reproduced or distributed to any other person (other than professional advisers of prospective investors).

References in this PDS to 'we', 'us', 'our', 'the Responsible Entity' and 'BFM' are to Bennelong Funds Management Ltd, the Responsible Entity of the Fund. References to 'you' or 'your' are to investors (and, when the context requires, prospective investors) in the Fund.

In addition to those investing directly into the Fund, the Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors of a master trust, wrap account or an investor directed portfolio service or investor directed portfolio-like service (each, an 'IDPS'). Indirect investors investing through an IDPS may rely on the information contained in this PDS in instructing IDPS operators to invest in the Fund on their behalf. The Responsible Entity, however, accepts no responsibility where the IDPS operator does not provide indirect investors investing through an IDPS with a current version of this PDS or any supplementary or replacement PDS. Indirect investors investing through an IDPS do not acquire the rights of a Unitholder in the Fund. The rights of indirect investors are set out in the IDPS Guide or other offer document for the relevant IDPS.

No person is authorised to give any information or to make any representation in connection with the investment opportunities described in this PDS, which is not contained in this PDS. Any information or representation in connection with this investment not so contained may not be relied upon as having been authorised by the Responsible Entity.

This PDS is prepared for your general information only. You should consider it in deciding whether to apply for Units in the Fund. It is not intended to be a recommendation by the Responsible Entity or Bennelong Long Short Equity Management Pty Ltd ('the Investment Manager' or 'BLSEM'), any associate of the Responsible Entity or the Investment Manager or any other person to invest in the Fund. This PDS has been prepared without taking into account the investment objectives, financial situation or needs of any particular investor.

As such, before acting on the information in this PDS, prospective investors should consider the appropriateness of the information in this PDS having regard to their own objectives, financial situation and needs. Prospective investors should rely upon their own enquiries and analysis as to the merits and risks in relation to the offer and in deciding whether to invest in the Fund. The Responsible Entity and the Investment Manager strongly recommend that potential investors read and consider this PDS in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the material contained in this PDS before making any decision whether to acquire Units in the Fund.

The Responsible Entity reserves the right to evaluate any applications for Units and to reject any or all applications submitted by investors, without giving reasons for rejection. The Responsible Entity is not liable to compensate any recipient of this PDS or any intending investor for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund, in making an application for Units or otherwise.

Neither BFM nor BLSEM or any of their related bodies corporate, associates, officers or affiliates guarantees the performance of the Fund or the repayment of capital from the Fund.

The Investment Manager, with the consent of the Responsible Entity, may from time to time vary the investment strategy and process of the Fund to achieve the Fund's objectives, subject to appropriate risk management controls and guidelines. See section 4 for further information about the risks involved in making an investment in the Fund.

Unless otherwise stated, all amounts are in Australian dollars, and all fees are quoted on a Goods and Services Tax ('GST') exclusive basis net of Reduced Input Tax Credits ('RITCs') available to the Fund.

This PDS should be read in conjunction with the Constitution of the Fund, which is available from BFM Client Experience (details below). This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. No action has been taken to register or qualify the Fund or otherwise to permit a public offering of the Units in any jurisdiction outside Australia. Accordingly, the distribution of this PDS in jurisdictions outside Australia is limited and may be restricted by law. Persons wishing to invest who are not in Australia should familiarise themselves with and observe any such restrictions when deciding whether or not to invest in the Fund.

This offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

General information in this PDS is subject to change. Certain updated information that is not materially adverse may be obtained by contacting BFM Client Experience. A paper copy of any updated information will be provided, free of charge, upon request.

## Contact details:

 Client Experience  
Bennelong Funds Management Ltd  
Bennelong House  
9 Queen Street  
Melbourne Vic 3000

 1800 895 388

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

# 1. The Fund at a glance

## Fund features

Feature	Summary	Reference
Name	Bennelong Market Neutral Fund ARSN 607 859 058	
Responsible Entity/ Issuer	Bennelong Funds Management Ltd ABN 39 111 214 085	Section 3
Investment manager	Bennelong Long Short Equity Management Pty Ltd ABN 63 118 724 173	Section 3
Prime broker	UBS AG, Australia Branch ABN 47 088 129 613 ('UBS AG' or 'Prime Broker')	Section 3
Custodian	UBS Nominees Pty Ltd ABN 32 001 450 522 ('UBS Nominees' or 'Custodian')	Section 3
Administrator	Apex Fund Services (Sydney) Pty Limited ABN 32 131 370 931 ('Apex' or 'Administrator')	Section 3
Investment objective	The Fund aims to achieve consistent absolute returns regardless of market conditions from a portfolio of both long and short large capitalisation Australian shares. The investment strategy seeks to limit the portfolio exposure to market risk in the construction of the portfolio by adopting a predominantly cash neutral position. This is done by constructing a long/short portfolio via a series of correlated long and short paired positions. The Fund aims to generate excess returns by 'bottom up' fundamental company research.	Section 2
Investment guidelines/ Policy	The Fund's investment guidelines include a framework of portfolio construction rules, exposure limits and risk management procedures.	Section 2
Style	Equity market neutral	Section 2
Gearing	A maximum of five times the Net Asset Value or the maximum permitted under the Fund's Prime Brokerage Agreement (whichever is lower). All Gearing is arranged under the Fund's Prime Brokerage Agreement.	Section 2
Volatility/Risk level/ Investment risks	The Fund employs leverage and short selling of securities. As a consequence, the Fund should be regarded as high risk with high volatility.  Key investment risks associated with the Fund include: <ul style="list-style-type: none"> <li>• general investment risks such as market risk and investment strategy risk; and</li> <li>• specific investment risks including currency risk, short selling risk, interest rate risk, derivative instrument risks, leverage and borrowing risk, unit liquidity risk, default risk, compensation fee structure risk and regulatory risk.</li> </ul>	Section 4
Risks	Relevant risks associated with a fund of this nature are outlined in Section 4.	Section 4
Eligible investors	Wholesale Clients and Retail Clients as defined by the Corporations Act.	
Minimum suggested investment timeframe	Medium to longer term (five years plus). A six month minimum holding rule applies.	Sections 2 and 6



Feature	Summary	Reference
Investment amounts	<p>Initial investment minimum: \$25,000</p> <p>Withdrawal minimum: \$25,000</p> <p>Minimum additional investment: \$25,000</p> <p>Minimum balance: \$20,000</p> <p>Minimum investment holding, withdrawal and additional investment amounts are subject to change at the Responsible Entity's absolute discretion.</p> <p>The Responsible Entity may, at its discretion, allow individual investors to invest less than the minimum investment or additional investment amount or reduce or waive the minimum redemption amount.</p>	Section 6
Fees and expense recoveries	<p>The Responsible Entity is entitled to receive a Management Fee of 1.50% per annum (plus applicable GST net of RITC) of Net Asset Value calculated and paid monthly.</p> <p>In addition, the Responsible Entity is entitled to a Performance Fee of 20% (plus applicable GST net of RITC) of the increase in the Net Asset Value per Unit after all fees and expenses have been accrued, subject to a High Water Mark. The Performance Fee is accrued monthly and paid annually.</p> <p>Fund expenses are recoverable from the Fund.</p>	Section 7
Application and redemption cut-off times	<p>Applications need to be received by 4.00 p.m. (Melbourne time) on the relevant Valuation Day (the last Business Day of each calendar month) to receive the application price applicable for that Valuation Day.</p> <p>Redemption requests need to be received a minimum of 28 days prior to the relevant Valuation Day to receive the withdrawal price applicable for that Valuation Day. A six month minimum holding rule applies.</p>	Section 6
Income distribution	<p>Income distributions are paid annually as at 30 June and are paid into your nominated Australian bank account or reinvested back into the Fund.</p>	Section 6
Valuation	<p>The investments of the Fund are generally valued as at the close of business on the last Business Day of each calendar month and the Net Asset Value is established as per the Constitution.</p>	Section 6

## Disclosure benchmarks and disclosure principles

Benchmark	Requirement	Summary	Reference
Benchmark 1: Valuation of assets	The Responsible Entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded, to be provided by an independent administrator or independent valuation service provider.	<p>The Fund meets this benchmark.</p> <p>The valuations of the Fund assets are provided by the Administrator, Apex, which is unrelated to both the Responsible Entity and the Investment Manager. The investments of the Fund will either be valued at the market value, a value determined from an independent source, or by the Administrator in consultation with the Responsible Entity and Investment Manager and in accordance with industry standards.</p> <p>The Responsible Entity's policy is that it will only appoint independent fund administrators.</p>	Section 3
Benchmark 2: Periodic reporting	The Responsible Entity has and implements a policy to provide periodic disclosure of certain key information on an annual and monthly basis.	<p>The Fund doesn't meet this benchmark as the disclosure is not available online.</p> <p>The Responsible Entity will provide monthly and annual reports of the Fund on request.</p>	Section 6 Reports and Statements

## Disclosure principles

Benchmark	Requirement	Reference
Disclosure Principle 1: Investment strategy	The Fund aims to achieve consistent absolute returns regardless of market conditions from a portfolio of both long and short large capitalisation Australian shares. The investment strategy seeks to limit the portfolio exposure to market risk in the construction of the portfolio by adopting a predominantly cash neutral position. This is done by constructing a long/short portfolio via a series of correlated long and short paired positions. The Fund aims to generate excess returns by 'bottom up' fundamental company research.	Section 2
	The Responsible Entity may, at its discretion, alter its investment strategy. The Responsible Entity may change the Fund's investment objectives with the consent of the Investment Manager. Whilst there is no intention to change the Investment Strategy, you will be provided with written notice of any such changes.	Section 2
	In order to achieve the risk/return objectives of the Fund, a diverse portfolio of long and short equity positions is constructed. The Portfolio will typically hold between 50-70 listed equity positions with 25-35 pair trades. The average portfolio weightings are based on BLSEM's level of conviction in the trade and the pricing at implementation.	
	All assets are held in Australian dollars. All assets are held in Australia.	
	The Fund is leveraged and uses Short Positions as a part of its investment strategy. It may also use various exchange traded Derivative instruments including futures, swaps, options, forward contracts and other Derivatives approved by the Responsible Entity, which may be volatile and speculative.	Section 1 Disclosure Principle 6-8
	The strategy will produce investment returns dependent on the investment selection skills of the investment team. The success of the Fund's investment strategy will depend on market conditions and may be influenced by specific risk factors.	
	Diversification guidelines or limits are set out in section 2.	Section 2
	Specific risks associated with the Fund's investment strategy and the key aspects of the Fund's risk management strategy are set out in section 4.	Section 4

Benchmark	Requirement	Reference
Disclosure Principle 2: Investment Manager	<p>BLSEM is the investment manager of the Fund.</p> <p>There have been no relevant significant adverse regulatory findings against the Investment Manager.</p> <p>Sam Shepherd is primarily responsible for the investment decisions of the Fund. Sam is adequately qualified and experienced in the management of the Fund and will dedicate his time to the implementation of the Fund's investment strategy. There have been no relevant significant adverse regulatory findings against him.</p> <p>The investment management agreement between BLSEM and BFM ('Investment Management Agreement') does not contain any unusual or materially onerous (from an investor's perspective) terms. The Investment Management Agreement contains standard conditions for asset management and termination. For more information, see section 3.</p>	<p>Section 3</p> <p>Section 3</p>
Disclosure Principle 3: Fund structure	<p>The Fund is structured as a registered managed investment scheme and a unit trust with BFM as the responsible entity of the Fund.</p> <p>The key service providers involved in the operation of the Fund are named in 'The Fund at a glance' table in Section 1. For information on each service provider's role and scope of services, refer to section 3.</p> <p>The Responsible Entity seeks to ensure compliance of service providers with its obligations under the relevant service agreements and applicable laws by requiring quarterly assurance certifications and/or by conducting an annual on-site visit.</p> <p>All key service providers are based in Australia. All assets are held in Australia.</p> <p>BFM and BFM's parent company Bennelong Funds Management Group Pty Ltd ('BFMG') are minority shareholders in BLSEM; however, all transactions related to the operations of the Fund are conducted on an arm's length basis. A diagram showing the flow of investment money through the structure is included in Section 3.</p> <p>There are risks associated with the Fund structure. Specifically, we note that there are risks of holding assets through third party service providers such as the Prime Broker and Custodian.</p>	<p>Section 2</p> <p>Section 1 and 3</p> <p>Section 4 Default Risk</p>
Disclosure Principle 4: Valuation, location and custody of assets	<p>The investments of the Fund are generally valued monthly by the Administrator and the Net Asset Value is established as per the Constitution of the Fund. The investments of the Fund will either be valued at the market value, a value determined from an independent source, or by the Administrator in consultation with the Responsible Entity and Investment Manager and in accordance with industry standards.</p> <p>Generally, the Fund's investment universe is restricted to large capitalisation ASX listed securities. The Fund will not invest in unlisted securities (unless they are pending listing). The Fund may invest in securities listed on other exchanges where such securities relate to ASX listed securities. There is no allocation range for each asset type. However, for information on allocation guidelines, see section 2, sub heading 'Investment Guidelines and Policy' and 'Investment Strategy and Portfolio Formation'.</p> <p>The Fund's policy is that all assets will be held in Australia and are located in Australia.</p> <p>The Responsible Entity has appointed UBS AG, Australia Branch as the Prime Broker of the Fund and UBS Nominees Pty Ltd as Custodian for the Fund. The services of UBS AG, Australia Branch as prime broker to the Fund include the clearing and settlement of transactions, cash loans, borrowing and lending of securities and other services as agreed between the parties.</p>	<p>Section 3</p> <p>Section 2</p> <p>Section 3, sub-heading 'Prime Broker and Custodian'</p>
Disclosure Principle 5: Liquidity	<p>The Responsible Entity reasonably expects that it will be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within ten (10) days.</p>	<p>Section 2, sub-heading 'Liquidity'</p>

Benchmark	Requirement	Reference
Disclosure Principle 6: Leverage	<p>The Fund will utilise leverage to finance the purchase of investments. Leverage is obtained by borrowing shares to sell on the market (known as short selling). There is no leverage embedded in other assets of the Fund (other than leverage embedded in holdings of listed securities). The Prime Broker is the only counter-party to any leveraged transactions (for example Short Positions or Derivatives).</p> <p>The Fund has a maximum leverage limit of five times Net Asset Value or the maximum permitted under the Prime Brokerage Agreement (whichever is lower). The Fund is usually invested towards the upper limit under normal market conditions. An example of the impact of leverage on gains and losses can be found in 'Leverage' Section 2.</p> <p>The Fund will typically hold 50-70 stocks. Normalised net exposure is in the range of +/- 2% of the gross portfolio value (total long and short exposure).</p> <p>The Custodian has an Encumbered Portfolio Account with a related main cash account and an Unencumbered Portfolio Account with a related cash sub-account. Unless expressly agreed with the Custodian in writing, assets will be held in the Encumbered Portfolio Account, transactions will be settled to and from the Encumbered Portfolio Account, and the amount in the cash sub-account will be minimised. Under the terms of the prime brokerage customer documents, the Fund may seek to borrow securities from the Prime Broker with a borrowing request. The assets of the Fund held by the Custodian in the Encumbered Portfolio Account will be subject to a security interest to secure the Fund's obligations to UBS and its related entities.</p>	<p>Section 2</p> <p>Section 3</p>
Disclosure Principle 7: Derivatives	<p>Exchange traded Derivatives may be used for the purpose of hedging physical positions where required. Over the counter Derivatives will not be used. Exchange traded Derivatives can be used to hedge overall market risk at the portfolio level or to manage individual stock risk. The types of exchange traded Derivatives that may be used by the Fund include futures, options, swaps, forward contracts and other Derivatives approved by the Responsible Entity, which may be volatile and speculative. When the position is opened, the total value of Derivatives, and the total liability that may arise from the holding of Derivatives, will not exceed 10% of the value of the assets net of liabilities other than liabilities to members as members of the Fund. For key risks to the Fund associated with the Collateral requirements of the Derivative counterparties, please see section 4.</p> <p>The only Derivative counterparty used is UBS AG who is the Fund's prime broker. Counterparties must be an Australian bank or a financial institution approved by the Investment Manager. New counterparties are only approved where they meet the portfolio's specified credit rating requirements and internal credit rating requirements. Exposure limits to each counterparty are based on the stricter of either the portfolio's specified credit rating requirements or internal credit rating requirements, and as such, exposure limits will vary depending on the type of Derivative.</p>	<p>Sections 2 and 4</p> <p>Section 3, sub-heading 'Prime Broker/Custodian'</p>
Disclosure Principle 8: Short selling	<p>Short selling is undertaken by the Fund as part of the investment strategy to benefit from falling securities prices. The Fund engages in short selling by borrowing securities from the Prime Broker and providing Collateral to the Prime Broker. The risks associated with short selling are explained in section 4.</p> <p>Short selling risk is managed by the Investment Manager through position size and by the use of an external prime broker (UBS AG).</p>	<p>Section 3, sub-heading 'Prime Broker/Custodian'</p> <p>Section 4, sub-heading 'Short Selling Risk'</p>
Disclosure Principle 9: Withdrawals	<p>A six month minimum holding period applies to all investments in the Fund.</p> <p>All withdrawals are at the absolute discretion of the Responsible Entity.</p> <p>However, the Responsible Entity expects that the Fund will process withdrawals on a monthly basis. Monthly withdrawal requests are required to be received by the Administrator by 4:00 pm Melbourne time on a Business Day falling at least 28 days prior to the Valuation Day.</p> <p>In some circumstances, such as when the Fund is illiquid, investors will not be able to withdraw from the Fund. If the withdrawal requirements are altered you will be notified in writing.</p>	Section 6



## 2. The Bennelong Market Neutral Fund

### Fund's investment objective

The investment objective is to achieve consistent absolute returns regardless of market conditions from a portfolio of both long and short large capitalisation Australian shares. The investment strategy seeks to limit the portfolio exposure to market risk in the construction of the portfolio by adopting a predominantly cash neutral position through the construction of a long/short portfolio via a series of correlated long and short paired positions. Excess returns are generated by bottom up fundamental company research.

### Time horizon

The Fund is managed with the intention of generating returns over the medium to longer term (five years plus).

A six month minimum holding period applies to any investment in the Fund.

### Fund suitability

The Fund is suitable for investors who are seeking appreciation in unit prices from a portfolio of Australian investments and have a high tolerance to risk.

### Performance

Performance of the Fund can be volatile over the short term and in some periods may be negative.

Regular performance updates and ongoing performance can be requested via the BFM website.

### Investment guidelines and policy

In order to achieve the risk/return objectives of the Fund, the Investment Manager employs a variety of strategies in a portfolio of mainly Australian listed companies, predominantly via a series of correlated long and short positions (pairs).

The main investment guidelines of the Fund are as follows.

#### Stock universe

Generally, the companies comprising the portfolio will be selected primarily from the S&P/ASX 100 Index and other large capitalisation ASX listed securities. The Fund will not invest in unlisted securities (unless they are pending listing). The Fund may invest in securities listed on other exchanges where such securities relate to ASX listed securities. Such positions may not constitute in excess of 10% of the total portfolio value.

#### Stock exposure limits

The Fund will not invest more than 10% of its Net Asset Value at the time of purchase in the securities of any one issuer.

The Fund will not hold more than 5% of the capital of any one issuer.

### Risk management

- Correlated (long/short) Pairs must comprise a minimum of 60% of the gross portfolio.
- The portfolio Beta is targeted to be approximately 1.0 (or less) on a gross basis and zero on a net basis.
- The standard deviation of returns is analysed and managed daily to ensure the Fund meets the Investment Manager's Volatility tolerances.

### Leverage

- A maximum of five times Net Asset Value or the maximum permitted under the Prime Brokerage Agreement (whichever is lower). This means that compared with an unleveraged fund, assuming that the Fund reaches its maximum gross exposure of 5x Net Asset Value, then a:
  - 1% increase in the return on assets will result in a 5% return to investors; and
  - 1% decrease in the return on assets of the Fund will result in a 5% decrease in returns to investors.

Please note that the above examples have been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only.

The only short selling counter-party used is the Prime Broker. There is no leverage embedded in the other assets of the Fund (other than leverage embedded in holdings of listed securities).

### Derivatives

The Investment Manager may hold exchange traded Derivatives (including futures, swaps, options and forward contracts) if consistent with the above guidelines. There must be sufficient assets in the Fund to support the underlying liability of the Responsible Entity under every Derivative contract.

### Investment strategy and portfolio formation

The core investment strategy of the Fund is that it seeks to limit market risk in the construction of the Portfolio by adopting a predominantly cash neutral position through the construction of a long/short portfolio via a series of correlated long and short paired positions.

The strategy seeks to capture stock Alpha whilst limiting portfolio exposure to market risk by adopting a predominantly cash neutral portfolio position.

Stock selection is based on fundamental analysis to derive a view of a pair of individual stocks. The Investment Manager is style neutral in determining the stock's positioning.

This primary 'pairs' strategy may be enhanced by other complementary strategies, including event driven, security and takeover arbitrage, thematic and momentum trading.

The paired stock positions comprise long and short correlated securities that are in most cases simultaneously opened. A portfolio of approximately 50-70 stocks will be selected and actively managed in 25-35 pairs to comprise the core minimum (60%) of the Fund portfolio.

Up to a maximum of 40% of the portfolio's Gross Asset Value may be invested in uncorrelated securities and/or uncovered (long and/or short) positions. These 'satellite' positions are intended to enhance returns and balance overall portfolio risk. In this regard, the Investment Manager recognises that it is not always possible to achieve a suitable paired profile within the S&P/ASX 100, and that a high conviction long or short stock idea might not always have a suitable pair.

Portfolio construction is structured to achieve a predominantly cash neutral portfolio position to limit the portfolio exposure to market related risk. The portfolio Beta is targeted over time to be at or less than 1.0 on a gross basis and zero on a net basis. This is primarily achieved through the cash balancing of long and short correlated positions within the same or similar industry groupings.

The Investment Manager, with the consent of the Responsible Entity, may from time to time vary the investment strategy and process of the Fund to achieve the Fund's objectives, subject to appropriate risk management controls and guidelines.

### Liquidity

The Fund's stock universe is primarily restricted to large capitalisation securities (i.e. the S&P/ASX 100 Index).

The index comprises highly liquid companies.

The Responsible Entity reasonably expects that it will be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the Fund's Net Asset Value, within 10 days.

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

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

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

### How the Fund works

The Fund is a registered managed investment scheme. Investors' funds are pooled and managed in accordance with a set objective and strategy. When you invest in the Fund, you acquire Units. Each Unit entitles the Unitholder (i.e. investor) to a proportionate beneficial interest in the Fund's portfolio of assets but not to any particular asset of the Fund.

The potential for financial gain is made through investors receiving distributions, and any increase in capital value of their Units (if the Unit price is higher than the price at which the investor purchased them).

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

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

Most managed investment schemes are structured so that you buy Units in the Fund. The number of Units in the Fund you will receive is dependent on the amount of money invested and the Unit price at the date of application.

The value of your investment is calculated by multiplying the number of Units you hold in the Fund by the applicable Unit price for the Fund at that time (see section 6, under the sub-heading 'Unit Prices').

### 3. Issuer, Responsible Entity, Investment Manager, Administrator, Prime Broker and Custodian

#### The Issuer

BFM is the issuer of this PDS and the issuer of Units in the Fund. BFM holds an Australian Financial Services Licence which authorises it to offer and issue interests in managed investment schemes to Retail and Wholesale Clients and operate registered managed investment schemes for Retail and Wholesale Clients.

#### Responsible Entity

BFM is the Responsible Entity of the Fund. As Responsible Entity of the Fund, BFM is responsible for ensuring that the Fund is operated in accordance with the Constitution and the Corporations Act.

The Responsible Entity has appointed a number of service providers to provide services in relation to the Fund. The Responsible Entity is ultimately responsible for monitoring the performance of services provided by these service providers.

BFM is a wholly owned subsidiary of BFMG. BFMG provides operational support to its fully owned subsidiary BFM.



#### The Investment Manager

BLSEM is the Investment Manager for the Fund and is a corporate authorised representative of BFM (AFS Representative Number 000303432). BLSEM is responsible for making investment and divestment decisions in relation to the Fund and implementing the Fund's investment strategy.

The BLSEM business commenced in 2002 and is led by Sam Shepherd. BLSEM's current and former staff own a combined 63% of the business and the remaining 37% is owned by BFM (17%) and BFMG (20%).

BFMG provides services to BLSEM including distribution, marketing and administrative support under a services agreement ('Services Agreement'). BLSEM pays BFMG for the services it provides under the Services Agreement.

All transactions between BFMG, BFM and BLSEM are on an arm's length basis.

Sam Shepherd joined the BLSEM team in May 2012, bringing with him 21 years of Australian equities experience.

Most recently, he was Head of the Melbourne Institutional Equities desk for Credit Suisse Equities. In this role, he was responsible for research sales, account management and execution. Prior to Credit Suisse Equities, Sam was a sales trader and research salesman at JP Morgan Australia. His first seven years in the industry were spent at Norwich Investment Management, where he worked as a dealer, analyst and portfolio manager.

Sam holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance and Investment.

Sam and the team at BLSEM devote their time to the implementation of the Fund's investment strategy and the promotion of the Fund.

There have been no relevant significant adverse regulatory findings against the Investment Manager or any other BLSEM staff.



#### Investment Management Agreement

The Responsible Entity and BLSEM have entered into an Investment Management Agreement covering the investment management services under which BLSEM agrees to act as Investment Manager. Among other things, BLSEM is entitled to a fee (including Performance Fees) payable by the Responsible Entity, and is generally entitled to be indemnified by the Responsible Entity in respect of liabilities and costs reasonably incurred by the Investment Manager acting under the Investment Management Agreement, except to the extent it has breached the Investment Management Agreement, or acted with fraud, dishonesty or negligence in connection with the relevant liability or cost.

The Investment Manager must indemnify the Responsibility Entity against any losses or liabilities incurred by the Responsible Entity in connection with any breach of contract, negligence, fraud or dishonesty of the Investment Manager or its agents.

BFM is able to terminate the Investment Manager's appointment, including but not limited to:

- by BFM giving not less than 30 days' written notice of termination to the Investment Manager; or
- by written notice to the Investment Manager if:
  - the Investment Manager has acted fraudulently, has engaged in wilful misconduct, acted dishonestly or in a grossly negligent manner;
  - the Investment Manager enters into receivership, administration or liquidation;
  - the Investment Manager ceases to conduct business in relation to its activities as investment manager;
  - the Investment Manager sells the main business;
  - the Investment Manager is in breach of the Investment Management Agreement, or fails to observe or perform any representations, warranties or undertaking given by the Investment Manager under the Investment Management Agreement;
  - the Investment Manager ceases to be a member of a group named under the Investment Management Agreement;
  - the law requires the Investment Management Agreement to terminate; or

- the Investment Manager breaches security procedures required by the Custodian which exposes the Fund to risk of a loss that is more than minor, and that breach has not been remedied before the Responsible Entity becomes aware of the breach unless the Responsible Entity decides to waive the breach and informs the Investment Manager in writing.

Termination in these circumstances is without payment of any penalty.

## The Administrator

The Responsible Entity has appointed Apex as the administrator of the Fund. Apex is an independently owned fund administration business providing fund managers with an integrated service solution.

The Responsible Entity has entered into an agreement with Apex ('Administration Agreement'). Under the Administration Agreement, Apex will perform certain administrative, accounting and Unit registry services and is responsible, under the ultimate supervision of the Responsible Entity, for matters pertaining to the administration of the Fund, namely:

- (i) calculating the Net Asset Value;
- (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the Administrator on behalf of the Fund; and
- (iii) providing Unit registry services in connection with the issuance, transfer and withdrawal of Units in the Fund as well as maintaining the Unit registry, and other services as agreed by the parties.

The Administrator is responsible for the valuation of the Fund's assets. Generally, the value of securities will be determined at their market price or from another independent source. Where the price of the security is not available from an independent source or the security is not traded on a properly regulated exchange, the Administrator will, acting in good faith, and in consultation with BFM and BLSEM, determine the value of the security based on acceptable industry standards.

Under the Administration Agreement, for the purpose of calculating the Net Asset Value of the Fund and the Units, the Administrator will rely on, and shall not be responsible for the accuracy of, financial data furnished to it by the Investment Manager, the Custodian and/or any independent third party pricing services. The Administrator will not be responsible or liable for the accuracy of information furnished by other persons in performing its services for the Fund. The Administrator in no way acts as guarantor or offerer of the Units in the Fund or any underlying investment, nor is it responsible for the actions of the Fund's sales agents, the Custodian, any other brokers, the Investment Manager or the Responsible Entity.

Under the Administration Agreement:

- the Fund has agreed to indemnify and keep indemnified the Administrator, its affiliates, directors and other officers, shareholders, employees, agents and permitted delegates and sub-delegates under the Administration Agreement (together 'Indemnified Parties') from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Administrator or any other Indemnified Party however arising (other than by reason of gross negligence, fraud or wilful misconduct by the Administrator) in connection with the provision of services under the Administration Agreement; and

- in the absence of gross negligence, fraud or wilful misconduct in the provision of the services under the Administration Agreement, or a material breach of the Administration Agreement by the Administrator, neither the Administrator nor any other Indemnified Party shall be liable to the Fund, the Investment Manager or any Unitholder of the Fund on account of anything done, omitted or suffered by the Administrator or any other Indemnified Party in good faith in the provision of the services pursuant to the Administration Agreement.

The Administrator is not responsible for any trading decisions of the Fund (all of which will be made by the Investment Manager).

The Administrator will not provide any investment advisory or management service to the Fund and therefore will not be in any way responsible for the Fund's performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

The Administration Agreement is for an indefinite term; however, the Administration Agreement may be terminated by the Administrator or by the Responsible Entity upon ninety (90) days' written notice (or such shorter notice the parties may agree to accept), or immediately in certain other circumstances specified therein.

The Responsible Entity may replace Apex as the Administrator of the Fund in the future without prior notice to investors.

## The Prime Broker/Custodian

### UBS AG, Australia Branch

The Responsible Entity has appointed UBS AG, Australia Branch (ABN 47 088 129 613 and AFSL number 231087) to be the Prime Broker and UBS Nominees Pty Ltd (ABN 32 001 450 522 and AFSL number 231088) as Custodian for the Fund (together, UBS). The appointments were made pursuant to the prime brokerage customer documents (the 'Customer Documents') entered into between the Fund and the Prime Broker and the Custodian.

The services of UBS AG, Australia Branch as prime broker to the Fund include the clearing and settlement of transactions, cash loans, borrowing and lending of securities and other services as agreed between the parties. UBS AG, Australia Branch may also provide a cash account which is a ledger for recording the Fund's cash balances under the Customer Documents. UBS Nominees Pty Ltd as Custodian to the Fund will provide custody services for some or all of the Fund's investments.

The Custodian may appoint sub-custodians, agents or nominees (including a related entity of the Custodian) to perform the services of the Custodian under the Customer Documents. The Custodian will open an Encumbered Portfolio Account with a related main cash account and an Unencumbered Portfolio Account with a related cash sub-account. Unless expressly agreed with the Custodian in writing, assets will be held in the Encumbered Portfolio Account, transactions will be settled to and from the Encumbered Portfolio Account, and the amount in the cash sub-account will be minimised. The assets of the Fund held by the Custodian in the Encumbered Portfolio Account will be subject to a security interest to secure the Fund's obligations to UBS and its related entities. The calculation of margin under the Customer Documents will not include the value of any assets held in the Unencumbered Portfolio Account.

Subject to limitations, the Prime Broker may request that the Custodian pay or deliver assets to the Prime Broker. The Prime Broker is entitled to borrow, lend, charge, rehypothecate, dispose of or otherwise use such assets for its own purposes, subject to an obligation to return equivalent assets.

In the event of the insolvency of the Prime Broker or the Custodian, the Fund will rank as an unsecured creditor to the value of those assets, and may not be able to recover the equivalent assets in full.

Under the terms of the Customer Documents, the Fund may seek to borrow securities from the Prime Broker with a borrowing request. If the Prime Broker accepts the Fund's borrowing request, the Prime Broker will deliver the securities borrowed to the Fund or as the Fund directs.

The Fund will have an obligation to redeliver the securities borrowed or equivalent securities on an agreed date, or otherwise the Prime Broker may call for the redelivery at any time by giving notice on the terms of the Customer Documents. Under the Customer Documents, the Prime Broker is not responsible for and is not liable for any loss on settlement of a transaction, any acts or omission of the executing broker, noncompliance with any regulatory requirements to report transactions, refusing to settle a transaction or failing to notify the Fund of its failure to settle a transaction, amongst other things (except to the extent that any loss arises directly as a result of the gross negligence, wilful default or fraud of UBS).

To the extent permitted by law, neither the Prime Broker, the Custodian nor any related entity will be liable for any loss suffered by the Fund under or in connection with the Customer Documents unless such loss results directly from the gross negligence, wilful default or fraud of the Prime Broker, Custodian or related entity as set out in the terms of the Customer Documents.

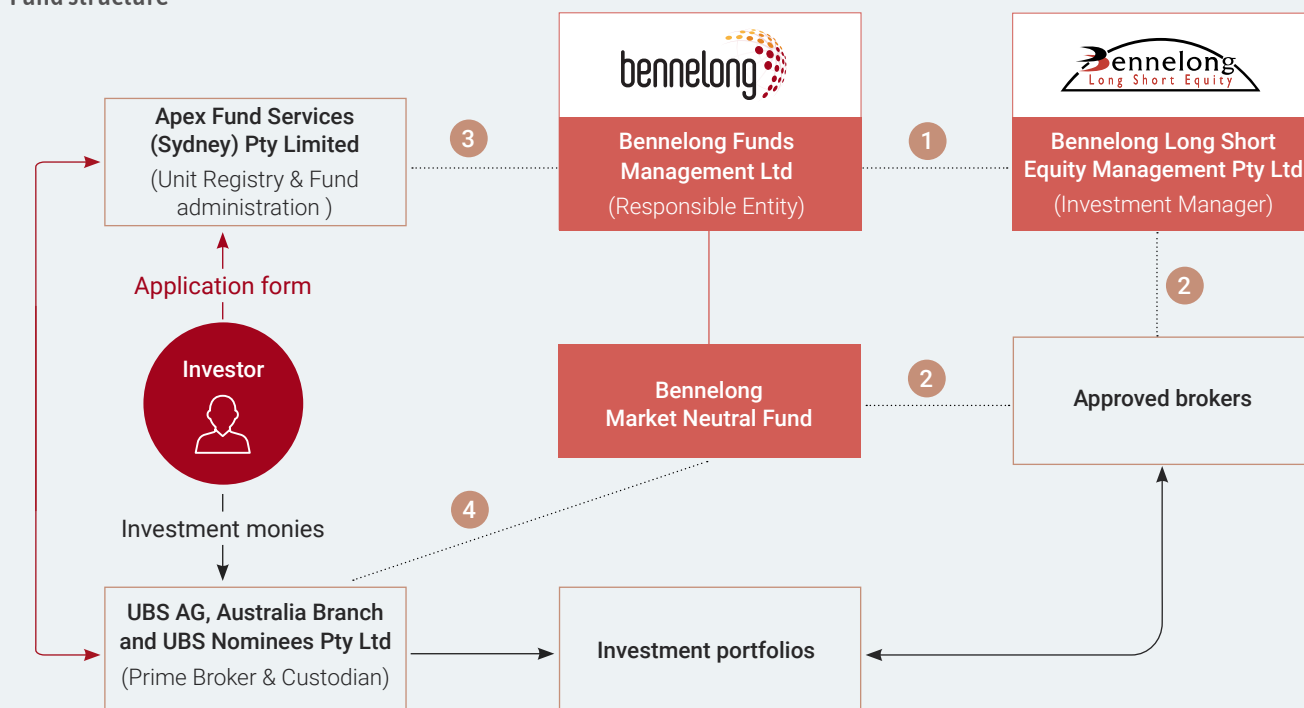
The Custodian is not liable to the Fund for the solvency, acts or omissions of any agent, nominee, sub-custodian, settlement agent, securities depository or other third party appointed in accordance with the Customer Documents (other than related entities), but the Custodian will make available to the Fund, when and to the extent reasonably so requested, any rights that the Custodian may have against such person.

Under the Customer Documents the Fund indemnifies UBS and its related entities against certain claims, demands, damages, losses, costs, expenses and liabilities incurred in connection with the Customer Documents other than as a result of the gross negligence, wilful default or fraud of UBS or the relevant related entity.

Neither the Prime Broker nor the Custodian will participate in the investment decision-making process for the Fund. Although UBS will provide reporting and information to the Fund about the assets held by UBS, UBS is not responsible for monitoring the Fund's positions for the purpose of determining their composition or performance.

The Fund may remove UBS AG, Australia Branch as the Prime Broker and UBS Nominees Pty Limited as the Custodian by giving written notice.

## Fund structure



### Key

- Cash flow
- Indicates a process
- ..... Indicates a relationship

- 1 Investment management activities outsourced to Bennelong Long Short Equity Management Pty Ltd.
- 2 Investment instructions provided by Bennelong Long Short Equity Management Pty Ltd to approved brokers.
- 3 Unit Registry and Fund Administration activities outsourced to Apex Fund Services (Sydney) Pty Limited.
- 4 Investment portfolio held in custody of UBS Nominees Pty Ltd.



## 4. Investment risks

### Risks

Investments in the Fund carry risk. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of the Fund's investments will vary. The level of returns will vary and future returns may differ from past returns.

There are risks involved in investing in Units in the Fund, including the risk that the Fund may not earn a distribution return and the risk that the value of the capital invested could fall or be lost. No guarantee is provided on the performance of the Fund, that distributions will be made or that the capital value of an investment in the Fund will increase or be maintained. We also do not guarantee the Liquidity of the Fund's investments or that you will be able to redeem your investment from the Fund within the timeframes specified in this PDS. This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, the Investment Manager, any associate of the Responsible Entity or Investment Manager or any other person to invest in the Fund. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor.

The Fund is not a complete investment program. Prospective investors need to assess the risks and their own financial position in determining whether an investment in the Fund is suitable for them. Prospective investors should seek professional advice before investing. Prospective investors should rely upon their own enquiries and analysis as to the merits and risks in relation to the Offer and in deciding whether to invest in the Fund.

### Choosing the right fund for your risk level

Each investor's risk tolerance is different. Before investing in the Fund, the factors you should consider include:

- your investment goals;
- your expectations for returns;
- the length of time you can hold your investment; and
- how comfortable you are with fluctuations in the value of your investment.

It is recommended you obtain independent professional financial advice before investing in the Fund.

### How the investment manager seeks to reduce risk

Risk management is undertaken by continual management of the Fund's Volatility. Volatility may be adjusted to optimal tolerance by the number of positions, the type of positions (Beta), the size of positions and leverage. The Fund's Volatility, as measured by the standard deviation of historical returns, is targeted to be in the range of 10% to 15% p.a.

The Fund has a maximum leverage level of five times the Net Asset Value or the maximum permitted under the Prime Broker Customer Documents (whichever is lower) and is usually invested towards the upper limit under normal market conditions.

Market exposure is reduced by the manager offsetting long stock exposure with the equivalent short stock exposure. In addition, the primary strategy of Correlated Pairs hedges stock and sector exposure.

The Fund does not use stop-loss limits. The Investment Manager does not believe forced closure of positions is in the investor's best interest. Instead, position limits are in accordance with the portfolio guidelines. Optimal risk and return parameters are around 50 to 70 holdings (25 to 35 pairs), implying an average holding size of 1.5% per individual security (3% per pair).

### General risks

The Investment Manager will be investing in securities and associated instruments. These investments carry risk.

#### Market risk

Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

#### Investment strategy risk

In addition to the core strategy of the purchase and short sale of securities, the Investment Manager will use a range of investment strategies which may include the purchase of dual listed securities and the use of Derivatives. These techniques and strategies entail specific stock, interest rate, counterparty and foreign exchange risk which may negatively impact returns.

Investment in a managed fund carries the risks that the Investment Manager's strategies might not be successful, that the Investment Manager does not have the competence to manage the strategies and investments, and that the Investment Manager may not always act in the best interests of the Fund.

Past performance is not a reliable indicator of future performance.

### Significant risks of investing in the Fund

There are a number of significant risks you should consider prior to investing in the Fund.

The following risks should be carefully evaluated before making an investment in the Fund. Consideration must also be given to the speculative nature of the Fund's investments. Please note that the following is not an exhaustive list of the risks of investing in the Fund.

#### Currency risk

Returns on certain investments held by the Fund may be influenced by movements in currency and carry foreign exchange risk, either because the investments held may be denominated in another currency, investments denominated in another currency may not be hedged back to Australian dollars or individual company earnings may be leveraged into another currency.

### Short selling risk

Selling securities short involves borrowing stock and selling these borrowed securities. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the securities lender may request return of the securities.

These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

### Interest rate risk

Interest rate movements may adversely affect the value of the Fund through their effect on the price of a security and the cost of borrowing.

### Derivative instruments risk

The Fund may use various Derivative instruments, including options and forward contracts, which may be volatile and speculative. Use of Derivative instruments involves various risks such as tracking, liquidity and leverage.

### Leverage and borrowing risk

The Fund will utilise Leverage/Gearing to finance the purchase of investments. Purchase or sale of securities and financial instruments on margin has the effect of leveraging or gearing the portfolio and carries the attendant risks of magnifying the impact of negative returns and increased Margin Calls. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

### Collateral risk

If the Fund enters into a Derivatives arrangement that requires it to deliver Collateral or other credit support to the Derivatives counterparty, the Fund will be exposed to the following additional risks in respect of that Collateral. The Fund:

- may be required to post upfront margin/Collateral with the Derivatives counterparty (whether cash or other securities). The Fund will need to have sufficient liquid assets to satisfy this obligation;
- may, from time to time if the value of the Derivatives arrangements moves against it, be required to post additional margin/Collateral with the Derivatives counterparty on an ongoing basis. The Fund will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the Derivatives counterparty may have the right to terminate such Derivatives arrangements; and
- will be subject to credit risk on the counterparty. In the event the Derivatives counterparty becomes insolvent at a time it holds margin/Collateral posted with it by the Fund, the Fund will be an unsecured creditor of the Derivatives counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law (for example, employees).

### Default risk

Investment in securities and financial instruments generally involves third parties as custodial and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Fund.

The Responsible Entity outsources key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Fund or provide services below standards which are expected by the Responsible Entity, causing loss to the Fund.

### Compensation fee structure risk

The Responsible Entity and the Investment Manager may receive compensation based on the Fund's performance. Performance Fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

### Regulatory risk

All investments carry the risk that their value may be affected by changes in laws, especially taxation laws.

### Concentration risk

The Fund's typical portfolio holdings of 50 to 70 investments represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

### Liquidity risk

All new investments in the Fund are subject to a six-month initial holding period. Units may not be redeemed during this initial holding period. Investors should consider their own personal circumstances before committing to invest for this length of time. There is risk that the value of the initial investment may decrease during the initial holding period due to market risk and other factors.

In the case of a large withdrawal from the Fund, which may be holding less liquid assets, selling assets to meet the withdrawal may result in a detrimental impact on the price received for those assets. In certain circumstances, to allow sufficient time for a more orderly liquidation of assets, we may be required to temporarily suspend withdrawals.

### Force majeure risks

Circumstances beyond our reasonable control may impact the operation, administration and performance of the Fund. Those include industrial disputes, failure of a securities exchange, fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, governmental pre-emption in connection with an emergency of state, and pandemics.

## 5. Constitution of the Fund

The Fund was established under the Constitution dated 21 August 2015 (as amended from time to time) and BFM has acted as the trustee of the Fund since that date. The Fund was registered with ASIC on 8 September 2015.

The Constitution sets out provisions for the establishment of the Fund as a trust, the appointment of and powers of the Responsible Entity, the concept of Units and the rights of Unitholders, the application for and withdrawal of Units, the calculation of application and withdrawal prices, the entitlement to and calculation of distributions, the entitlement to fees and expenses, the custody and valuation of assets, and other matters including liability, audit, meetings, complaints and a Unit register.

BFM's responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution of the Fund, the Corporations Act and general trust law. Copies of the Constitution of the Fund are available, free of charge, on request. Please contact BFM Client Experience (see section 14 'Directory') to request a copy.

The Responsible Entity may amend the Constitution if it considers that the amendment will not adversely affect Unitholders' rights. Otherwise, the Constitution may be amended by way of a special resolution of Unitholders.

To the extent that any contract or obligation arises in connection with the acceptance by the Responsible Entity of an application or reliance on this PDS by a Unitholder, any amendment to the Constitution may vary or cancel that contract or obligation. Further, that contract or obligation may be varied or cancelled by a deed executed by the Responsible Entity with the approval of a special resolution of Unitholders, or without that approval if the Responsible Entity considers the variation or cancellation will not adversely affect Unitholders' rights.

### Changes to the Fund

Subject to the Fund's Constitution and the Corporations Act, the Responsible Entity may, at its discretion, close the Fund that is currently offered or change the rules that govern the Fund. The Responsible Entity may change the Fund's investment objectives and the investment strategy with the consent of the Investment Manager. You will be provided with notice of any such changes.

Information that is not materially adverse is subject to change from time to time. Up-to-date information can be obtained by contacting BFM Client Experience. A paper copy of the updated information will be provided to you without charge, on request.

Further information about the Fund or investing in the Fund, including a copy of the Constitution and information which has previously been made generally available to the public or might reasonably influence the decision whether to acquire this product, can also be obtained by contacting BFM Client Experience.

Where the Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on our website ([bennelongfunds.com](http://bennelongfunds.com)). This includes the annual report for the Fund and any ongoing disclosure notices. A paper copy of this material is available free of charge upon request.

## 6. Operational information

### Applications

Investors must complete the Application Form attached to this PDS to apply for Units in the Fund. The Responsible Entity may accept or reject an application at its absolute discretion. Investors should note that the Responsible Entity accepts no responsibility for any loss caused as a result of non-receipt or delay of any application or cleared funds. Where an application from an investor is rejected, interest on rejected application monies is not payable to that investor.

Any interest earned on application monies received by the Responsible Entity will be retained in the application monies trust account, will be used to pay bank fees for that account and does not form part of the Fund's assets. However, the Responsible Entity may pay some of this interest into the Fund at its discretion.

Unless the Responsible Entity decides otherwise, an application for Units must be for a minimum investment of \$25,000.

Units will be issued based on the application price applicable as at the close of business on a Valuation Day. Unless the Responsible Entity determines otherwise, 'Valuation Day' is the last Business Day of each calendar month. Applications will be processed by the Administrator on behalf of the Responsible Entity on the Valuation Day.

Written applications for Units received by the Responsible Entity by 4:00 p.m. Melbourne time ('Deadline') on the particular Valuation Day will be processed and, if accepted, Units will be issued at the application price applicable as at the close of business on that Valuation Day, provided that sufficient cleared funds have also been received by the Administrator by the Deadline.

Applications can be made by completing the attached Application Form and forwarding it to the Administrator at the address shown on the Application Form. Cleared funds must be electronically transferred from an Australian bank account which is in the name of the investor into the account shown on the Application Form.

Alternatively, if you are investing by cheque, both the cleared funds and the Application Form must be received no later than the Deadline (4:00 p.m. Melbourne time) on the Valuation Day and Units will be issued at the application price applicable as at the close of that Valuation Day. An Application Form and cleared funds received after the Deadline on a Valuation Day will be processed by the Administrator on behalf of the Responsible Entity on the next Valuation Day.

When an application is accepted, an investment advice will be forwarded outlining the:

- date of acceptance;
- amount invested in the Fund; and
- number of Units issued, the Unit application price and the holding balance.

### Investing through IDPS

Investors investing in the Fund indirectly via an IDPS do not become investors in the Fund, and accordingly have no rights as a Unitholder. The offer document for your IDPS should have further details. If you are an indirect investor, generally the relevant IDPS operator acquires the rights of a Unitholder.

Unitholder rights include the right to attend Unitholder meetings, make withdrawal requests, receive and reinvest distributions and participate in termination proceedings. Your rights and liabilities will be governed by the terms and conditions of the relevant IDPS which you should read carefully prior to directing the relevant operator to invest in the Fund. Investors investing in the Fund indirectly via an IDPS are entitled to rely upon the complaint resolution procedures set out in section 10.

Indirect investors complete application forms for the IDPS, not the Fund, and receive reports from their IDPS operator, not BFM. Enquiries should be directed to that IDPS operator.

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

### How to withdraw

Investors may request the withdrawal of all or part of their investment at any time by lodging a withdrawal request with the Administrator. Unless the Responsible Entity decides otherwise, withdrawal requests must be for a minimum of \$25,000.

Subject to cooling off rights (see page 17), a minimum six-month initial holding period applies to all Units calculated from the issue date applying to a particular Unit. Units may not be redeemed during this initial holding period.

Unitholders wishing to withdraw Units must give a written withdrawal request to the Responsible Entity by 4:00 p.m. Melbourne time on a Business Day falling at least **28 days prior** to the applicable last Business Day of the calendar month. The Responsible Entity is entitled to but is not obliged to accept the withdrawal request. A withdrawal request can be made by completing the withdrawal request form available on BFM's website, [bennelongfunds.com](http://bennelongfunds.com).

Units will be withdrawn after close of business on the relevant Valuation Day at the withdrawal price applicable as at the close of business on that Valuation Day.

Withdrawal proceeds will be settled in Australian dollars and will be remitted by electronic transfer to an account designated by the Unitholder, after receipt by the Administrator of duly completed documents.

All bank charges incurred for remittance by electronic transfer will be borne by the withdrawing investor.

In some circumstances, where an investor makes a large withdrawal request, their withdrawal proceeds may be taken to include a component of distributable income. Refer to the sub-heading 'Income distributions' in this section 6.

The Responsible Entity may, whilst the Fund is liquid, determine to withdraw Units without a withdrawal request in certain limited circumstances - for example, if the Unitholder has breached its obligations to the Responsible Entity.

In the unlikely event that the Fund becomes illiquid (i.e. liquid assets do not account for at least 80% of the value of the assets of the Fund), withdrawals may only be made in accordance with a withdrawal offer made under the Corporations Act. The Responsible Entity is not obliged to make withdrawal offers under the Corporations Act.

Under the Constitution, the Responsible Entity may also extend the period allowed for the payment of withdrawals if there are circumstances outside of its control which would prevent the realisation of assets of the Fund. For example, this could include restricted or suspended trading in a market. Any taxes and duties will be deducted by the Responsible Entity from the amount paid to you as required or permitted by legislation.

If there are any material changes to your withdrawal rights, you will be notified by the Responsible Entity.

## Unit prices

The current 'application price' and 'withdrawal price' for the Fund may be obtained by contacting BFM Client Experience (see section 14 'Directory'). Generally Unit prices are calculated for the last Business Day of the month at close of business on that day and are equal to the Net Asset Value Per Unit. The application price is higher than the withdrawal price. The difference is called a 'buy/sell spread'. See section 7 'Fees and other costs' for further information.

A copy of the Responsible Entity's description of the formula and method it uses for determining Unit prices, the discretions exercised by the Responsible Entity and its nominees in respect of determining Unit prices and the documented policy in respect of such discretions is available from BFM Client Experience free of charge.

## Authorised agent

You may appoint an agent to act on your behalf in relation to your investment in the Fund by completing the Agent section in the Application Form. This may be done at the time of your initial application or at any time thereafter.

Your agent will have the authority to act in exactly the same manner as you, except that your agent cannot:

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

Your agent's authority continues until the day written advice from you terminating that authority is received.

If you appoint a company as your agent, any director of that company, or any employee authorised by the agent, can act under your agent's authority. Likewise, if you appoint a partnership as your agent, any of the partners can act under that authority.

The Responsible Entity may restrict the powers of your agent or cancel their authority at any time.

## Income distributions

Income distributions are paid annually as at 30 June. Distribution payments will be made as soon as practicable, but not more than 90 days after 30 June of each year.

The amount of the income distribution may vary and will usually consist of interest, dividends and other income including realised gains from the disposal of assets. The amount of the income distribution is generally calculated by accumulating all of the Fund's income for the period, taking into account taxable gains and losses, and then deducting all expenses incurred and any provisions that are considered appropriate by the Responsible Entity.

The income to be distributed is then divided by the total number of Units on issue in the Fund at the end of the distribution period to determine the distributable income per Unit. Details relating to any tax-free or tax-deferred components, imputation credits or capital gain components for all distribution payments made during the year will be forwarded to Unitholders shortly after the end of each financial year. All income distributions are paid in Australian dollars.

In some circumstances, an investor may receive a distribution where they have made a large withdrawal from the Fund. In these circumstances their withdrawal proceeds may include a component of income distributions.

## Income payments

Income may be paid by either of the following methods:

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

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

There is no charge applied to income distributions which are reinvested. Where further Units are issued, the application price that will apply will be the application price before application of the buy/sell spread after distribution.

Reinvestments will be effected on the first Business Day after the close of the annual distribution period.

## Cooling-off period

Regardless of the six-month minimum holding period, Retail Clients can change their mind within a 14-day period of their initial investment. The 14-day period commences on the earlier of either the date you receive confirmation of your investment or the end of the fifth (5th) day after the day on which BFM issues the Units to you. The realised market value of the Units will be refunded, less any taxes and reasonable administrative costs.

The proceeds received may be less or greater than the amount invested, since Units in the Fund are subject to market movement from the time they are purchased.

Cooling-off rights will not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan or represents additional contributions required under an existing agreement. Cooling-off rights also do not apply to Wholesale Clients who invest in the Fund.



No cooling-off rights apply in respect of any investment acquired through an IDPS. However, indirect investors should contact their operator and read the operator's IDPS Guide for more information on any cooling-off rights that may apply in relation to an investor's investment through the IDPS.

## Reports and statements

In addition to the periodic reporting requirements under section 1017D of the Corporations Act, the Responsible Entity has and implements a policy to report on the following information as soon as practicable after the relevant period end:

- application and withdrawal confirmation statements;
- monthly updates on:
  - the current total Net Asset Value of the Fund and the withdrawal price of a Unit as at the date the Net Asset Value was calculated;
  - the key service providers if they have changed since the last report given to investors, including any change in their related party status; and
  - for each of the following matters since the last report on those matters: the net return on the Fund's assets after fees, costs and taxes, any material change in the Fund's risk profile, any material change in the Fund's strategy, and any change in the individuals playing a key role in investment decisions for the Fund;

- annual reports including the following:
  - the audited accounts;
  - actual allocation to each asset type;
  - liquidity profile of the portfolio assets as at the end of the period;
  - maturity profile of the liabilities as at the end of the period;
  - the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) as at the end of the period;
  - the Derivative counterparties engaged (including capital protection provided);
  - the monthly or annual investment returns over at least a five-year period (or if the Fund has not been operating for five years, the returns since its inception); and
  - the key service providers if they have changed since the latest report given to investors, including any change in their related party status; and
- income distribution and tax statements, annually.

The latest monthly performance report and annual report is available by contacting BFM Client Experience.

## Indirect investors

The IDPS operator will provide indirect investors with information about the Fund.

## 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 account 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) website ([moneysmart.gov.au](http://moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The table below shows fees and other costs that you may be charged. These fees and costs will be deducted from the Fund's assets as a whole. You should read all the information about fees and costs because it is important to understand their impact on your investment. The information in the Fees and costs summary below can be used to compare costs between different simple managed investment schemes.

### Fees and costs summary - Bennelong Market Neutral Fund

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs<sup>1,2</sup></b> The fees and costs for managing your investment	1.74% p.a.	The Management Fees component of the management fees and costs is calculated and accrued monthly and paid monthly in arrears. The fee is paid directly from the Fund's assets and reflected in the monthly Unit price. Indirect costs are not applicable to this Fund.
<b>Performance fees<sup>3</sup></b> Amounts deducted from your investment in relation to the performance of the product	0.81% p.a.	The Performance Fee is calculated and accrued monthly. It is payable annually in arrears. The fee is paid directly from the Fund's assets and reflected in the monthly Unit price.
<b>Transaction costs<sup>4</sup></b> The costs incurred by the scheme when buying or selling assets	0.20% p.a.	Transaction costs are deducted from the assets of the Fund. They are recovered as they are incurred and reflected in the Unit price. They are disclosed net of amounts recovered by the buy-sell spread.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment <sup>1</sup>	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	+0.30%/-0.30% of the investment or withdrawal amount	Charged and paid into the Fund when you invest in, or withdraw from, the Fund. The spread is reflected in the application and redemption prices.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Switching fee</b> The fee for changing investment options	Not applicable	Not applicable

<sup>1</sup> Subject to the Corporations Act and the Constitution of the Fund, the Management Fee component of management fees and costs can be negotiated with Wholesale Clients.

<sup>2</sup> Management fees and costs set out in this section are calculated with reference to the relevant costs incurred during the financial year ended 30 June 2023 and are the additional fees or costs that an investor incurs by investing in the Fund rather than by directly investing in the assets. This includes components such as Management Fees, expenses and reimbursements in relation to the Fund and indirect costs (if any). The expenses component of management fees and costs reflects the actual amount incurred for the last financial year. That amount was 0.24%. See the 'Additional explanation of fees and costs' section below for more information about management fees and costs.

<sup>3</sup> The Performance Fee is 20% (plus applicable GST net of reduced input tax credits) of the increase in the Net Asset Value of the Fund, subject to a High Water Mark. The table above shows a reasonable estimate of the Performance Fee based on the average of the actual Performance Fees paid by the Fund over the previous 5 financial years. However, this is not a forecast as the actual Performance Fee for the current and future financial years may be different. The Responsible Entity cannot guarantee that Performance Fees will remain at their previous level or that the performance of the Fund will remain positive. For more information, please see the 'Performance Fee' section under 'Additional explanation of fees and costs' below.

<sup>4</sup> The transaction costs amount reflects the actual transaction costs not recovered by the buy/sell spread for the last financial year, including the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS.

## Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs in the Fund can affect your investment over a one-year period. You should use this table to compare this product with other products offered by managed investment schemes.

<b>EXAMPLE (Bennelong Market Neutral Fund)</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during the year</b>
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	1.74% p.a. of Net Asset Value	And, for every \$50,000 you have in the Bennelong Market Neutral Fund you will be charged or have deducted from your investment \$870* each year.
<b>PLUS</b> Performance fees	0.81% p.a.	And, you will be charged or have deducted from your investment \$405* in performance fees each year.
<b>PLUS</b> Transaction costs	0.20% p.a.	And, you will be charged or have deducted from your investment \$100 in transaction costs each year.
<b>EQUALS</b> Cost of Bennelong Market Neutral Fund		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 \$1,375*. What it costs you will depend on the fees you negotiate.

\* Additional fees and costs may apply. Please note that this example does not capture all the fee and costs that may apply to you such as the buy/sell spread which is disclosed in the 'Fees and costs summary' table above and the 'Additional explanation of fees and costs' section below. Also this example assumes the additional \$5,000 was invested at the end of the year.

Note that Government fees, duties and bank charges may also apply to investments and withdrawals.  
Please note this is an example only as the actual investment balance of your holding will vary on a daily basis.

## Additional explanation of fees and costs

### Management fees and costs

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

### Management Fee

The Responsible Entity is entitled to receive a Management Fee equal to 1.50% p.a. (plus applicable GST net of RITC) p.a. of the Net Asset Value of the Fund as at the last day of the month calculated and accrued monthly and payable within 21 days of the end of the month. Any accrued Performance Fees will be disregarded for the purposes of calculating the Net Asset Value. Under the Investment Management Agreement, the Investment Manager is entitled to receive a fee. The Responsible Entity intends to pay the Investment Manager's fee out of the Management Fee.

### Expenses

All expenses properly incurred by the Responsible Entity in connection with the Fund (including the establishment of the Fund), or in performing the Responsible Entity's obligations under the Constitution, are payable or can be reimbursed out of the Fund. These expenses may include but are not limited to administration, custodial, accounting, audit, legal, government charges, taxation, adviser, filing, postage, courier, facsimile, photocopying, telephone, printing and establishment expenses. All expenses are charged to the Fund as they are incurred.

Extraordinary expenses such as litigation or unitholder meetings (if applicable) are also included. Expenses incurred for the financial year ending 30 June 2023 were 0.24% p.a.

### Performance Fee

The Responsible Entity may also be entitled to receive a Performance Fee from the Fund. The Performance Fee entitlement (if any) will be calculated and accrued on a monthly basis as at each Valuation Day. The Performance Fee will be payable in arrears within 14 days of 30 June in each year.

On each Valuation Day, the Performance Fee that will accrue will be 20% (plus applicable GST net of RITC) of the increase in the Net Asset Value during the period between that Valuation Day and the previous Valuation Day (Calculation Period) above the High Water Mark. If, at any point during the financial year, the Net Asset Value falls below the High Water Mark, all Performance Fees that have accrued during that financial year will cease to accrue.

The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before making any deduction for accrued Performance Fees.

When you redeem out of the Fund, the monthly Unit price at which you redeem takes into account any accrued Performance Fee.

Past performance is not a reliable indicator of future performance and future performance cannot be guaranteed.

The Performance Fee of 0.81% p.a. in the 'Fees and costs summary' table is an estimate based on the average of the Performance Fees charged over the last 5 financial years.

The Performance Fee is based on the performance of the Fund from time to time and as such the Performance Fee may vary from the estimate of the Performance Fee in the fee table. For example, it may be nil in one year or significantly more than the amount disclosed in the fee table.

The management costs for the Fund increases by the amount of the Performance Fee where a Performance Fee becomes payable.

### Performance Fee example

Assuming an investment of \$50,000, and that the Fund outperforms the Net Asset Value on the previous Valuation Day above the High Water Mark by the percentages in the table below at the end of the financial year, the following Performance Fees would be payable for the outperformance.

Investment returns of the Bennelong Market Neutral Fund	\$ Performance Fee attributable to an investment of \$50,000
+1% p.a.	\$100
+2% p.a.	\$200
-1% p.a.	\$0

### Indirect costs

Indirect costs represent the costs of investing through an interposed entity. In general, indirect costs are any amounts that directly or indirectly reduce the returns on the units that is paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund). Indirect costs are reflected in the unit price of your investment in the Fund.

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

The Responsible Entity has a policy in place that contains information on how indirect costs are estimated.

If you require more information on this policy please contact the Responsible Entity.

### Transaction costs

In addition to the expenses outlined on the previous page, the Fund may incur transaction costs such as brokerage, stock lending, settlement and clearing costs. Transaction costs incurred as a result of Unitholders coming into and out of the Fund may be accounted for in the buy/sell spread. Other transaction costs are additional costs to Unitholders that are deducted from the assets of the Fund. Such costs are recovered as they are incurred and reflected in the Unit price.

The total gross transaction costs incurred by the Fund for the last financial year were approximately 0.50% p.a. as a percentage of the Fund's average Net Asset Value for that period.

The total net transaction costs incurred in the previous financial year as set out in the 'Fees and costs summary' are shown net of any amount recovered by the way of the buy/sell spread charged to investors, and are expressed as a percentage of the Fund's average Net Asset Value in that period. These costs were approximately 0.20% p.a.

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

### Buy/sell spread

The buy/sell spread is an additional cost to you and is an adjustment to the Unit price. It represents a contribution to the estimated transactional and operational costs (such as brokerage) incurred when assets are bought and sold by the Fund. The current buy/sell spread is +/- 0.30% of the value of Units being bought and sold. This charge is levied as an additional cost to investors applying for Units or withdrawing Units and is retained in the Fund. The application of a buy/sell spread means that transactional costs for investor-initiated transactions are allocated to the investor initiating the transaction, rather than being spread across the whole Fund.

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

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

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

We may vary the buy/sell spread from time to time and prior notice will not normally be provided to you.

Updated information on the Unit prices will be available on request from BFM Client Experience.

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

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

All fees and expenses referred to in this section 7 are quoted excluding GST net of any RITC available to the Fund. The benefits of any tax deductions are not passed on to Unitholders.

For further information on tax, see section 9.

### Differential fees

A separate fee arrangement may be negotiated from time to time with certain investors who are Wholesale Clients.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate some or all Unitholders which are Wholesale Clients or their agents or to intermediaries, part or all of the Management Fee and/or Performance Fee it receives from the Fund. Any such rebates may be applied by issuing additional Units to the Unitholder. The size of the investment and other relevant factors may be taken into account. For contact details of the Investment Manager, see section 14.

### Fees for indirect investors

For indirect investors accessing the Fund through an IDPS, additional fees and costs may apply. These fees and costs are stated in the offer document provided by the relevant IDPS operator.

### Administration fees

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

### Changes to fees

The Constitution sets out the fees and expenses payable by the Fund.

The Responsible Entity may change the amount of fees charged without Unitholders' consent, subject to the maximum fees allowed under the Constitution. The actual Performance Fee, expenses and indirect costs may be different to those estimated in the fees and costs summary above.

You will be given written notice 30 days in advance of any increase in fees or charges charged by the Fund. Changes to the level of expense recoveries, indirect costs, transactional and operational costs and the buy/sell spread do not require notice to Unitholders.



## 8. Anti-money laundering

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

If an investor does not provide such information or delays in doing so, the Responsible Entity may not be able to accept an application for Units, may refuse to accept an application for Units or may suspend payment of withdrawal proceeds payable to a Unitholder. If an application for Units is not accepted for this reason, the Responsible Entity may hold application monies in an applications bank account until we receive the required information. Application monies are held for a maximum period of 1 month commencing on the day the Responsible Entity receives the application monies and will be returned (without payment of interest) to the source of payment after this period.

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

## 9. Taxation considerations

### General

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

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

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

### Tax position of the Fund

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

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

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

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

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

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

### Tax position of Australian resident investors

#### Distributions

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

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

### Foreign income

Where the Fund pays foreign tax in respect of income or gains from a foreign investment, you may be entitled to receive a foreign income tax offset ('FITO'). You will usually include the foreign income and the FITO in your assessable income and may be eligible for a tax offset for all or part of the FITO. The amount of FITO will be detailed in the tax report provided to you.

### Disposal of Units

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

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

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

### AMIT regime

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

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

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

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

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

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

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

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

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

### The Responsible Entity's reporting obligations

The Government has implemented the OECD Common Reporting Standard ('CRS') which requires the Responsible Entity to collect information from Unitholders and report information in relation to certain Unitholders with foreign residencies to the Australian Tax Office ('ATO'). That information may be provided by the ATO to foreign tax authorities in jurisdictions that have adopted the CRS. Similar obligations relating to the collection and reporting of Unitholder information are imposed on the Responsible Entity as a result of Australia enacting legislation that relates to the Foreign Account Tax Compliance Act ('FATCA'). FATCA is US tax law which was enacted for the purpose of improving tax information reporting regarding US persons in respect of their offshore investments to the United States Internal Revenue Service.

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

The GST information provided in this section is of a general nature only. GST will apply to the Management Fees. Fees and costs included in Section 7 are quoted on a GST exclusive basis net of any reduced input tax credits available to the Fund. GST will also apply to most other Fund expenses.

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

## 10. Client information and complaints resolution

### Your rights

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

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

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

### Complaints resolution

BFM has an established complaints handling process and aims to properly consider and resolve all complaints within 30 days. If you have a complaint about your investment, please contact us in writing or by telephone using the details below:

#### Complaints Officer

Bennelong Funds Management Ltd  
Bennelong House  
9 Queen Street  
Melbourne VIC 3000  
E: [complaints.officer@bennelongfunds.com](mailto:complaints.officer@bennelongfunds.com)  
T: 1800 895 388 (Australia)

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

W: [afca.org.au](http://afca.org.au)  
E: [info@afca.org.au](mailto:info@afca.org.au)  
T: 1800 931 678

In writing to:

**Australian Financial Complaints Authority**  
GPO Box 3  
Melbourne VIC 3001

## 11. Consents

BLSEM has given and, at the date of this PDS, has not withdrawn, its written consent:

- to be named in this PDS as the Investment Manager of the Fund; and
- to the inclusion of the statements made about it or the Fund, which are attributed to it, in sections 2, 3, and 4.

UBS consents to being named in the PDS and any electronic version of the PDS in the form and context in which UBS is named in the PDS. UBS is not responsible for the preparation of, and has not authorised or caused the issue of, the PDS, and has not made or purported to make any statement included in or any statement on which a statement in the PDS is based.

To the maximum extent permitted by law, UBS expressly disclaims and takes no responsibility for any statements in, or omissions from, the PDS other than the statements made with its consent.

UBS is not responsible for the activities of the Fund, will not participate in the Fund's investment decision-making process and makes no representation in respect of the Fund or the Fund's investments.

UBS AG, Australia Branch (ABN 47 088 129 613 and AFSL number 231087) is a foreign Authorised Deposit-Taking Institution (Foreign ADI) under the Banking Act 1959 (Cth) and is supervised by the Australian Prudential Regulation Authority. Note that provisions in the Banking Act 1959 for the protection of depositors do not apply to Foreign ADIs, including UBS AG, Australia Branch.

BLSEM, UBS AG, Australia Branch, UBS Nominees Pty Ltd and Apex Fund Services (Sydney) Pty Limited are service providers to the Fund and except as otherwise stated in this section have not been involved in the preparation of this PDS and do not accept any responsibility or liability for any information contained in this PDS.

In addition, with the exception of BLSEM, they are not involved in the investment decision making process for the Fund.

## 12. Privacy statement

The Application Form related to this PDS requires you to provide personal information to BFM as the Responsible Entity. We collect this personal information so that we can process and administer any application for investment in the Fund you make. Additionally, we collect this information in order to administer, manage and generally service your investment in the Fund. We will normally collect personal information directly from you. However, in certain circumstances, we may collect personal information about you from third parties, such as your financial adviser, the Administrator or our third party service providers.

If you do not provide the personal information requested or provide incomplete or inaccurate information, we may not be able to accept or process your application for an investment in the Fund or may be limited in the services or assistance we can provide with respect to the administration of any investment you subsequently make in the Fund.

Such third parties may use and disclose your personal information for a purpose described in this privacy statement. The disclosure by us of personal information to such third parties may involve the transfer of your personal information to recipients located outside of Australia, including in (but not limited to) the United States of America, the United Kingdom, Germany, Malaysia, Singapore and India. Where this is the case we will take reasonable steps to satisfy ourselves that the third party we disclose the information to is compliant with the Australian Privacy Principles or a similar regime. In providing us with your personal information, you consent to the possibility that your personal information may be transferred outside of Australia for processing or the other purposes detailed above.

We may also collect certain personal information from you and/or disclose your personal information to government or regulatory bodies where permitted or required to do so by law. For example, we may be required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the AML/CTF Act. For certain investors, we may also be required to collect and disclose certain personal information to the Australian Taxation Office in order to comply with the Foreign Account Tax Compliance Act and/or Common Reporting Standard.

If you notify us that you have a financial adviser, either on your Application Form or in writing (at a later date), you consent to us disclosing to that financial adviser details of your investment in the Fund or other related personal information.

We take reasonable steps to ensure that the personal information about an investor or other relevant person that we collect, use or disclose is accurate, complete and up to date.

You or another relevant person can request access to your personal information or a copy of our Privacy Policy by telephone or writing to the Privacy Officer at:

**Privacy Officer, Bennelong Funds Management Ltd**

Bennelong House  
9 Queen Street  
Melbourne Vic 3000

E: [privacy.officer@bennelongfunds.com](mailto:privacy.officer@bennelongfunds.com)

T: 1800 895 388 (Australia)

Our Privacy Policy is also available on our website ([bennelongfunds.com](http://bennelongfunds.com)).

It sets out details of how we will collect, store, manage, use and disclose personal information we collect from you.

Our Privacy Policy also contains information about how you can access and seek correction of the personal information held by us, how you can complain to us about a breach of the Privacy Act 1988 (Cth) or any registered code under the Privacy Act that binds us, and how we will respond to and deal with such a complaint.

## 13. Glossary

**Administration Agreement** means the administration agreement between the Responsible Entity and Apex.

**Administrator** means the administrator of the Fund, being Apex Fund Services (Sydney) Pty Limited ABN 32 131 370 931.

**Alpha** means a numerical value indicating an investment manager's risk adjusted excess rate of return relative to a benchmark. Alpha measures an investment manager's 'value-added' in selecting individual securities, independent of the effect of overall market movements.

**Apex** means Apex Fund Services (Sydney) Pty Limited ABN 32 131 370 931.

**ASIC** means the Australian Securities and Investments Commission.

**Beta** means a measurement of risk for securities and other investments relative to the market. The market has a Beta of 1 so investments with a Beta of less than 1 are less volatile than the market while an investment with a Beta of more than 1 is more volatile than the market.

**BFM** means Bennelong Funds Management Ltd ABN 39 111 214 085 AFSL No. 296806.

**BFMG** means Bennelong Funds Management Group Pty Ltd ABN 95 144 676 344.

**BLSEM** means Bennelong Long Short Equity Management Pty Ltd ABN 63 118 724 173 AFS Representative No. 000303432.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business generally in New South Wales.

**Calculation Period** means the period between two Valuation Days during which a Unit was on issue.

**Collateral** means such securities or financial instruments or cash which the Fund delivers or is required to deliver to the Prime Broker for the purpose of meeting any margin requirement in accordance with the Prime Brokerage Agreement, and includes any certificate or other documents of title and transfer in respect of such securities, financial instruments or cash.

**Constitution** means the Fund's constitution in accordance with the Corporations Act that sets out the rights, duties and liabilities of the Responsible Entity in its operation of the Fund.

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

**Correlated Pairs** means usually two (or sometimes more than two) securities that have a relevant statistical correlation or a 'common sense' relationship. In most instances the pairs will coincide with S&P/ASX GICS.

**Currency** means Australian dollars.

**Custodian** means the custodian of the Fund, being UBS Nominees Pty Ltd ABN 32 001 450 522.

**Customer Documents** means the prime brokerage customer documents (the 'Customer Documents') entered into between BFM, the Prime Broker and the Custodian.

**Deadline** means 4:00 p.m. Melbourne time on each Valuation Day that the Responsible Entity has determined to value the Fund.

**Derivatives** means an investment, such as an option or futures contract, whose value depends on the performance of an underlying asset.

**Encumbered Portfolio Account** means the main restricted cash account.

**Fund** means the Bennelong Market Neutral Fund ABN 96 348 927 920, ARSN 607 859 058, an Australian registered managed investment scheme established under the laws of Victoria, Australia.

**Gearing** means the result of dividing the aggregate absolute mark-to-market value of all trading positions constituting assets (whether long or short and regardless of whether they are pairs trades) by the Net Asset Value.

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

**GST** means Goods and Services Tax and has the same meaning as contained in A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth).

**High Water Mark** means the greater of \$1.00 and the highest Net Asset Value per Unit at the end of any previous Performance Period.

**IDPS** means an Investor Directed Portfolio Service, which includes master trusts, wrap accounts, investor directed portfolio services and investor directed portfolio-like services.

**IDPS Guide** means the offer document for the relevant IDPS.

**Indemnified Party** means the Administrator's affiliates, directors and other officers, shareholders, servants, employees, agents and permitted delegates and sub-delegates under the Administration Agreement.

**Investment Management Agreement** means the investment management agreement between BLSEM and BFM.

**Investment Manager** means the investment manager of the Fund, being BLSEM.

**Leverage/Gearing** means borrowing funds either in cash or shares (scrip) or through the use of financial instruments on margin to increase the amount of capital available for investment. Leverage/Gearing can effectively increase the potential for higher returns, but can also increase the risk for greater losses.

**Liquidity** means the ability of an investment to be easily and quickly converted into cash with little loss of capital.

**Management Fee** means the management fees payable in respect of the Fund as set out in section 7.

**Margin Call** means a call from a clearing house to a clearing member, or from a brokerage firm to a customer, to bring margin deposits up to a required minimum level.



**Net Asset Value** means the 'Net Trust Fund Value' as defined in the Constitution and takes into account liabilities of the Fund at the necessary time.

**Net Asset Value Per Unit** at any time means the amount calculated by dividing the Net Asset Value of the Fund less accrued Performance Fees by the number of Units on issue in the Fund.

**Offer** means the offer to subscribe for Units under this PDS.

**PDS** means Product Disclosure Statement.

**Performance Fee** means the performance fee for the Fund as set out in section 7.

**Performance Period** in respect of a Unit, means:

- (a) for the first Performance Period, the period commencing on the date of issue of the Unit ending on the following 30 June;
- (b) for the last Performance Period, the period commencing on the 1 July before the date the Unit is redeemed ending on the date the Unit is redeemed; and
- (c) in all other circumstances, the 12 month period ending on 30 June each year.

**Portfolio** means a collection of investment holdings. Gross Portfolio means the exposures relating to the collection of all holdings. Net Portfolio refers to the exposures relating to the excess of assets over liabilities

**Prime Broker** means UBS AG.

**Prime Brokerage Agreement** means the agreement between the Responsible Entity and the Prime Broker.

**RITC** means Reduced Input Tax Credits.

**Responsible Entity** means the responsible entity of the Fund, being BFM.

**Retail Client** means a retail client within the meaning of section 761G of the Corporations Act.

**Short Position** means borrowing an asset (stock) and then immediately selling it in the expectation that the value of the asset (stock) will depreciate. The short position is covered by buying back the asset, theoretically at a lower price thereby locking in a profit. The borrowed asset (stock) is then returned.

**UBS AG** means UBS AG, Australia Branch ABN 47 088 129 613 AFSL No. 231087.

**UBS Group** means the group of companies including UBS AG and UBS Nominees.

**UBS Nominees** means UBS Nominees Pty Ltd ABN 32 001 450 522 AFSL No. 231088.

**Unencumbered Portfolio Account** means the cash sub-account.

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

**Unitholder** means the holder of a Unit in the Fund.

**Valuation Day** means the last Business Day of each calendar month unless the Responsible Entity determines otherwise.

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

**Volatility** means the extent of fluctuation such as share prices, exchange rates and interest rates. The greater the volatility, the less certain an investor is of return, and hence volatility is one measure of risk.

**Wholesale Client** means a wholesale client within the meaning of section 761G and section 761GA of the Corporations Act.

## 14. Directory

### Client Experience

**Bennelong Funds Management Ltd**  
**ABN 39 111 214 085**

Bennelong House  
9 Queen Street  
Melbourne Vic 3000

T: 1800 895 388  
E: [client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)

### Responsible Entity and Issuer

**Bennelong Funds Management Ltd**  
**ABN 39 111 214 085, AFSL No. 296806**

Bennelong House  
9 Queen Street  
Melbourne Vic 3000

T: (03) 8611 6513  
W: [bennelongfunds.com](http://bennelongfunds.com)

### Investment Manager

**Bennelong Long Short Equity Management Pty Ltd**  
**ABN 63 118 724 173**

Bennelong House  
9 Queen Street  
Melbourne Vic 3000

### Prime Broker

**UBS AG, Australia Branch**  
**ABN 47 088 129 613**

Level 16, Chifley Tower 2 Chifley Square  
Sydney NSW 2000

### Custodian

**UBS Nominees Pty Ltd**  
**ABN 32 001 450 522**

Level 16, Chifley Tower 2 Chifley Square  
Sydney NSW 2000

### Administrator

**Apex Fund Services (Sydney) Pty Limited**  
**ABN 32 131 370 931**

Level 13, 459 Little Collins Street  
Melbourne VIC 3000

