

# Blue Boat Investment Trust

# Important Information

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This Information Memorandum (**IM**) is dated **1 July 2024**.

This IM and the Units in the Trust offered in this IM are issued by Bentleys (QLD) Advisory Pty Ltd ABN 19 057 135 636, holder of AFSL No: 274444 (**Trustee** or **Bentleys Advisory**), in its capacity as trustee of the Trust.

The Trustee has appointed Blue Boat Capital Pty Ltd (**Blue Boat Capital** or **Manager**) as the investment manager of the Trust. The Manager is an authorised representative of the Trustee.

**Offer:** This IM relates to an offer to subscribe for units (Units) in an Australian unit trust called the Blue Boat Investment Trust (Trust, Fund or Blue Boat).

The Trust is not a registered managed investment scheme under the Corporations Act 2001 (Cth) (**Corporations Act**). The minimum Investment Amount for the Units is \$50,000, subject to the discretion of the Trustee. The Offer is available to wholesale clients within the meaning of the Corporations Act (**Eligible Investor**) and therefore the issue of Units does not require disclosure in accordance with the Corporations Act.

**Not a Product Disclosure Statement:** This IM is not a prospectus or "Product Disclosure Statement" for the purposes of Chapter 7 of the Corporations Act and does not contain all the information that would be required for an offer requiring disclosure to investors under the Corporations Act. This IM is not required to be lodged with ASIC under the Corporations Act.

This IM (including any attachments or enclosures) is intended for Eligible Investors only. This IM is not intended for recipients who are considered retail clients as the term is defined under the Corporations Act. By accepting a copy of this

IM, you warrant to the Trustee that you are not a retail client as the term is defined under the Corporations Act. If you are not an Eligible Investor, you must return this IM immediately.

**Selling restrictions:** This IM does not constitute a public offer or an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Units may not be offered or sold, directly or indirectly, and this IM nor any Application or other material may be issued, distributed or published in any country or jurisdiction, unless permitted under all applicable laws and regulations.

**No cooling-off rights:** Cooling-off rights do not apply to the Offer of Units in the Trust pursuant to this IM. Accordingly, in most circumstances, you will not be entitled to a refund or withdrawal of an Application for Units once you have made an Application.

**Not personal financial product or investment advice:** This IM has been prepared without taking account of your personal financial situation, objectives or needs. This IM contains general advice only and does not contain investment, legal, tax or immigration advice nor is it a recommendation or opinion on the merits of investing in the Trust.

Before you make a decision to subscribe for Units, you should read the IM carefully and in its entirety and each section should be read and considered in the context of other sections and in particular, the risk factors of the investment. It is important that you undertake your own independent review of the IM and read the information contained in the context of your own personal financial situation and objectives and needs. You should seek professional advice from experienced financial advisers, accountants, tax professionals and lawyers as you require.

**Taxation:** The taxation position described in this IM is to be used as a guide only. It does not constitute tax advice and is based on the Trustee's understanding of current tax laws and their interpretation. Your individual situation may differ, and you should seek independent professional tax advice on any taxation matters.

**Financial information:** Any historical or prospective financial information contained within this IM has been prepared by the Manager based on unaudited management and Financial Year end accounts. The historical and prospective financial information given in this IM regarding the Manager and the assets managed by the Manager is given for illustrative purposes only and is not a representation of the future performance of the Trust. The prospective and historical financial information should be read in conjunction with the risk factors contained in [Section 11](#).

**Forward-looking statements:** This IM may contain "forward-looking statements". All statements other than historical facts included in this IM including prospective financial information or statements about the Trust's business or investment strategy, plans or objectives are forward looking statements. Such statements are based on the best estimates and assumptions of the Manager about the Trust's business and the industry in which it will operate however, such statements involve risks that could cause the actual results, performance or achievements of the Trust to be materially different from those assumed. Neither the Trustee nor the Manager gives any warranty, representation, or assurance that the forward-looking statements will actually occur, and you are cautioned against placing undue reliance on these statements.

**Glossary:** The [Glossary section](#) of this IM provides definitions for a number of terms used in this IM. When these defined terms are used within this IM, the stated definition will take precedence of any ordinary meaning you may ascribe to that word, as the context requires.

**Currency:** Unless otherwise stated, all financial amounts are expressed in Australian currency.

**Rounding:** A number of figures, amounts, percentages, estimates and calculations in this IM are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figure set out in this IM.

**Trust Deed:** Investors should obtain and review a copy of the Trust Deed that governs an investment in the Trust, before making any investment decision. A copy may be obtained by contacting the Trustee. If there is an inconsistency or conflict between this IM and the Trust Deed, the Trust Deed will prevail.

**No guarantee of repayment of capital or investment performance:** Investments in the Trust are not deposits with or other liabilities of the Trustee, its associates or any other person and are subject to investment risk, including loss of capital invested, negative returns and delays in repayment. None of the Trustee, the Manager or any of their respective related bodies corporate, directors, associates or advisors guarantee the performance of the Trust, the repayment of capital or the payment of any, or any particular rate of, income or capital return from, or increase in the value of, the Trust.

**No warranty:** Although this IM has been prepared with reasonable care, to the maximum extent permitted by law, neither the Trustee, the Manager, nor any of their respective associates, related bodies corporate, officers, employees, agents, advisers or representatives make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of this IM or subsequently provided to Investors. Nothing contained in this IM is, or will be relied upon as, a contractual offer, a promise or representation, whether as to the past or the future. No person other than the Manager or the Trustee is authorised to make any representation in relation to the Trust or this document.

To the maximum extent permitted by law, Blue Boat and the Trustee and each of their respective associates, directors, officers, employees and advisers disclaim and exclude all liability for all losses and claims arising in any way out of or in connection with this IM or any related information (whether oral or written), including by reason of reliance by any person on this information.

**Accuracy and updates:** The information contained in this IM has been prepared as at the date of this IM. No representation or warranty is made that there has been no change to the information in this IM or in the affairs or financial condition of the Trust since the date of this IM. If information contained in this IM is stated to have been derived from a source that pre-dates the date of issue of this IM, then that information is current only as at the date of that source. None of the Trustee or the Manager is obliged to update this IM if any of them becomes aware of, or there is, any change in, or to the accuracy of, any information in this IM.

**On-sale of Units:** Investors (or other persons who become the holder of Units) must not make an offer for the sale of their Units within 12 months of the date of issue of those Units in circumstances that would require the Trustee to prepare or issue a product disclosure statement and purchasers of Units must be Eligible Investors pursuant to, or to comply with the disclosure requirements in, the Corporations Act.

**Discretion to accept:** The Trustee reserves the right to withdraw, or to extend, the Offer at any time, to reject any Application for any Units in whole or in part and to issue to any Investor less than the full amount of Units sought by such Investor.

**Confidentiality:** This IM is confidential and must not be disclosed to any other party and does not carry any right of publication. Neither this IM nor any of its contents may be reproduced or used for any other purpose.

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# 1. Blue Boat Owners' Manual

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Welcome to the Blue Boat Investment Trust, a long-term partnership between investors and managers. Blue Boat Capital aims to generate substantial long-term returns for investors, achieved by investing in quality businesses whose prospects are favourable and are offered at attractive prices in the market.

Our journey as investors has been a transformative period of development and growth. Since 2006 we have been collaborating on investing, refining our individual approaches and building a common understanding of principles for long-term investment. These different approaches are complementary and help us to resolve the most complete picture of each investment opportunity.

We founded Blue Boat in 2017 to create a true investment partnership where fund managers and investors are inherently aligned. Blue Boat has a deliberate strategy to maximise our opportunity set. We use no leverage, no index benchmarking, theme, or predetermined style. This relatively unconstrained mandate is a key advantage, giving us the flexibility to invest in the companies that have the most upside and the agility to pivot when market conditions change.

The Blue Boat portfolio consists of a collection of businesses that we understand and are priced at significant discounts to intrinsic value. We hold quality companies for the long term and seek to take advantage of irrational situations that arise in the market. We keep the portfolio concentrated to hold only our very best ideas.

This strategy comes with a hazard warning – our returns are unlikely to be smooth. Over a short timeframe, our results are likely to be heavily influenced by the general gyrations of the market. However, our focus is on the long term. We accept that short-term volatility is the uncomfortable

cost of maximising returns. In the long run, the returns on our portfolio investments will be dictated by the development of their intrinsic value, and the initial price paid.

We are proud to say that we are personally heavily invested in Blue Boat, alongside you, our partners. We firmly believe that the stocks held in the Blue Boat portfolio represent the best opportunities available in the market. That's the reason why we are invested in Blue Boat, why we are comfortable endorsing the Fund to others, and why we can genuinely say our interests are aligned with the Fund's investors.



This alignment goes further with the Fund's fee structure. Inspired by the Buffet Partnership, there is a relatively meagre base fee, along with a performance fee that rewards us as managers only if returns are satisfactory. Under this structure, we only succeed when the Fund and its investors, also succeed.

The performance fee also has a high-water mark provision. Should the portfolio underperform, we must first recover that loss before there is an opportunity for a performance fee. This is an important structure to prevent a manager from 'swinging for the fences' without fear of the downside. You can be assured that we are very incentivised for the Blue Boat portfolio to succeed. Our focus is entirely on your investor returns.

A note on the Fund mechanics. At the conclusion of each Quarter the portfolio is revalued and the price for each unit in the Fund is calculated. At these moments partners can add to or reduce their investment at the newly determined unit price. On completion of our 30 June financial year-end, a distribution, representing that year's net taxable income, is paid out either in cash or additional units, according to each partner's election.

Blue Boat is not a conventional fund. We recognise that to achieve extraordinary performance we must depart from ordinary practices. Along the way, we will make some mistakes. We've made plenty in our investing careers, some costly, some which have proven to be valuable lessons. But we've also been able to learn from the mistakes of others and capitalise on irrationalities thrown up in the market. Future mistakes will of course happen, but we pledge to be vigilant, learn and always improve. No matter what we vow to always be honest and upfront with you.

We invite you to join the partnership with us. Your trust and confidence are sacred to us, and we are dedicated to achieving exceptional returns over the long term.

Yours sincerely,

Handwritten signatures of David Nelson and Tim Evans in black ink.

**David Nelson and Tim Evans**

Directors

Blue Boat Capital Pty Ltd

# 2. Investment Summary

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## **The Trust**

Blue Boat Investment Trust is a trust managed by Blue Boat Capital Pty Ltd.

## **The Trust Structure**

The Trust is an unlisted and unregistered unit trust (sometimes called a managed investment scheme). All Investors will have an interest in the assets and investments of the Trust pro rata to the Units they hold but will not have an interest in any specific asset or investment.

## **Trustee of the Trust**

Bentleys (QLD) Advisory Pty Ltd ACN 057 135 636, holder of AFSL No: 274444, is a related entity of Bentleys Queensland, which is part of the Bentleys advisory and accounting network in Australia.

## **The Manager**

Blue Boat Capital Pty Ltd ACN 617 864 605. Blue Boat Capital has been managing the Trust since its inception on 1 April 2017 and is solely focussed on maximising its performance.

## **Investment Strategy**

The Manager aims to generate high returns by investing in quality businesses from around the world. The strategy focusses on identifying companies whose prospects are strong and are offered at attractive prices.

## **Open Ended**

The Trust is open to accept applications each Quarter.

## **Eligible Investors**

Only "wholesale clients" as defined in the Corporations Act may invest in the Trust.

## **Minimum Investment Amount**

The minimum investment amount is \$50,000 per investor, subject to the discretion of the Trustee.

## **Application for Units**

Applications are processed quarterly. Investors should submit their online application form and application monies prior to the end of the Quarter.

## **Application Price**

The Fund Net Asset Value (NAV) is calculated at the end of each Quarter. The Unit Price is determined as the NAV divided by the total Units currently on issue.

## **Withdrawal of Units**

Investors can redeem Units at the end of each Quarter, provided they submit a withdrawal request at least 30 days in advance.

## **Withdrawal Price**

The Withdrawal Price per Unit is calculated in the same way as the Application Unit Price minus a 1.00% spread.

## **Distributions**

The net taxable income of the Trust is distributed annually to Unitholders. Unitholders can elect to receive this amount either in cash or to have it reinvested in new Units.

## **Fees payable to the Manager**

The following fees are payable to the Manager of the Trust:

- Management fee: 0.50% per annum (excl. GST) of the NAV as calculated on the last day of each Quarter payable quarterly in arrears
- Performance Fee: 25% of NAV outperformance to high watermark subject to a hurdle rate of 6.0% in respect of each performance period which may be one Financial Year or multiple financial years. This calculation will be inclusive of and adjust for capital inflow, outflows and distributions to Unitholders.



The performance fee is subject to a high watermark, meaning that in the event of underperformance, the Fund has to first recover its losses, plus generate a further 6.0% return before any performance fees are earned.

### **Fees payable to the Trustee or Fund Administrator**

The following fees are payable to the Trustee or Fund Administrator (as applicable) from the Trust. Refer to [Section 9](#) for more details:

- Trustee Fee (annual): \$51,500 per annum covering Trustee, custody and license fees.
- Registry & Fund Administration Fees (annual): \$22,000 per annum covering unit registry, software, valuations, investor reporting, annual audit and distributions, payable to the Fund Administrator. Additional administration fees may be charged for any out of scope services not included in the standard fees.
- Termination Fee (one-off): Should the Trustee be removed prior to the termination of the Trust, a termination fee equal to any accrued but unpaid portion of the Trustee Fee calculated at the time of termination will be payable to the Trustee. The Trustee appointment is subject to a minimum term of three years. Additional charges will apply if the Trustee is terminated within the initial 3-year term.

Any fees set above are exclusive of GST. All annual fees payable to the Trustee and Fund Administrator are payable monthly in arrears. All annual fees payable to the Fund Administrator are subject to an annual CPI adjustment effective 1 July each year.

### **Expenses and Costs**

All third-party compliance, administration, insurance and other Trust related costs and expenses are charged to, and able to be recouped from, the Trust.

### **Risks**

Risks that may affect the financial performance of your investment in the Trust include risks relating to the Trust itself, the market, reliance on the Manager and general investment risks. For further detail on risks, refer to [Section 11](#).

### **Cooling Off Rights**

There are no cooling off rights available to Investors.

### **Taxation**

General commentary on Australian taxation considerations is provided in this document, however, it is not possible to contemplate the tax outcomes for every Investor. Investors should seek their own advice on taxation matters applicable to their specific circumstances prior to investing in the Trust.

# 3. About the Manager

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Blue Boat Capital is an enterprising investment manager solely dedicated to generating strong returns for our partners in the Blue Boat Investment Trust.

## 3.1 Blue Boat Overview

Blue Boat was established in 2017 with a simple investment strategy. We invest in a portfolio of high-quality businesses that we understand, have capable and trustworthy management, decent prospects, and are offered at attractive prices. We look for businesses globally, across different industries and markets giving us the widest possible opportunity set. In finance-speak, Blue Boat is a long-only, value focussed, global equities fund.

We deliberately set no mandate around investment style or exclusions of markets or sectors. We see no upside in implementing rules that would decrease our opportunity set and exclude us from a potentially prosperous investment. The portfolio is limited to only our most compelling opportunities with the knowledge that, over the long term, the market will recognise intrinsic value and our partners will be rewarded with handsome returns.

## 3.2 Investment Process

At Blue Boat Capital, the core of our process is orientated around identifying those companies that offer the greatest potential returns to their shareholders. We carefully consider the potential future value of a particular business and compare that to the current market price to get a sense of the returns on offer. From the analysis of many companies, we build a set of opportunities and identify those that offer the most compelling proposition to be included in the Blue Boat portfolio.

In this way Blue Boat is a value-focussed fund, in that we look to invest in companies whose current market price represents an exceptional discount to our expectation of their future value.

Outstanding value opportunities come in a variety of forms. In some cases, we will discover a mature company trading at a deeply discounted price relative to its assets. Where we see a clear path for that value disconnect to be corrected and the potential returns are attractive, we will consider this for the portfolio. However, our preferred route to identify value opportunities is via *very high-quality* companies.

Fundamentally, a very high-quality business can provide its customers with a valuable product or service, generated at a much lower cost, in an efficient and sustainable way. These companies have exceptional and appropriately incentivised management and the business has prospective channels to reinvest capital at high returns. Together, these strengths make the business resilient against competitive forces and pave the way for strong future growth, and high future value.

Very high-quality businesses can be found in all kinds of markets and sectors, each with their own unique characteristics. Nonetheless they all tend to share the ability to operate with a competitive edge in a repeatable and robust way. We are open to reviewing them all, but ultimately, we stick to those we feel we can understand.

Our assessment of quality is a rigorous qualitative and quantitative task involving consideration of a multitude of factors. These include analysing the strength of a company's competitive position, the capability of management and the sustainability of capital returns. Every case is different, and we are careful to consider all the nuances that are unique to each business.

From quality we can get a sense of a company's potential future value, and the certainty of that value. By comparing this with the current market price offered we can understand the potential returns and risk from investing.

The Blue Boat fund is a concentrated portfolio, constructed from the opportunities that we feel offer the most attractive return profile for investors. We look to include robust companies and balance the risks faced in particular sectors or markets. We aim to hold our investments for a long time so that each can compound and grow into its potential over many years.

We accept that market volatility is part of this journey. However, our ability to hold investments for the long term is thanks to the underlying quality of the portfolio companies, and the support of you, our partners. Together this gives us great conviction and is an important competitive advantage to generate extraordinary returns.

### 3.3 Investment Focus

Blue Boat's area of focus is global listed equities. This universe contains tens of thousands of different securities representing companies of every type imaginable. Accordingly, it's best to channel our efforts on areas of the market where we stand the best chance of finding high quality business offered at attractive prices.

There are two key areas that tend to offer the best odds of discovering such investment opportunities. The first is among 'smaller' companies. With less market awareness and shallower liquidity, these companies receive less attention from institutional investors. They are regularly led or controlled by founders or families and operate with a focus on long term outcomes. As a result, within this corner of the market we often have better odds of finding high-quality companies whose potential remains largely undiscovered by the wider investment community.

The second area is large companies that are going through some period of difficulty. All companies encounter hard times eventually, and in the moment the stock market tends to project forward those hard times far into the future. These opportunities are often hiding in plain sight and are far more obvious in hindsight. In the moment it requires us to carefully consider whether the company is of sufficient quality to get through the difficulty and come out stronger.

Both types of opportunity offer a chance to invest in a quality business that is underappreciated in the market. As the smaller companies grow and succeed, and the larger companies get through their slump, each stand to be better recognised for their true value.

From time to time, we also evaluate equity investments in unlisted companies. For these we set a higher bar to consider investing, but we remain open-minded.

Among the areas we do not participate in, is speculating in exotic securities. We stick to our bread and butter.

For investments in equities quoted on exchanges located outside of Australia, or in companies situated outside of Australia, we may utilise derivatives to protect the Trust's investments from foreign exchange fluctuations.

## 3.4 Key Individuals

### DAVID NELSON

#### Director



David worked at Morgans in the Corporate Finance team from 2005 until 2010. After moving to the UK, David got his start in portfolio management with Neptune in London from 2012-2016.

Here he led the global consumer sector research team and ran the consumer discretionary and staples portfolios. Additionally, David worked as a Fund Manager for Neptune's suite of China Funds. In this role David would often travel to Asia to attend conferences, meet companies, and see businesses first hand.

David has been actively investing in equities personally since he bought his first stock in 1997. His investment philosophy has been steadily developed over that time with major influences from legendary investors Nick Sleep, Phil Fisher, Bill Miller, Howard Marks and Joel Greenblatt.

David graduated as valedictorian from the University of Queensland, earning a Bachelor of Commerce (Honours). He later undertook a Master of Arts in Economics from Cambridge University. His 2006 honours thesis investigated the association between corporate sustainability & profitability, as well as its connection to investors' returns, and was published in the Accounting & Finance journal. David has also completed all three levels of the CFA exam.

Tim and David met at university and worked at Morgans together. Ever since they have collaborated on investment ideas and developed a common understanding of the key principles of long-term investing.

### TIM EVANS

#### Director



Tim has extensive experience in analysing equities and managing clients' money. Since 2009 he has been a private client adviser at Morgans Financial (AR number 000343426).

Tim's career in the finance industry began as an analyst in the Morgans Corporate Finance team in 2006 and later worked at Morgan Stanley Smith Barney before rejoining Morgans.

Tim holds a Bachelor of Commerce from the University of Queensland and has completed the SDIA Securities & Managed Investments accreditation as well as the Ethics and Professional Relationships program from QUT.

Tim is passionate about investing and is a keen student of his investment idols Warren Buffett, Charlie Munger, Peter Lynch, and Li Lu, having read their books, letters and reports extensively. He regularly travels to meet with companies and other fund managers to expand his knowledge, assess the condition of markets and industries, and identify new opportunities.

It was through this experience that Tim had noticed the misalignment in the funds management industry between managers and investors, prompting the creation of Blue Boat which is designed with the investors' best interests in mind.

# 4. Trust Structure

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The Trust is structured as an Australian unlisted unit trust trading as an unregistered Managed Investment Scheme (MIS) and is governed by the Trust Deed and general law. The terms of the Trust Deed are summarised in [Section 8](#).

## 4.1 About the Trustee

Bentleys (QLD) Advisory Pty Ltd ABN 19 057 135 636, holder of AFSL No: 274444 (**Trustee** or **Bentleys Advisory**) is the trustee of the Trust.

Bentleys Advisory is a subsidiary of Rawlings Bolton & Co Pty Ltd (a related entity of Bentleys Queensland), which has a successful 75-year heritage as financial intermediaries and advisers.

The interests of Investors as Unitholders are represented by the Trustee.

The Investors will hold Units in the Trust, proportionate to their investment.

## 4.2 Fund Management

The Trustee has appointed Blue Boat Capital as the Manager of the assets of the Trust pursuant to the Investment Management Agreement.

The Manager is responsible for the identification, acquisition, management and disposal of assets on behalf of the Trust. In addition to the asset management services, the Manager is also responsible for the operational aspects of the Trust including administrative services and reporting obligations. The Manager has engaged the Fund Administrator to provide administrative services and reporting for the benefit of the Fund.

## 4.3 Trust Governance

The Trustee is independent of the Manager. The Trustee is a related party of the Bentleys advisory and accounting network in Australia. All the directors of the Trustee are principals of the Bentleys network. The Manager does not have an interest in the Trustee and has no right to appoint any directors of the Trustee.

The Trustee owes various general law duties to Unitholders, which can broadly be described as being required to act in the best interests of all Unitholders of the Trust.

As the holder of an AFSL the Trustee also has duties imposed by the Corporations Act, such as the duty to provide financial services efficiently, honestly and fairly.

## 4.4 Reporting to Investors

The Trustee will provide the following statements and reports to Investors in relation to the Trust:

- Initial investment confirmations.
- Annual holding statements.
- Annual tax statements.
- Distribution statements when distributions are paid.
- Quarterly reports on the performance of the Trust.

## 4.5 Distributions

In accordance with the Trust Deed, at the end of each Financial Year the Trustee will determine the distributable income of the Trust. Each Investor's share of any distributable income is calculated based on the number of Units held by the investor at the end of a distribution period.

Investors can elect to receive distribution amounts either in cash, or to have it reinvested as new Units at the applicable Application Price at the time.

# 5. The Offer

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## 5.1 Eligible Investors

An investment in the Trust is restricted to recipients who qualify as “wholesale clients” under the Corporations Act.

## 5.2 Minimum Investment Amount

The minimum Investment Amount is \$50,000 per Investor (unless the Trustee agrees otherwise).

## 5.3 Application Procedure

The procedure for applying for Units in the Trust is:

- read this IM in its entirety;
- discuss the investment with your own advisers and conduct due diligence enquiries; and
- submit an online Application and pay the Trustee an amount equal to the Investment Amount.

The Application procedure is outlined in [Section 13](#).

The Application once submitted cannot be withdrawn without the consent of the Trustee and constitutes a binding application for, and acceptance of, the amount specified in the Application on the terms set out in this IM.

## 5.4 Application Price

In accordance with the Trust Deed, each Quarter end the Application Price per Unit is calculated as the NAV divided by the total number of Units on issue at Quarter end.

## 5.5 Acceptance of Applications

Following receipt of an Application, the Trustee will consider whether to accept or reject the Application. The Trustee reserves the right to:

- withdraw or vary the Offer;
- reject or scale back any Application for Units in whole or in part; and
- accept any Application for Units of less than the Minimum Investment Amount.

If an Investor’s Application is accepted, then the Trustee will issue Units to the Investor. If an Investor’s Application is rejected (in whole or in part), then the Trustee will repay the applicable Investment Amount to the Investor.

## 5.6 No Cooling Off Rights

No cooling off rights apply to Applications for Units in the Trust.

# 6. Valuation

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## 6.1 Calculating NAV

As per the Trust Deed, the Fund's total NAV is calculated as the value of the gross assets less the liabilities excluding any applications that have not been accepted by the Trustee.

The assets of the Fund include all investment assets, accrued income, capital and rights of the Fund. The liabilities of the Fund include accrued fees payable, contingent liabilities and any other relevant liabilities of the Fund.

When calculating the NAV for the purposes of Application Price, Withdrawal Price or a performance fee, the Trustee must include the Assets, Liabilities, and any fees & expenses (whether accrued or not) referable to the period during which the NAV is being calculated.

Fees and expenses, such as fees payable to the Manager, Trustee and Fund Administrator, will be accrued monthly and will generally be paid monthly in arrears.

## 6.2 Valuation Methodology

Investment assets will be valued as per the Trustee's Valuation Policy using the following general guidelines:

### ***Domestic (Australian) listed securities (other than rights – refer below)***

All securities are valued at the "last close" price as All securities are valued at the "last close" price as specified by the Australian Securities Exchange (ASX). This data is obtained via market data providers.

### ***Renounceable rights***

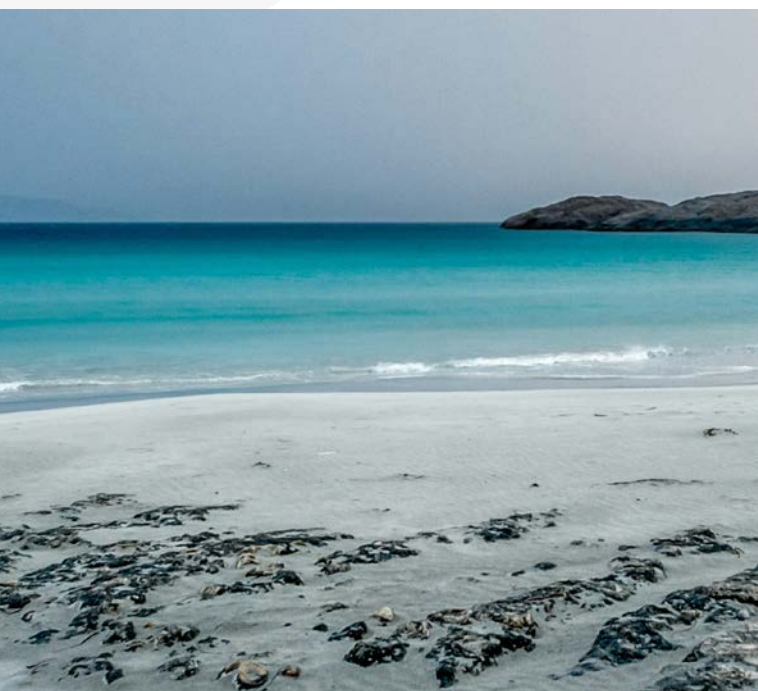
The renounceable rights are priced as per the market price of the rights security. Upon exercise the "new" shares are priced as per the head stock in the case where there is no trading in the new security or the new security price if there is a market in that security.

### ***Non-renounceable rights***

The non-renounceable rights are priced at zero until exercise, regardless of the theoretical price of such rights (i.e. the price difference between the exercise price and the head stock price). Upon exercise the pricing policy in respect of renounceable rights applies. This ensures the portfolio is not over valued when applications and redemptions take place should rights not be exercised.

### ***International securities***

International securities pricing is obtained from market data providers for foreign securities. Pricing is obtained from the "last close" price as specified by the local exchange on which the security trades. The value of international securities is converted from the applicable foreign currency to Australian dollars using the relevant exchange rate applying at the date the value is determined.



### ***Unlisted securities***

Where appropriate the Trustee may rely upon the valuation implied by recent private transactions in unlisted securities. Where recent transactions are not available or not appropriate, the Trustee may rely upon its own best estimate of value of unlisted securities.

### ***No Market Data Available***

The Trustee may make and act upon estimates of the value of any Assets or the amount of any Liabilities where actual valuations or authenticated figures are not available.

## **6.3 Valuation Frequency**

The Trustee is permitted to cause an asset of the Fund to be valued at any time and must do so as and when required by the Trust Deed.

The Trustee will calculate the Fund's NAV at regular intervals for applications and redemptions, generally quarterly.

## **6.4 Suspension of Valuation and Pricing**

It may be necessary for the Trustee to determine, where it is in the best interest of Investors to do so, to:

- suspend valuation of the Fund's assets and liabilities where the value of the assets and liabilities cannot be appropriately valued or estimated; or
- suspend the processing of transactions where Unit prices cannot be appropriately determined.

Application and withdrawal requests received during these times will generally be processed using the Unit price applicable on the first valuation day after the Trustee has lifted the suspension.

## **6.5 Rounding Methodology**

The Application Price and Withdrawal Price for Units will generally be rounded to four decimal places. Fractions of Units may not be issued. The Trustee may consolidate or divide Units on terms it determines.



# 7. Withdrawals and Transfers

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## 7.1 Withdrawal Procedure

A Unitholder may make a request for the withdrawal of some or all of their Units by completing a Withdrawal Form. The request must be signed by all relevant parties to the investment (such requirement may be satisfied by submitting the Withdrawal Form electronically via email). The Trustee must (consistent with the requirements of the Trust Deed):

- redeem the Units with effect as at the Withdrawal Date applicable to the Units; and
- pay to the relevant Unitholder the Withdrawal Price for each Unit that is redeemed within 30 days of the Withdrawal Date.

## 7.2 Withdrawal Date

Provided the Investor submits a withdrawal request at least 30 days in advance, the Withdrawal Date will be the last day of the Quarter in which the request was made. Otherwise, the Withdrawal Date will be the last day of the following Quarter. The Trustee may apply discretion when determining which Quarter the redemption will be processed in.

## 7.3 Withdrawal Price

In accordance with the Trust Deed, the Withdrawal Price per Unit is determined by the Trustee and is calculated as the NAV divided by the total number of Units on issue at the Withdrawal Date, minus the sell spread as per [Section 9.4](#).

If a Unitholder owes any money to the Trustee, then the Trustee may deduct the money owing from the proceeds of a withdrawal which are otherwise due to the Unitholder.

## 7.4 Minimum Withdrawal Amount

The minimum withdrawal amount is \$10,000. If a withdrawal could result in an investment balance less than \$50,000, then the Trustee may regard the withdrawal request as being for the entire amount invested.

Further, the Trustee does not need to give effect to an Investor's withdrawal request if the withdrawal amount is less than the minimum withdrawal amount (currently, \$10,000), unless it relates to the balance of the Investor's unitholding in the Trust.

## 7.5 Suspension of Withdrawals

The Trustee may suspend withdrawals if the Trustee determines it is necessary or desirable for the protection of the Trust or in the interests of Unitholders in which case Investors will not be able to withdraw from the Fund within the usual period. Circumstances where the Trustee may suspend the processing and payment of withdrawals include if the Trustee receives withdrawal requests at any one time for more than 10% of the value of the net assets of the Fund or due to economic, military or health issues (such as a financial market crash, war or a global pandemic), the Trustee is unable to realise the Fund's investments. Any withdrawal request received during a period of suspension will be taken to have been received immediately after the end of the suspension period.

## 7.6 Transferring Units

### *Transfer Process*

Investors may transfer units in the Fund to another person by providing the Trustee with:

- an approved standard transfer form completed and signed by the transferee and transferor; and
- other such information and confirmations (including Eligible Investor status and identification details for the transferee) that the Trustee may request.

Transfers of Units are not effective until the Trustee has updated the register of investors for the Fund. The Trustee may refuse to update the register of investors or withhold its consent to a proposed transfer of Units for a number of reasons including:

- the parties have not completed a standard transfer form in an approved form;
- the transferee does not agree to be bound by the Trust Deed;
- the transferee does not qualify as an Eligible Investor; or
- the transferee has not met AML/CTF and KYC requirements.

### *Administrative Assistance*

Administrative assistance will be provided to assist Investors with this transfer process, including providing a transfer form.

### *No Secondary Market*

There is no established secondary market for units in the Fund and units will not be listed on any securities exchange.

# 8. Summary of Material Documents

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## ***Trust Deed***

The Fund's Trust Deed establishes the Fund and governs your rights and obligations as an investor in the Fund. Investors are bound by the provisions of the Trust Deed. The Trust Deed regulates the operation of the Fund and sets out the rights and liabilities of investors and the responsibilities and duties of the Trustee.

The Trust Deed includes provisions which relate to:

- the Trustee's powers, duties, and obligations;
- the rights and obligations of investors;
- the ability of the Trustee to retire;
- the issue of Units and the procedure for the redemption of Units;
- the transfer and transmission of Units;
- the valuation of the Fund;
- the Trustee's entitlement to fees;
- the Trustee's right to be indemnified by the Fund for expenses, losses and liabilities arising in its capacity as Trustee;
- the winding up of the Fund;
- meetings of investors; and
- the Trustee's limitation of liability.

The Trustee may amend the Trust Deed in its absolute discretion on terms it sees fit.

## **8.1 Other Material Agreements**

The following material agreements have been entered into by the relevant parties:

### ***Investment Management Agreement***

This agreement sets out the terms and conditions on which the Manager is appointed by the Trustee to manage the assets of the Trust, including the duties and obligations of the Manager and the fees to be paid to the Manager.

The Investment Management Agreement contains provisions dealing with matters such as the Manager's obligations to report to the Trustee and sets out the fees payable to the Manager for its services.

The Investment Management Agreement will remain in force until the Fund is wound up unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Manager is in material breach of the agreement and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Manager becomes insolvent.

### ***Fund Administration Agreement***

This agreement is between the Manager and Fund Administrator and sets out the terms on which the Fund Administrator will provide administration services for the Trust including registry, financial, accounting and unit pricing services. The Fund Administrator is a related party of the Trustee.

# 9. Fees and Expenses

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## 9.1 Fees Payable to the Manager

The following fees are payable to the Manager out of the Trust:

- **Management Fee:** The Trust will pay the Manager a management fee of 0.5% per annum (excl. GST) of the NAV. The management fee is calculated on the last day of each Quarter and payable quarterly in arrears.
- **Performance Fee:** 25% of NAV outperformance to high watermark subject to a hurdle rate of 6.0% in respect of each performance period which may be one Financial Year or multiple financial years. This calculation will be inclusive of and adjust for capital inflow, outflows and distributions to Unitholders.

The performance fee is subject to a high watermark, meaning that in the event of underperformance, the Fund has to first recover its losses, plus generate a further 6.0% return before any performance fees are earned.

## 9.2 Fees Payable to the Trustee and Fund Administrator

The following fees are payable to the Trustee or Fund Administrator (as applicable) out of the Trust:

- **Licenses & Ongoing Trustee & Custody Fees (annual):** A fee of \$51,500 per annum covering Trustee, custody and licensing fees. Payable to the Trustee and is paid in equal monthly instalments, in arrears.
- **Unit Registry & Fund Accounting and Administration Fees (annual):** A fee of \$22,000 per annum covering unit registry, software, valuations, investor reporting,

annual audit and distributions. Payable to the Fund Administrator and is paid in equal monthly instalments, in arrears. Additional administration fees may be charged for any out of scope services not included in the standard fees.

- **Termination Fee (one-off):** Should the Trustee be removed prior to the termination of the Trust, a termination fee equal to any accrued but unpaid portion of the Trustee Fee calculated at the time of termination will be payable to the Trustee. The Trustee appointment is subject to a minimum term of three years. Additional charges will apply if the Trustee is terminated within the initial 3-year term.

If the funds under management of the Trust exceed \$20 million, the Trustee may charge additional fees.

Any fees set out above are exclusive of GST. All annual fees payable to the Fund Administrator are subject to an annual CPI adjustment effective 1 July each year.

## 9.3 Costs and Expenses

The Trustee is entitled to be paid or reimbursed for expenses associated with the operation of the Trust, such as costs incurred in connection with the assets and other expenses properly incurred in connection with performing duties and obligations in the day-to-day operation of the Trust. The Manager is entitled to be paid or reimbursed for expenses incurred with the Trustee's prior written consent (including expenses specified in the Investment Management Agreement) or incurred in relation to services provided by the Fund Administrator. These expense recoveries are paid as they are incurred by the relevant party. For the avoidance of doubt, expense recoveries are in addition to the fees referred to in this IM.

## 9.4 Sell Spread

When Units are withdrawn, a sell spread of 1.00% is subtracted from the value of a Unit. The sell spread is an amount which reflects the estimated transaction costs of disposing of the underlying investments. The sell spread is retained by the Fund and is not paid to the Trustee or the Manager – it is not a management fee.

A sell spread seeks to ensure that the estimated transaction costs of the withdrawal of Units are borne by the investor who is withdrawing the Units and not by the existing investors in the Fund.

No buy spread is charged on the issue of Units.

## 9.5 GST

Unless otherwise indicated, all fees quoted in this IM are exclusive of GST and any input tax credits.

# 10. Taxation

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## Scope

The information provided below is a general summary of the Australian income tax and goods and services tax (GST) implications for the Fund and Australian resident Unitholders who hold their Units on capital account.

The information does not consider the Australian income tax and GST implications for Unitholders with different characteristics, such as Unitholders who carry on a business of trading in units, acquire their Units for the purpose of profit making by sale of their Units, or are non-residents. The taxation implications for Unitholders with different characteristics may differ substantially from those outlined below.

The information is based on the Australian income tax law and GST law as at the date of this IM. However, these laws are subject to change.

As the Australian income tax and GST laws are complex and each Unitholder's tax liabilities will ultimately depend on their individual circumstances, Unitholders should seek their own independent professional tax advice before investing in, or dealing with, their investments in the Fund.

## Taxation of the Fund

### *Income Tax Status of the Fund*

The Fund is expected to be a 'flow-through trust'. Broadly, a 'flow-through trust' means that the Trustee will not be liable to pay tax on the Fund's net income, rather the Unitholders will be liable for tax on their respective share of the Fund's net income.

The Fund will be a 'flow-through trust' for tax purposes unless it is classified as a 'public trading trust'.

### *Public Trading Trust*

A unit trust will be treated as a public trading trust if it meets the 'widely held' criteria (being a 'public unit trust') and the 'trading trust' criteria. In relation to the 'trading trust' criteria, this will be met if either the trust carries on a trading business (excluding an 'eligible investment business' such as investing in financial instruments such as shares, bonds, options etc) or the trust controlled or was able to control, directly or indirectly, the affairs or operations of another person in respect of the carrying on by that person of a trading business (excluding 'eligible investment business').

The Fund may invest in underlying 'trading businesses' but should not be a 'trading trust' unless it has a majority stake or is otherwise considered to control a 'trading business'.

Whether the trust is a 'public unit trust' will depend on the number and type of Unitholders that ultimately subscribe for and are accepted under the Offer.

The consequence of the Fund being classified as a 'public trading trust' is that it will be treated similarly to a company for taxation purposes. In particular, whilst the Fund is a 'public trading trust', the Trustee will be liable to pay tax on the Fund's net income at the corporate tax rate (currently 25% for Base Rate entities). Where the Fund is a 'public trading trust', it will, in general terms, be subject to the same imputation system that applies to companies. The Fund will generate franking credits from income tax payments and distributions of profits by the Fund may be franked, subject to the same franking restrictions as apply to companies.

Based on the expected Unitholders and Fund investments, it is not expected that the Fund will be classified as a public trading trust. Whether the Fund is or is not a 'public trading trust' is assessed on an annual basis.

### ***Managed Investment Trust and Attribution Managed Investment Trust***

The Fund may also be a 'managed investment trust' (MIT) for tax purposes. It will not be a MIT if it is a 'trading trust'. If the Fund is not a 'trading trust', broadly, whether the Fund obtains MIT status (including Attribution Managed Investment Trust (AMIT) status) will depend on the spread of its Unitholders.

If the Fund is a MIT the Trustee may choose to make an irrevocable capital account election to treat gains and losses made from the disposal of certain assets (such as shares in companies and units in unit trusts) as capital gains and losses for tax purposes.

If the Fund is a MIT the Trustee may also make an irrevocable choice for the Fund to be an AMIT for taxation purposes once it meets the requirements to make that choice.

If the Fund is an AMIT it would be a flow-through trust for tax purposes but subject to the attribution of income rules for an AMIT. The discussion of the Taxation of Unitholders: Flow-Through Trust is on the basis that the Fund is not an AMIT but a similar outcome would be expected if the Fund was an AMIT.

### ***Taxation of Unitholders: Flow-Through Trust***

On the basis that the Fund is a flow-through trust, a unitholder will need to include in their assessable income their share of any taxable income of the Fund for an income year (including reinvested income), even though actual payment may not occur until a later time or is reinvested.

The tax impact for Unitholders depends on the categories of income which make up the distribution.

Part of the Fund's taxable income may include assessable income such as interest, dividends and trading profits. Any such income of the Fund will be taxable as assessable income to the Unitholder. Where the assessable income includes franked dividends, the attached franking credits will also flow through to the Unitholder.

The Fund's taxable income may also include a capital gain, including a discount capital gain (reduced by the CGT discount). Unitholders will need to take into account their share of any Fund capital gain (including discount capital gains) in determining their own net capital gains.

Any tax losses made by the Fund cannot be allocated to Unitholders, however, they can be offset against assessable income of the Fund in a later year provided that certain tests are satisfied.

### **Disposal or Redemption of Units**

The disposal or redemption of units in the Fund will constitute a CGT event for Unitholders.

A Unitholder may make a capital gain or capital loss depending on the proceeds from the disposal or redemption. Any capital gain may be eligible for the CGT discount for certain Unitholders.

### **GST**

No GST should be payable by:

Unitholders on the acquisition, transfer or redemption of Units; and

By the Fund on the issue of Units or distributions of income or capital to Unitholders.

### **Quotation of Tax File Number (TFN) or Australian Business Number (ABN)**

It is not compulsory for the Unitholder to quote their TFN or ABN. However, if the Unitholder does not provide a TFN or ABN or claim an exemption, the Fund would be required to withhold tax at the highest marginal rate, including Medicare Levy (currently 47%) from payments to the Unitholder.

A Unitholder may quote an ABN rather than a TFN if the investment is made in the course of carrying on a business or enterprise.

# 11. Risks

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A degree of risk applies to all types of investments, including investments in the Trust.

Prospective investors should be aware that there is no guarantee that the implementation of the intended investment strategy as described in this IM will result in returns to Unitholders. An investment in the Trust carries the risk of negative investment returns and loss of capital invested. As investing in the Trust involves exposing your investment to a range of risks, it is important that you understand:

- the risks involved in investing in the Trust;
- how these risks compare with the risks of other investments; and
- how comfortable you are in exposing your investment to risk.

You should also consider the extent to which the Trust fits into your overall investment strategy.

Risk can mean different things to different people. It can mean the risk that your investment may fail to achieve the returns that you expect. This includes situations in which your investment may suffer substantial declines in value. It also includes situations in which your investment goals will not be met because the type of investments you chose did not provide the potential for adequate returns. Risk is also often defined to mean investment volatility. That means the extent to which an investment varies in value over a given period.

Often, investments offering higher levels of return also exhibit higher levels of short-term volatility and risk. Investment strategies which seek to minimise risk are at times described in the context of diversification. Diversification of itself may not be sufficient to mitigate all risks described below.

## **Types of risk:**

Investments are subject to many risks, not all of which can be predicted or foreseen. Below is a list of the risks believed to be most relevant to this investment and a broad explanation of each risk. The risks set out in this section are not intended to be exhaustive. Many risks are outside the control of the Trustee and the Manager. If one or more of the risks listed comes to pass, then Investors may suffer a partial or complete loss of any capital invested.

Before making an investment decision, you should obtain your own investment advice, considering your own investment needs and financial circumstances. A prospective investor contemplating an investment into the Fund should consider the entire contents of this IM before deciding to invest in the Fund.



## Risks relating to the Trust

There are specific risks associated with the Trust, such as termination and changes to fees and expenses. The Trustee may close the Trust to further investments if, for example, the Trustee considers it appropriate given the investment objective and investment strategy of the Trust. The Trustee may also terminate the Trust by notice to Unitholders. Your investment in the Trust is governed by the terms of the Trust Deed, as amended from time to time. There is also a risk that investing in the Trust may give different results from holding the underlying assets of the Trust directly because of:

- income or capital gains accrued in the Trust at the time of investing; and
- the consequences of investment and redemption decisions made by other investors in the Trust. For example, a large level of redemptions from the Trust may lead to the need to sell underlying assets at an inopportune time or in a manner which would potentially realise income and/or capital gains.

The Trustee aims to manage these risks by monitoring the Trust and acting in Unitholders' best interests. There can be no assurance that the Trust's investment objective will be achieved, or that a Unitholder will receive a return on their investment. An investment in the Trust should only be undertaken by investors that have the capacity to withstand a partial or even complete loss of their investment and who have a capacity to assess and assume risk. There may be times when your investment in the Trust may be illiquid. There may also be occasions when the Manager and its affiliates encounter potential conflicts of interest in relation to the Trust.

### **Investment Manager Risk**

The investment style of the Manager can have a substantial impact on the investment returns of the Trust. No single investment style performs better than all other investment styles in all market conditions. Investment performance

will also depend on the skill of the Manager in selecting, combining and implementing investment decisions. Given the Trust relies heavily on the ability of the Manager to identify investments that will outperform other investments, should the Manager make the wrong decision, the Trust may have negative returns. Changes in the personnel of the Manager, particularly Tim Evans or David Nelson, may also have an impact on investment returns of the Trust.

### **Market Risk**

Generally, the investment return on a particular asset is correlated to the return on other assets from the same market, region or asset class. Market risk is impacted by broad factors such as interest rates, availability of credit, economic uncertainty, changes in laws and regulations (including government responses to financial crises and laws relating to taxation of the Trust's investment), trade barriers, currency exchange controls, political environment, investor sentiment and significant external events (e.g. natural disasters). These factors may affect the level and volatility of the prices of securities or other financial instruments and the liquidity of the Trust's investments. Volatility or illiquidity could impair the Trust's profitability or result in losses. The Trust may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

### **Volatility Risk**

The Trust's investment program may involve the purchase and sale of relatively volatile securities. Fluctuations or prolonged changes in the volatility of such securities can adversely affect the value of investments held by the Fund.

## **Liquidity Risk**

Under certain market conditions, such as during volatile markets when trading in a security or market is otherwise impaired, or due to economic, market, legal, political or other factors, the liquidity of the Trust's investments may be reduced. If a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained. If an investor or a group of investors in the Trust seek to make large redemptions, then selling assets to meet those redemptions may result in a detrimental impact on the price received for those assets. In certain circumstances the Trustee may be required to suspend redemptions (refer to Redemption Risk below) to allow sufficient time for a more orderly liquidation of assets to meet the redemptions.

## **Redemption Risk**

In certain circumstances (including where assets in which the Trust invests cannot be readily bought and sold, or market events reduce the liquidity of a security or asset class), there is a risk that the anticipated timeframe for meeting redemption requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, redemption from the Trust may take significantly longer than the anticipated timeframe or may be suspended or limited.

## **Regulatory Risk**

Regulatory actions by governments and government agencies could materially affect the global markets, including the pricing of securities, and may limit the Trust's activities or investment opportunities.

## **Systemic Risk**

The Trust is actively involved in globally linked financial markets and is subject to risk arising from a default by one or several large institutions that engage in substantial transactions and other activities with each other and are dependent on

one another to meet their liquidity or operational needs, so that a default by one institution creates the risk of a series of defaults by the other institutions. This risk is separate from the risk of dealing directly with a counterparty that fails and can impact participants in markets even if they do not have direct relationships or exposure to the defaulted financial institution. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Trust interacts daily.

## **Diversification Risk**

The Manager intends to seek to diversify the Trust's investments as it deems appropriate and consistent with the Trust's investment objective. However, when the Trust's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility.

## **Currency Risk**

Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of the Trust. If deemed appropriate, the Manager may utilise derivative securities to protect the Trust's investments from foreign exchange fluctuations. These derivative securities may also have a positive or adverse impact on the Trust's investments, or fail to protect those investments from currency risk.

## **Foreign Investment and Emerging Markets Risk**

The Trust may, through its foreign investments (including emerging markets) and exposure to foreign currencies, have exposure to risks not usually associated with investing in Australia and other developed markets such as political, social and economic instability, difficulty in enforcing legal rights, unforeseen taxes and less stringent regulatory protections, reporting and disclosure. These factors may affect the value of the Trust, volatility of the Trust's returns and liquidity of the Trust's investments.

# 12. Additional Information

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## **Anti-Money Laundering and Counter-Terrorism Financing**

The Trustee will require Applicants to provide appropriate identification and verification details, which may include identification of the underlying beneficial owner(s). The Trustee may delay or refuse to accept an Application (and return any funds received with the Application without interest) from a prospective Investor who delays or fails to produce any information requested for verification purposes or if the Trustee is concerned that the Application may breach any obligation of, or cause the commission of an offence under the AML/CTF law, and the Trustee will not incur any liability to any Investor for such delay or refusal.

An Application will not be accepted or processed until all required information has been received to the satisfaction of the Trustee and it is satisfied all client identification procedures have been completed and any other obligations under the AML/CTF law have been complied with. The Trustee may also require Applicants to provide additional information and identification documents to those listed in the Application.

By applying to invest in the Trust, each Applicant warrants:

- a. they are not aware and have no reason to suspect that:
  - i. the monies used to fund their investment in the Trust have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement ('illegal activity'); or
  - ii. the proceeds of their investment in the Trust will be used to finance any illegal activities;

- b. they, their agent, or their nominated representative will provide the Trustee with all additional information and assistance that may be requested in order to comply with obligations under any AML/CTF law.

## **Privacy**

Any personal details provided to the Trustee upon investment or at any other time in relation to an investment will be used to administer and report on the investment in the Trust and for related purposes. For example, an Investor's details may be used to establish the initial investment, process ongoing transactions, respond to any queries and to provide Trust reports (including changes in product features, Trust commentary and other topical information). In certain circumstances, the Trustee may be required by law to collect certain personal information about the Investor.

As well as internally using an Investor's personal details, the Trustee may disclose these details to other persons to enable it to provide services to Investors. Such people include:

- the Manager and Fund Administrator;
- third parties the Trustee may appoint such as auditors, custodians, data verification software providers and legal advisers or any of their associates; and
- third parties an Investor authorises to act on their behalf in relation to their Trust investment such as their investment consultant, financial adviser, broker or solicitor or any of their associates.

If an Investor provides incomplete or inaccurate information, the Trustee may not be able to process their Application.

The Trustee may disclose an Investor's personal information to other persons and entities as permitted under the Privacy Act 1988 (Cth).

The Trustee may also use and disclose the personal information an Investor provides for the purposes of complying with its obligations under the AML/CTF law.

The Trustee aims to keep Investors' personal details as up to date and accurate as possible. If any Investors' personal details are incorrect or have changed, Investors should write to the Trustee.

Investors can find out what personal details the Trustee holds with respect to them, by contacting the Trustee.

The Trustee's privacy policy is available by request to the Trustee. It contains more details about the handling of personal information by the Trustee, as well as about individuals' rights to access and correct that information and to make any privacy complaints.

### **Governing Law**

This IM and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in Queensland, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of that state.

# 13. How to Apply

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## How to apply

Applications for Units under the Offer must be made by completing an online Application Form which can be accessed via [registrydirect.com.au/offer/blue-boat/](https://registrydirect.com.au/offer/blue-boat/) and pay the application monies electronically.

By completing an Application Form, each applicant:

- is making an offer to become an Investor in the Trust and is agreeing to be legally bound by the Trust Deed and this IM; and
- will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the IM.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Trustee may, in its discretion, still treat the Application Form to be valid. The Trustee has the sole discretion whether to accept or reject an application. The Trustee will reject an Application if the Investment Amount is not received in full and in cleared funds.

## Before you begin

### **Read and ensure you understand the IM**

Before completing the Application Form you should read the IM in its entirety and ensure you understand its contents.

The IM is available at [registrydirect.com.au/offer/blue-boat/](https://registrydirect.com.au/offer/blue-boat/). A copy of the IM can also be requested by contacting David Nelson or Tim Evans ([david@blueboatcapital.com.au](mailto:david@blueboatcapital.com.au)) ([tim@blueboatcapital.com.au](mailto:tim@blueboatcapital.com.au)).

### **Tax Status**

You must ensure that you are not:

- an individual who is a US citizen or US resident for tax purposes; or
- an entity that has any Controlling Person/s\* who is/are US citizens or residents of the US for tax purposes.

Applications from US citizens or US residents who have an obligation to pay tax to the US tax authorities on their worldwide income will not be accepted.

\*A Controlling Person is any individual who directly or indirectly exercises control over the entity. For a company, this includes any beneficial owners controlling 25% or more of the shares of the company. For a Trust, this includes Trustees, Settlers or Beneficiaries. For a Partnership, this includes any partners.

## Wholesale Investor

The Offer in this IM is only available to wholesale clients for the purposes of Chapter 7 of the Corporations Act ('wholesale investor'). All person(s) or legal entities named on the Application, must satisfy the threshold tests for a wholesale investor under the requirements of section 761G of the Corporations Act.

If you are applying to invest \$500,000 or more you will automatically be deemed a wholesale investor for the purposes of the Corporations Act.

If you are an Australian investor investing less than \$500,000, additional documentation will be required to certify that you are a wholesale investor in the form of a completed Accountant's Certificate signed by a qualified accountant under section 761G(7)(c) of the Corporations Act.

The Applicant named in this Application must either be:

- the same person as the person named and certified in the Accountant's Certificate;
- a company or trust (including a superannuation fund) that is controlled (within the meaning of section 50AA of the Corporations Act) by the person named and certified in the Accountant's Certificate; or
- if the Applicant is a company, a related body corporate of the company named and certified in the Accountant's Certificate.

A sample Certificate is included in [Section 14](#) as a guide.

## Investor Identity Verification

By applying for Units in this Trust, you consent to the following:

- your personal information such as date of birth, address and ID information will be shared with data verification software providers such as Green ID, in order for the Fund to complete its obligations under the AML/CTF Act.

You will be required to provide ID verification information via an online application form which will be used to verify your identity via Green ID. Green ID is the online ID verification platform used by the Fund Administrator in conjunction with Registry Direct (the Fund Administrator's registry system).

## Payment of Application Monies

Payment is required via EFT into the Trustee's Application Account. Bank account details are noted below:

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Account name:	Bentleys Qld Advisory Pty Ltd – Applications Account
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BSB:	064 000
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Account Number:	15454390
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Overseas Payments BIC/ Swift Code:	CTBAAU2S
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Payment Reference:	Invoice number or Investing entity name
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Once the online Application is submitted, an invoice with payment details will be emailed as confirmation of form submission. To verify bank details prior to payment, kindly email or contact the Registry, see contact details below.

## AML/CTF Information Guidance

Below is a summary of the documents which you may be required to provide with your Application Form to ensure AML/CTF compliance. Applications made without providing this information cannot be processed until all the necessary information has been provided.

### Company

Please provide a copy of one of the following for each company applicant:

- A recent ASIC company search if available, alternatively the Fund Administrator will conduct a search directly; or
- A certificate of registration issued by ASIC or another Government Agency; or
- A licence issued by ASIC or APRA or foreign regulator.

### Individuals (Direct Investors, Corporate Trustee Directors & Beneficial Owners)

Please provide a copy of one of the following for each individual applicant:

- Drivers licence; or
- Australian passport (that has not expired within the last 2 years); or
- International travel document – foreign passport or driver’s licence with photograph and signature of person (certified); or
- Proof of age card; or
- National identity card.

### Trusts and Super Funds

Please provide a copy of one of the following for each trust or super fund applicant:

- A certified trust deed; or
- In the case of an SMSF, the name of the trust and details of the individual or corporate trustee; or
- An ASIC or Australian Business Register search for registered MIS.

### Partnerships

Please provide a copy of one of the following for each partnership applicant:

- A certified partnership agreement; or
- An ASIC or Australian Business Register search for partnership.

### Foreign Investors

Please provide a copy of one of the following for each applicant who is a foreign investor:

- Copy of certified registration documents in country of residence; and
- Certified copies of all key persons’ ID verification documents.

Our registrar, Rawlings Bolton Administration Pty Ltd, will review this and based on the type of investment, provide further guidance on what else is required for AML/CTF compliance.

## Registry Contact Details

If you have any questions about how to complete the Application Form or making payment of the Application monies, please contact the Registry as follows:

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Name: Rawlings Bolton  
Administration Pty Ltd

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Email: [fundadmin@rbco.au](mailto:fundadmin@rbco.au)

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Phone: 07 3222 9777

(Ask for Rawlings Bolton  
registry services)

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# 14. Sample Accountant Certificate

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## Certificate by a qualified accountant

Chapter 7 of the Corporations Act 2001 (Cth)

### Client Details

#### Name of Client

#### Address

#### Contact Details:

#### ACN/ABN (if applicable):

I certify that the Client whose details are set out above:

- has net assets of at least A\$2.5million (which may include the net assets of a company or trust controlled by the Client);
- has a gross income for each of the last two financial years of at least A\$250,000 a year (which may include the gross income of a company or trust controlled by the Client)
- is a related body corporate of a company which satisfies the net assets or gross income thresholds above.

### Qualified Accountant Details

**I belong to** [name of my professional body]

**My membership designation from this professional body is**

I comply with this body's continuing professional education requirements.

I certify that I am a qualified accountant within the meaning of section 9 of the Corporations Act 2001 (Cth). This certificate is given at the request of the Client whose name and address are set out above.

**Signature of accountant**

**Date certificate issue**

(Not more than two years old)

(The following information might be included in the accountant's letterhead instead of here)

**Name of accountant**

**Address of accountant**



# 15. Glossary

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**AFSL**

An Australian financial services licence issued under the Corporations Act

**AML/CTF**

Anti-money laundering and counter-terrorism financing

**Application**

An application for Units in the Trust made by an Investor by lodging the application form with the Trustee

**ASIC**

The Australian Securities and Investments Commission

**Corporations Act**

The Corporations Act 2001 (Cth).

**Dollar or \$**

Australian dollars

**Eligible Investors**

A "wholesale client" as defined in the Corporations Act

**Financial Year**

The period from 1 July to 30 June

**Fund Administrator**

Rawlings Bolton Administration Pty Ltd  
ACN 656 032 567

**Information Memorandum or IM**

This information memorandum (including its appendices), as amended and supplemented from time to time

**Investment Amount**

The amount that each Investor has paid for Units in the Trust

**Investment Management Agreement**

The investment management agreement between the Trustee and the Manager

**Investor(s)**

As the context requires, prospective investor(s), or investor(s) whose Applications have been accepted by the Trustee and are holders of Units

**Manager or Blue Boat Capital**

Blue Boat Capital Pty Ltd ACN 617 864 605

**Offer**

The offer of Units in the Trust pursuant to this Information Memorandum

**Quarter**

A period of three months ending on 31 March, 30 June, 30 September or 31 December

**Trust, Fund or Blue Boat**

The Blue Boat Investment Trust established by the Trust Deed

**Trust Deed**

The trust deed of the Trust

**Trustee or Bentleys Advisory**

Bentleys (QLD) Advisory Pty Ltd ACN 057 135 636, holder of AFSL number 274444

**Unit**

An ordinary unit in the Trust

**Unitholder**

A holder of Units in the Trust

# 16. Directory

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## The Trustee

Bentleys (QLD) Advisory Pty Ltd  
Level 9, 123 Albert Street  
Brisbane, QLD 4000

## Fund Administrator

Rawlings Bolton Administration Pty Ltd  
Level 9, 123 Albert Street  
Brisbane, QLD 4000

## The Manager

Blue Boat Capital Pty Ltd  
22 Hethorn Street  
Coorparoo, QLD 4151

## Tax Advisors

Bentleys (QLD) Pty Ltd  
Level 9, 123 Albert Street  
Brisbane, QLD 4000

## Legal Advisers to the Manager

Talbot Sayer  
Level 1, 175 Eagle Street  
Brisbane, QLD 4000