



# GANES FOCUSED VALUE FUND

ARSN 117 119 712

## PRODUCT DISCLOSURE STATEMENT

Ganes Capital Management Limited ACN 102 319 675 AFSL 291363

P.O. Box 3512, Newmarket Qld 4051  
Telephone: 1300 766 916, Fax: 1300 766 917

The issue date of this Product Disclosure Statement (PDS) is 30 September 2017.

### **Important information**

This PDS is prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the *Corporations Regulations 2001*.

You should consider the information in this PDS before making a decision about the Ganes Focused Value Fund. This PDS is a summary of significant information and contains a number of references to important information which, while not part of this document, forms part of the PDS. You can access this additional information in a document titled "Additional PDS Disclosure". The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

### **Updated information**

Information in this PDS that is not materially adverse to unitholders is subject to change. Ganes may update this information. You can obtain a copy of this PDS, the Additional PDS Disclosure and any matter applied, adopted, or incorporated by this PDS, as well as this updated information via our company website ([www.ganescapital.com.au](http://www.ganescapital.com.au)), by calling Ganes, or contacting your financial adviser. A copy of the updated information will be provided or made available free of charge on request.

### **Table of Contents**

1. About Ganes Capital Management Limited ("Ganes") .....	2
2. How the Ganes Focused Value Fund ("the Fund") works .....	2
3. Benefits of investing in the Ganes Focused Value Fund .....	2
4. Risks of managed investment schemes .....	3
5. How we invest your money .....	4
6. Fees and costs .....	5
7. How managed investment schemes are taxed .....	7
8. How to apply .....	8

## 1. About Ganes Capital Management Limited (“Ganes”)

Ganes is the responsible entity and investment manager of the Ganes Focused Value Fund (the Fund). Ganes holds an Australian Financial Services Licence (# 291363) authorising it to act in these capacities. Ganes acts as trustee for the Fund. It has appointed a custodian which holds Fund assets on its behalf. As well as determining how assets of the Fund are invested, Ganes is responsible for the operation and administration of the Fund as set out in the Fund’s constitution and applicable laws.

Ganes was founded by Dr Clive Gaunt and Mr Wayne Jones as a privately owned boutique fund manager, based in Brisbane, specialising in the management of investments in the Australian equities markets. The name ‘GANES’ is derived from the managers’ surnames, GAunt and joNES. Ganes launched the Fund in October 2002.

## 2. How the Ganes Focused Value Fund (“the Fund”) works

You should read the important information about how the Fund works before making a decision. Go to ‘Additional PDS Disclosure’ available from [www.ganescapital.com.au](http://www.ganescapital.com.au). The material relating to how the Fund works may change between the time when you read this PDS and the day when you acquire units.

The Fund is a managed investment scheme registered with the Australian Securities and Investments Commission (ASIC). By investing in a managed investment scheme your funds are added to those of other investors to create a pool of capital and you obtain an interest in the scheme. The Fund assets are held by a custodian. The capital is invested under the direction of Ganes in a range of investments authorised under the Fund’s constitution.

The Fund is a unit trust. Investors in a unit trust are issued units in the trust. There are two types of units in the Fund, Class R (retail) units and Class W (wholesale) units. The only difference in these units is the management fees that may be charged against the units are different.

The price of units primarily reflects changes in the value of the Fund assets. Accordingly the price of your interests in the Fund will vary as the market value of assets in the Fund rises or falls.

To invest in the Fund, you will need to complete an application form (see Section 8 ‘How to apply’ for more information). Unless otherwise agreed, the minimum investment for Class R unitholders is \$20,000, and the minimum investment for Class W unitholders is \$500,000. You can increase your investment by buying more units in the Fund, with minimum additional investments of \$2,000. Generally, you can decrease your investment by redeeming some of your units, although in some cases (such as a freeze on withdrawals) you may have to wait a period of time before you can reduce your investment. You may also be entitled to transfer your units to another person, subject to Ganes’ absolute discretion.

The profits, if any, of the Fund are distributed to investors in proportion to their unit holdings at the distribution date. The distribution dates are 31 December and 30 June of each year. Members may elect to have their income distributions reinvested in additional units at the ex-distribution entry price.

### **Investing through a master trust or wrap account**

If you are investing through a master trust or wrap account, it is important to understand that it is generally the provider of that service which becomes the investor in the Fund. We are not responsible for the operation of any master trust or wrap account service.

## 3. Benefits of investing in the Ganes Focused Value Fund

You should read the important information about the benefits of investing in the Ganes Focused Value Fund before making a decision. Go to ‘Additional PDS Disclosure’ available from [www.ganescapital.com.au](http://www.ganescapital.com.au). The material relating to the benefits of investing in the Fund may change between the time when you read this PDS and the day when you acquire units.

By investing your money in the Fund, you are pooling your money with other investors, and this money is managed by Ganes with the aim of generating wealth for you and your fellow unitholders.

By investing in the Fund you are taking advantage of the investment expertise and skills of Ganes' investment managers. Details of how the Fund's assets are invested are set out in the "How we invest your money" section of the PDS.

The Fund is a registered managed investment scheme, which is subject to regulation from the Australian Securities and Investments Commission (ASIC), to ensure it meets its varied obligations including those set out in the *Corporations Act 2001* and the regulations made under it (Corporations Act) and also the Fund's own constitution and compliance plan. Ganes and the Fund are subject to various financial and compliance audits each year.

If the Fund has 100 or more Class R unitholders, it is a disclosing entity for the purposes of the Corporations Act and Ganes is subject to regular reporting and disclosure obligations. Ganes will satisfy any continuous disclosure obligations by following ASIC's good practice guidance for website disclosure of material information including the Fund's annual and half-year financial reports and any continuous disclosure notices. Periodically, Ganes will publish an overview of the investment activity and performance of the Fund on [www.ganescapital.com.au](http://www.ganescapital.com.au). Ganes will not discuss current investment activities with individual unitholders unless reporting to all unitholders.

#### **4. Risks of managed investment schemes**

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. Returns are not guaranteed and you may lose some portion of the money you invest.

The following are significant risks of the Ganes Focused Value Fund:

##### **Poor stock selection or portfolio management**

Ganes may make poor decisions when selecting stocks for the portfolio or managing the portfolio, which may result in a capital loss to the Fund.

##### **Market risk**

There is the risk of decline across the whole sharemarket due to economic factors, technological change, political or geopolitical events, changing legal conditions, or market sentiment which could affect the value of the underlying assets in the Fund.

##### **Economic risk**

The performance of the stocks in which the Fund invests may be affected by a range of economic factors including interest rates, inflation, exchange rates, government monetary and taxation policy, the state of the domestic and global economies, and changes in the market prices of fixed interest securities, property and a range of other assets.

##### **Company specific risk**

Capital gains or losses from owning shares in a company may be affected by changes in the underlying strength of the cashflows, profitability or management of the company. Similarly, reduced profitability could lead to lower dividend payments to investors.

##### **Small company and liquidity risk**

The Fund may invest substantially in companies that are classed as small or micro-cap stocks. These stocks are often considered to be more risky than large-cap stocks for a number of reasons including the lower liquidity associated with trading in small or micro-cap stocks. The shares the Fund invests in may not always be readily sold as a result of low market liquidity, suspension of trading in the company shares, or even suspension of trading on the exchange.

##### **Portfolio or concentration risk**

Because the Fund will hold a limited number of investments, some of which may comprise a large portion of the Fund's value, the Fund is unlikely to hold a fully diversified portfolio. As a result, the unit price of the Fund may be more volatile than the unit price of other funds or the market.

**Third party risk**

When dealing with third parties (counterparties such as custodians, brokers and administrators), there is always a risk of loss caused by the failure of these third parties to meet their obligations.

**Structural and fund risk**

Investing in a managed fund is not the same as investing directly in stocks and can result in different outcomes including in relation to income and capital gains. In making investment decisions Ganes takes into account the Fund as a whole and does not take into account the interests of any particular unitholder.

**Derivative risk**

The Fund may occasionally invest in company issued options listed on the ASX. There is no guarantee the value of derivatives will move in line with an underlying investment potentially causing investment returns different to that of the underlying security. This in turn may impact the performance and liquidity of the Fund.

**International investing risk**

While the Fund does not invest directly in international stocks, it can from time to time invest in ASX listed investment companies that have international stocks in their portfolios, or companies that have a substantial part of their business operations overseas. Accordingly, the value of these assets and/or operations may be impacted by matters including currency fluctuations, geopolitical events, foreign regulations or risks specific to the country of operation. Currency hedging strategies may be used by individual securities to reduce these risks, but the impact of foreign exchange fluctuations cannot be completely eliminated.

When considering whether to invest in this Fund or any similar fund, it is important to recognise that:

- the value of your investment will vary;
- returns will go up and down, and your future returns may differ from your past returns;
- you may lose a portion of the money you invest – returns are not guaranteed; and
- laws affecting registered managed investment schemes may change.

The level of risk for you will vary depending on a range of factors, including your age, investment time frames, where other parts of your wealth are invested, and your risk tolerance.

## 5. How we invest your money

You should read the important information about how we invest your money before making a decision. Go to 'Additional PDS Disclosure' available from [www.ganescapital.com.au](http://www.ganescapital.com.au). The material relating to how we invest your money may change between the time when you read this PDS and the day when you acquire units.

When you purchase units in the Fund, your money is pooled with all other unitholders and applied to the same investment decisions. Although there are two types of units (Class R and Class W units), there is no difference in the manner in which investment decisions are made. There are no investment options offered by the Fund, and accordingly, a member is not able to switch between investment options.

**You should consider the likely investment return, the risk, and your investment timeframe when choosing to invest in the Fund.**

The Fund may be suitable for an investor who understands that the potential risk and return level of the Fund is high, who is seeking long-term capital growth, and is prepared to accept the inherent volatility of equity markets. The minimum suggested time frame for holding an investment in the Fund is 5 years.

The overriding objective of the Fund is to generate wealth for unitholders by managing a portfolio of listed Australian equities that, in the opinion of Ganes, will deliver superior returns (via growth and income) over the medium- to long-term. The Fund aims to out-perform the ASX 300 accumulation index over rolling three to five-year periods.

Investments are restricted to listed securities, securities to be listed (ie company floats), company issued listed options, and cash or cash alternatives. The Fund does not invest in deposit products (other than a cash management trust), futures contracts or foreign exchange contracts.

Borrowings are not used to leverage investments, however they may be undertaken on a short-term basis to fund redemptions if the sale of underlying securities is not deemed to be in the best interest of other investors within the Fund.

As a general guide, the Fund will hold around 20 to 50 investments. The largest ten holdings tend to represent 35% to 70% of the total Fund value. Generally, no more than 15% may be allocated to any single holding. It is important to note that the actual portfolio structure may differ from these general guidelines. Ganes makes no attempt to replicate a stock market index.

Ganes does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investments in the Fund.

## 6. Fees and 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 management costs. 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 ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

Below is a summary of the fees and costs that a unitholder investing in the Fund will be subject to.

TYPE OF FEE OR COST	AMOUNT (inclusive of GST and RITC)
<b>Fees when your money moves in or out of the Fund</b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Exit fee</i>	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	
<i>Administration expenses:</i>	Nil
<i>Management fee</i>	1.4% per annum of the Fund's net assets.*
<i>Performance fee</i>	18.64% of any positive return greater than the movement in the ASX300 Accumulation Index ("benchmark") over each twelve-month period ending 30 June (calculated on a daily basis).
<i>Indirect costs:</i>	Estimated to be between 0.0% and 0.3% of the Fund's net assets.

\* Class W unitholders are entitled to receive a rebate of the management fee of up to 0.47% per annum. This rebate is paid by way of Ganes issuing additional units for the Class W unitholders.

Ganes has the right to change the amount of fees without your consent. Fee increases are subject to the maximum fee levels that may be charged under the constitution, and you will receive written notice at least 30 days before fee increases take effect. Fee reductions may take place immediately without notice.

The information in the table above can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from your account or deducted from investment returns.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

<b>EXAMPLE—GANES FOCUSED VALUE FUND</b>		<b>BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR</b>
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	1.866% <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$933 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of <b>\$933 to \$1026<sup>2</sup></b> .  <b>What it costs you will depend on the performance of the Fund, the performance of the benchmark, the timing of any additional investment, whether the Fund incurs any extraordinary expenses, and the fees you negotiate with your financial adviser.</b>

<sup>1</sup> This is the indirect cost ratio of the Fund. It is the annual management costs deducted from the Fund represented as a percentage of the Fund's average net assets in the previous financial year. In any year, the indirect cost ratio may change based on how the Fund performs, the type of investments the Fund makes and whether any extraordinary expenses are incurred. The PDS will be updated for changes to the indirect cost ratio and the update may be made by notice on Ganes' website.

<sup>2</sup> Depending on the time during the year when you make the additional investment.

<sup>3</sup> Additional fees may apply. This example does not take into account the Fund's transactional and operational costs, including the buy/sell spread, which is an additional cost to investors.

### Transactional and operational costs

The Fund incurs transactional and operational costs when dealing with the assets. These costs include brokerage, buy-sell spreads, settlement costs (including custody costs), clearing costs, stamp duty, bid-ask spreads and the transactional and operational costs incurred by the interposed vehicles in which the Fund invests. The Fund's total transactional and operational costs are 0.24% of the net asset value of the Fund (e.g., \$120 for every \$50,000 of net assets). Generally these costs are borne by investors when entering and leaving the Fund (see 'Buy-sell spread' below). However, if the buy-sell spread applied is not sufficient to cover the Fund's total transactional and operational costs, the balance of these costs will be paid out of the Fund's assets.

Transactional and operational costs are disclosed based on amounts paid in the previous financial year and in any year will differ depending on the investment activity of the Fund. Ganes will update the PDS for changes to transactional and operational costs and may do so by notice on its website.

### Buy-sell spread

This is an amount charged upon entry to and exit from the Fund, to cover the notional cost of buying and selling the underlying investments. The daily unit price is increased by 0.35% to calculate the entry unit price and decreased by 0.35% to calculate the exit unit price. For example, if you invested \$50,000 in the Fund the cost of your buy spread would be \$175, and if you withdrew \$50,000 from the Fund the cost of your sell spread would be \$175. No part of this amount is paid to Ganes.

### Extraordinary expenses

Ganes reserves the right to be fully reimbursed by the Fund for any extraordinary expenses incurred in the operation of the Fund. These are expenses that are not recurring or routine in nature and are therefore not anticipated in the administration expenses fee.

### How and when fees are paid

- **Administration expenses** are incurred in the operation of the Fund including custodian fees, accounting and audit fees, and other costs incurred in the proper operation of the Fund. While Ganes is entitled to be reimbursed for these expenses, Ganes intends not to seek reimbursement.
- The **management fee** is calculated daily on the net asset value of the Fund and payable within five business days from the end of each month. The management fee is reflected in the unit price each day. Up to 0.47% of the management fee may be rebated to Class W unitholders. Under the constitution, Ganes is entitled to a maximum management fee of 1.5% (plus the net effect of GST) per annum of the value of the Fund's assets.
- The **performance fee** is calculated daily and paid directly from the Fund at the end of each twelve month period ending 30 June. Any overall positive performance fees are reflected in the unit price each day. A high water mark applies such that any cumulative under-performance in prior periods must be made up before a performance fee is paid. At the date of this PDS, Ganes charges a performance fee of 18.64% (inclusive of the net effect of GST) of any positive return greater than the movement in the ASX300 Accumulation Index ("benchmark") over each twelve-month period ending 30 June (calculated on a daily basis). For example, if you invested \$50,000 in the Fund and the Fund outperformed the benchmark by 1% in a year, the performance fee attributable to your investment in Fund would be \$93.20. This example assumes the Fund has no cumulative under-performance in prior periods to recover. This example is provided for information purposes only, to illustrate the calculation of the performance fee. Ganes is not forecasting the performance of the Fund and actual results are likely to vary significantly from those set out in this example. Under the constitution, Ganes is entitled to a maximum performance fee of 20% (plus the net effect of GST) of any positive return greater than the benchmark over each twelve-month period ending 30 June (calculated on a daily basis).
- **Indirect costs** are generally any amounts that reduce the Fund's returns that are paid from the Fund's assets or the assets of interposed vehicles. Generally, an interposed vehicle is a body, trust or partnership in which the Fund's assets are invested, such as a listed investment company. The management costs disclosed in this section include indirect costs based on Ganes' knowledge of, or, where required, reasonable estimate of, such costs. Indirect costs are disclosed based on amounts paid in the previous financial year and in any year will differ depending on the nature of the Fund's investments. Ganes will update the PDS for changes to indirect costs and may do so by notice on its website.

## 7. How managed investment schemes are taxed

You should read the important information about how managed investment schemes are taxed before making a decision. Go to 'Additional PDS Disclosure' available from [www.ganescapital.com.au](http://www.ganescapital.com.au). The material relating to how managed investment schemes are taxed may change between the time when you read this PDS and the day when you acquire units.

**Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice.**

Registered managed investment schemes do not pay tax on behalf of members; rather members are assessed for tax on income and capital gains generated by the scheme. Tax matters for registered managed investment schemes can be complicated, so we urge you to seek professional tax advice in relation to buying units in the Fund.

## 8. How to apply

After reading this PDS and the Additional PDS Disclosure, you can apply by completing the application form which can be found at [www.ganescapital.com.au](http://www.ganescapital.com.au) or can be provided directly to you on request. You will also need to provide Ganes with additional supporting documentation if you are not an existing unitholder (including documents required by us to satisfy our Anti-Money Laundering and Counter-Terrorism Financing obligations). Applications must also be accompanied by a cheque payable to '**Invia Custodian Pty Ltd ACF The Ganes Focused Value Fund**', or funds need to be deposited in the following account: BSB: **083 973** Account: **00059 9790**.

Applications may be made at any time, although applications are only processed at the end of each week, with units allotted at the entry price prevailing on the Saturday at the end of each week. We will subsequently send you an investment notification statement. Applications are only accepted when Ganes has received all relevant documents and has received payment for the units. Ganes may reject part or all of any application without providing a reason.

Investors who are wholesale clients for the purposes of the Corporations Act may request to be issued with Class W units. Ganes may, at its absolute discretion, approve this request and issue the applicant with Class W units. All other unitholders will be issued Class R units.

### **Cooling off**

You have the right to a 14-day cooling off period on an investment you make in the Fund. The cooling off period will commence upon the earlier of the time you receive the investment confirmation statement, or the end of the fifth day after we issue units to you. If you notify Ganes of your desire to exercise your cooling off rights prior to the expiry of the 14-day period, then Ganes will refund your investment, adjusted for reasonable transaction and administration costs and any changes in the value of issued units. Units issued as part of a distribution reinvestment plan are not subject to the cooling off provisions. Indirect investors should consult with their master trust or wrap service provider about any right to cooling off provisions, which may differ from those applying to investors who purchase units in the Fund directly.

### **Unitholder satisfaction**

We take complaints seriously. In the event that a unitholder is dissatisfied with Ganes or the Fund, they should contact Ganes' Compliance Officer on 1300 766 916 and outline the nature of the complaint. Alternatively, complaints can be faxed to 1300 766 917 or lodged in writing to the address on the cover of this PDS. Ganes will acknowledge and review all complaints in a timely manner and will investigate, consider, and decide the appropriate course of action regarding the complaint.

Ganes is a member of the Financial Ombudsman Service (FOS) (member number 12098). A unitholder has the right to contact FOS directly in relation to a complaint if it has not been resolved within 45 days. FOS can be contacted via phone on **1800 367 287** and via post at **GPO Box 3, Melbourne VIC 3001**. Indirect investors should direct any complaints or enquiries to their master trust or wrap service provider.



# GANES FOCUSED VALUE FUND

ARSN 117 119 712

## ADDITIONAL PDS DISCLOSURE

Ganes Capital Management Limited ACN 102 319 675 AFSL 291363

P.O. Box 3512, Newmarket Qld 4060  
Telephone: 1300 766 916, Fax: 1300 766 917

Issue date: 30 September 2017

### **Important information**

The information in this document forms part of the Product Disclosure Statement (PDS) for the Ganes Focused Value Fund ARSN 117 119 712 (the Fund) dated 30 September 2017. You should read this information together with the PDS before making a decision to invest in the Fund.

The additional information is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

### **Table of Contents**

1.	About Ganes Capital Management Limited .....	2
2.	How the Ganes Focused Value Fund ("the Fund") works.....	2
3.	Benefits of investing in the Fund.....	3
4.	Risks of managed investment schemes .....	3
5.	How we invest your money.....	3
6.	Fees and costs .....	4
7.	How managed investment schemes are taxed.....	4
8.	How to apply .....	5
9.	Additional information about the Fund .....	5

## 1. About Ganes Capital Management Limited

No additional information has been incorporated by reference.

## 2. How the Ganes Focused Value Fund (“the Fund”) works

### Investing through a master trust or wrap account

If you are investing in the Fund indirectly via an investor directed portfolio service (IDPS) such as a master trust or wrap account, then you do not become an investor in the Fund, and accordingly you have no rights as a unitholder. 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, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints. The offer document for your IDPS should have further details.

### Applications

Applications may be made at any time. Applications received by us by 5.00pm on a Friday will be processed at the prevailing unit price, and units will be allotted, on the following Saturday. Applications can be made by one of the following means:

#### Mail to:

PO Box 3512  
Newmarket 4051  
QLD

#### Email:

admin@ganescapital.com.au

#### Fax:

1300 766 917

Applications must also be accompanied by a cheque payable to ‘**Invia Custodian Pty Ltd ACF The Ganes Focused Value Fund**’, or funds need to be deposited in the following account: BSB: **083 973** Account: **00059 9790**.

Applications will not be processed until valid documentation and application monies are received. Interest will not be paid on your application money. Any interest accrued forms part of the Fund assets.

### Redemptions

If you wish to redeem some or all of your units, then you must lodge a written redemption request. Redemption requests can be made by the means set out above for lodging applications.

Units are redeemed on a monthly basis, so long as the Fund is liquid. A complete and accurate redemption request must be received by us no later than five business days prior to the end of the month to have units redeemed using the month end unit exit price, otherwise they will be redeemed in the following month.

Withdrawal proceeds are usually paid within 10 business days following the month end.

### Redeeming your units through a master trust or wrap account

If you gain exposure to the Fund through a master trust or wrap account, then you will need to complete the documents which the IDPS provider requires for a redemption.

### Unit pricing

The unit price is the price at which units are issued and redeemed (and before including the application of the buy/sell spread (as applicable)). Unit pricing will be undertaken on a daily basis with units allotted at the entry price prevailing on the Saturday at the end of each week. The unit price is determined by dividing the net asset value of the Fund by the number of units on issue. Therefore, the unit price will vary as the value of the Fund's assets varies. The calculation of the unit price is governed by a unit pricing policy, which is available to unitholders from us upon request.

The net asset value of the Fund is the value of the Fund's assets less the liabilities of the Fund at the time it is calculated. The entry unit price will be the unit price plus the buy spread, while the exit unit price will be the unit price minus the sell spread. The buy/sell spread is explained further in Section 6 of the PDS.

## **Distributions**

The unit price for reinvested distributions is determined by the net asset value (adjusted by any distribution payable) and the number of units on issue in the unit class as at the last day of the distribution period. No buy spread is applied to reinvested distributions.

The distribution dates (if a distribution is made) are 31 December and 30 June each year. Distributions will normally be paid within 10 business days following the end of each distribution period.

Distributions must be paid by one 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 or method of payment on the application form (or subsequent notification), income distributions will be reinvested.

## **3. Benefits of investing in the Fund**

### **Benefits of investing in a managed investment scheme**

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

### **Constitution**

The Fund's constitution is dated 25 November 2002 (as amended) and is the primary document governing the relationship between unitholders and Ganes. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each.

Each unit gives you an equal and undivided interest in the Fund. However, a unit does not give you an interest in any particular part of the Fund. Subject to the constitution, as a unitholder you have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of unitholders.
- The right to participate in the proceeds of winding up the Fund.

The constitution contains provisions about convening and conducting meetings of investors. Under the constitution, Ganes may:

- Deal with itself, an associate, Investor or any other person.
- Be interested in and receive a benefit under any contract or transaction with itself, an associate, Investor or any other person.
- Act in the same or similar capacity in relation to any other fund.

A copy of the constitution is available free of charge by calling Ganes, or contacting your financial adviser.

## **4. Risks of managed investment schemes**

No additional information has been incorporated by reference.

## **5. How we invest your money**

### **Fund performance and outlook**

Up to date information on Fund and stock performance and outlook is available from <http://www.ganescapital.com.au/>.

### **Ethical Policy**

Ganes does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments. Decisions about whether to buy, hold or sell investments are based primarily on economic factors, with labour standards and

environmental, social and ethical considerations taken into account only where they may be seen to have a material impact on the value of an investment.

## **6. Fees and costs**

No additional information has been incorporated by reference.

## **7. How managed investment schemes are taxed**

### **Tax status of the Fund**

A fund does not pay Australian income tax provided that it distributes all its net income. As Ganes intends to distribute all the net income of the Fund in each financial year, no Australian income tax should be payable by the Fund.

### **Tax on distributions**

It is likely that most, if not all, of the distributions made from the Fund will be characterised as assessable income for the relevant year for an investor. However, it is possible that distributions may be made up of a number of different components for taxation purposes and each of these components may be treated differently.

Following the end of each financial year, Ganes will send each unitholder an annual tax statement detailing the amount of distribution that should be disclosed as assessable income, and the type of income. The statement will also detail any franking credits, non-assessable income, or foreign tax credits received by the Fund for that financial year. Distributions should generally be included as part of an investor's assessable income in the year in which the entitlement arises.

This assessable income includes distributions that an investor is entitled to but has not yet received. Imputation credits (including, where applicable, foreign tax credits) may help to offset the tax payable by the unitholder with respect to this income (see below). The taxation treatment of distributions will depend upon each unitholder's individual circumstances, and unitholders therefore should consult their taxation adviser.

### **Capital gains tax**

Investors will be notified on their distribution statements of any taxable realised capital gain derived by the Fund.

### **Non-resident investors**

Investors who provide an address outside of Australia are treated as non-residents and distributions may be subject to the relevant withholding tax provisions of the Australian income tax laws. Non-resident investors should seek their own independent taxation advice regarding both the taxation implications in their local jurisdiction, as well as the taxation implications in Australia. Australian tax may be withheld from distributions paid to non-residents where these distributions consist of income and capital gains sourced in Australia.

### **Tax payable when units are redeemed or transferred**

If a unitholder redeems or transfers units, the transaction is treated as a disposal of units for taxation purposes and the unitholder may be liable for tax on any gains. Under the capital gains tax provisions of the Australian tax legislation, individuals and trusts that hold units for more than 12 months receive a 50% discount on the amount of the capital gain. Complying superannuation entities that hold units for longer than 12 months may receive a 33.3% discount on the amount of the capital gain. Individuals, trusts and superannuation funds that do not hold units for greater than 12 months do not receive the general discount on capital gains. The taxation treatment of capital gains depends on an Investor's individual circumstances and Investors should therefore consult their taxation advisers.

### **GST**

The imposition of the GST means that the Fund will be liable to pay an additional 10% on most goods and services supplied to it, however, the Fund will only be able to recover reduced input tax credits (RITC) on certain transactions. GST will not be payable on the issue of units acquired or the sale of units, or distributions made by the Fund to unitholders.

**Imputation credits**

The dividend imputation system gives Investors a credit for any tax already paid by an entity. This system means that distributions from the Fund, where the Fund has received franked dividends in the respective period, will carry a tax credit that will be passed on to investors together with their income distributions.

**Foreign tax credits**

An investor's distribution may include foreign sourced income. Where foreign tax has been paid by the Fund in respect of this income, the Fund will generally pass on to investors the benefit of the foreign tax credit for the investor to offset against the Australian tax payable on their foreign income.

**Tax file numbers**

Investors are not obliged to quote their tax file numbers ("TFN"), but if the TFN or exemption details are not supplied, Ganes is required to withhold tax from income distributions at the highest marginal tax rate plus the Medicare levy. Investors can choose not to quote their TFN or claim an exemption. Declining to quote a TFN is not an offence. Ganes is authorised to collect TFNs under tax law. For more information about TFNs, investors should seek professional advice.

**New attribution taxation regime**

On 5 May 2016, the Federal Government enacted changes to the manner in which managed investment trusts (such as the Fund) are taxed. Eligible trusts may elect to apply these new attribution rules for an income year starting on or after 1 July 2015.

As at the date of this PDS, Ganes does not intend to elect to apply the attribution rules to the Fund. However, Ganes may determine at some future time to elect for the attribution rules to apply to the Fund. If Ganes does so determine then it will provide appropriate notice to investors.

**8. How to apply**

No additional information has been incorporated by reference.

**9. Additional information about the Fund****Disclosure of interests**

No expert or any firm in which any expert is a partner has any interest in the offer under the PDS and no amounts have been paid or agreed to be paid (other than normal fees) to any expert or any firm in which they are a partner for services rendered by the expert or the firm in connection with the offer under the PDS.

Directors and employees of Ganes may subscribe for units in the Fund. Clive Gaunt, Wayne Jones and Ganes Capital Management Limited all hold units in the Fund at the date of the PDS.

**Related party transactions**

We may from time to time face conflicts between our duties to the Fund as responsible entity, our duties to other funds we manage and our own interests. Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties. We maintain and comply with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest. The policy is designed to ensure that any actual or potential conflicts of interest and related party transactions are identified and appropriately dealt with and are managed in accordance with our conflicts of interest policy, the constitution, ASIC policy and the law.

We may from time-to-time enter into other transactions with related entities. All transactions will be effected at market rates or at no charge, and in accordance with the Corporations Act.

**Unit pricing policy**

We may exercise certain discretions in determining the unit price of units on entry in and exit from the Fund. The unit pricing policy, which can be obtained by contacting us on 1300 766 916, sets out the types of discretions that we may exercise and in what circumstances, the policies on how we exercise the discretions and the reasons why we consider the policies are reasonable.

**Transferring units from one class to another**

Existing unitholders can request to have their units transferred from one class to another. Ganes may also, at its discretion, transfer a unitholder from one class to another, and subsequently notify the unitholder that it has done so.

**Privacy**

Ganes values unitholder privacy and is committed to protecting your personal details. We only collect information that is required for performing functions in respect of operating the Fund. By making an investment in the Fund you consent to providing your information to external individuals and organisations where that disclosure is required for the proper functioning of the Fund. Under the *Privacy Act 1988*, subject to some exceptions, you may access personal information held about you and request that we update any information that is inaccurate, incomplete or out of date. A copy of our Privacy Policy is available by contacting us.

**Anti-Money Laundering Law**

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (AML/CTF Law) requires Ganes to verify your identity prior to accepting your investment. You will be required to provide the identification information set out in the application form. Ganes will not issue you with units unless satisfactory identification documents are provided. By applying to invest, you give Ganes permission to pass information it holds about you to other companies which are involved in helping Ganes administer the Fund, or where they require it for the purposes of compliance with AML/CTF Law.

**Foreign Account Tax Compliance Act (FACTA) and the Common Reporting Standard (CRS)**

The *Foreign Account Tax Compliance Act* ("FATCA") is a United States ("US") tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and US tax residents through use of non-US investments or accounts. The *OECD Common Reporting Standards for Automatic Exchange of Financial Account Information* (CRS) is a similar global regime aimed at collecting and reporting on an investor's tax status. If you are a foreign resident for tax purposes, then you should note the Fund will comply with its FATCA and CRS obligations by collecting, retaining and reporting about you to the Australian Taxation Office (ATO). In order for Ganes to comply with its FATCA and CRS obligations, Ganes will request certain information from investors as set out in the application form. Please consult your tax advisor should you wish to understand the implications of FATCA and CRS on your particular circumstances. We are not liable for any loss an investor may suffer as a result of the Fund's compliance with FATCA and CRS.