

## Additional Information Document

## Pearler Investors Fund

Dated: 4 March 2024

Pearler Investors Fund (**Fund**)  
ARSN 656 139 230

**Responsible Entity**

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**Important information**

This additional information document (**AID**) is issued by Melbourne Securities Corporation Limited (ACN 160 326 545 AFSL 428289) (**MSC, the Trustee or we**). It forms part of, and should be read in conjunction with, the primary Product Disclosure Statement (**PDS**) for the Fund (available at [pearler.com/terms/PDS.pdf](https://pearler.com/terms/PDS.pdf)). You should also read the Investment Options List (available at [pearler.com/terms/IOL.pdf](https://pearler.com/terms/IOL.pdf)) (**IOL**), which also forms part of the PDS.

The information in this AID is general information only and does not take account of your personal financial situation or needs. You should consider the information in the PDS, this AID and the IOL and obtain financial advice tailored to your personal circumstances when making a decision about the Fund.

Information in this AID may change from time to time. Where a change is not materially adverse to investors, it may be updated via Pearler's website and will be available at [pearler.com](https://pearler.com). You can ask Pearler to provide a digital copy of any updated information, free of charge, at [funds@pearler.com](mailto:funds@pearler.com)

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## 1. Transacting with the Fund

This section provides additional information to the information set out in the 'How Pearler Investors Fund works' section of the PDS.

### The Fund is a digital product

The Fund is a fully digital investment product. All requests relating to the Fund should be submitted electronically through the Apps. The Apps are not incorporated by reference into, and do not otherwise form part of, this document or the PDS.

### Opening an investment account

Your investment account will be established when you successfully complete the application process. As part of that process, you will be asked to provide documents and information to verify your identity and tax status.

### Making an investment

You can provide an investment instruction after your investment account has been established.

There are two ways to make an investment in the Fund:

- (a) **(Ad hoc)** you can make a once-off investment of a specified amount; or
- (b) **(Regular investment plan)** you can invest a specified amount on a regular basis (e.g. weekly, quarterly, monthly or annually).

An investment instruction may be provided by using one of the Apps.

Payment can be made from a linked Pearler cash account held in your name. Direct debit transactions are, however, not available at all financial institutions. If money cannot be requested from your financial institution or if you provide the wrong details, your payment will not be able to be processed. If you have insufficient funds in your linked Pearler cash account when the direct debit is processed, you may be charged a debit failure fee by your financial institution.

In certain circumstances and in its absolute discretion, Pearler may also provide you with bank account details and you may pay via direct credit into that bank account for ad hoc investments.

Where an investment instruction is unable to be completed for any reason, you will be notified and asked for further instructions. This may cause delays in locking in an investment or in you providing a new investment instruction.

### Issue price

If your investment instruction is accepted and your cleared funds are received, you'll pay for your units in the Fund at the next applicable unit price for the relevant Investment Option after the time your investment request is processed (plus any applicable buy spread).

### Application monies

When an application for units is not completed immediately (for example, because the funds are to be transferred by direct debit):

- (a) **(Application monies account)** Cache will receive your investment monies in a trust account separate from the Fund established for that purpose. Any interest earned on application monies is treated as income to the Fund and will not be paid to individual investors.
- (b) **(Confirmations)** Pearler will send you a confirmation of the transaction only when it is completed by email or electronic confirmation. That confirmation will set out the amount you've invested, the number of units issued to you, the unit price of those units and the date the units were issued.

### Making a withdrawal

You can decrease the size of your investment by making a withdrawal request by using one of the Apps.

### Withdrawal price

If your withdrawal request is accepted, you'll receive the next applicable unit price for the relevant Investment Option after the time your withdrawal request is processed (less any applicable sell spread).

The Trustee may also withhold amounts to cover any amounts you owe the Trustee in relation to your investment.

### Withdrawal payments

The Trustee endeavours to pay withdrawal amounts as soon as possible.

Withdrawal amounts are normally paid immediately after your withdrawal request has been accepted and settled into your linked Pearler cash account within 5 - 7 days.

Under the Constitution, the Trustee is required to pay withdrawal amounts within 21 days of accepting a withdrawal request.

In exceptional circumstances, withdrawals may take longer than normal. This may occur where there are delays to processing your withdrawal request (for example, because other investors may be disadvantaged) or where there are delays to processing your withdrawal payment (for example, because the banking payments networks are disrupted).

In some circumstances, such as when there is a freeze on withdrawals or the App is unavailable, investors may not be able to provide a withdrawal request at all.

#### **Discretion to accept or reject**

The Trustee can accept or reject any investment or withdrawal request at any time at its discretion, without reasons.

#### **Parts of a unit**

Where you submit a request to invest or withdraw an amount that is not equal to a whole unit, the Trustee will issue a fraction of a whole unit to you for the amount you have invested, or exchange a fraction of a whole unit for the amount you have withdrawn.

The value of a fractional unit, and all rights and obligations attaching to a fractional unit, will be in proportion to a whole unit. If you hold more than one fraction of a unit, the Trustee may consolidate the fractions into a whole unit.

The Trustee issues fractional units rounded to the fourth decimal place. Rounding could impact the value of the amount you invest or withdraw.

#### **Multiple Investment Options**

You may hold units in more than one Investment Option at a time.

You may provide an instruction to switch your investment between Investment Options, in such proportions as you prefer.

Where you hold units in more than one Investment Option, you may provide a standing instruction to

periodically return your portfolio to a target portfolio allocation in the App. This standing instruction will be processed as a switch (as described in the PDS).

#### **Regular investment plan**

You can also make ongoing investments under a regular investment plan, which allows you to make regular investments via direct debit on a weekly, monthly, quarterly or annual basis. The minimum investment under a regular investment plan is \$5 per period (however the Trustee may accept lesser amounts or reject any application in part or in whole at its discretion).

If you wish to set up a regular investment plan, you should also complete the direct debit request form through the Apps. You can suspend, cancel or vary your regular investment plan through the Apps.

#### **Transfers to third parties**

You may not transfer units to another person without the Trustee's approval (which may be withheld in its discretion). If you would like to transfer units to another person, please contact the Trustee for more details.

#### **Unit prices**

The unit price of any Investment Option, at any time, is calculated by dividing the net trust value of the Fund referable to that Investment Option by the number of units of that Investment Option on issue in the Fund at that time. Cache calculates the unit price on each business day, except in the circumstances specified in the Constitution.

The net trust value is calculated as the market value of the assets of the Fund, less the liabilities of the Fund on the day in which the value is determined.

#### **Valuation**

The valuation of Fund assets is governed by the Constitution. The Constitution provides that assets must be valued in a manner that is consistent with the range of ordinary commercial practice for valuing assets of that type and be reasonably current.

## 2. Benefits of investing in the Fund

This section provides additional information to the information set out in the 'Benefits of investing in the Fund' section of the PDS.

The key features and benefits of an investment in the Fund include:

### Access to investment options

We provide access to investment options that help you start investing and steadily build wealth over time, through easy-to-use Apps. The Fund enables you to choose from a range of Investment Options that give exposure to ETFs that seek to track Australian and global indices, that can be combined to create unique portfolio mixes to suit an investor's investment goals.

### Easy-to-use investment apps

You can access Investment Options through the easy-to-use Apps.

### Tax time sorted

You are delivered a single tax statement for the units you hold in the Fund for your tax purposes.

### Investments on autopilot

The Apps allow you to set up regular contributions to your account under the regular investment plan so you can steadily increase the size of your investment over time. Dividends and distributions will also be automatically reinvested into the Fund to grow the value of your investment.

### Invest for your children

The Pearler Headstart App offers the same functionality as the Pearler App and additionally and easily allows the parent or guardian of a child to make investments on behalf of a child.

### Making it work, even for small balances

Pearler believes the key to successful investing is time. 'The earlier you start, the better.' You can start investing in the Fund even with a low minimum balance.

### All investment options carry risk

Risks may result in loss of income, loss of principal invested and possible delays in repayment. You could receive back less than you invested and there is no guarantee that you will receive any income. Also remember that past performance is not a reliable indicator of future performance.

## 3. Additional risks

This section provides additional information to the information set out in the 'Risks of managed investment schemes' section of the PDS.

### Risk profiles

The risk profile assigned to each Investment Option is based on the following risk levels:

- (a) **(Low risk)**: you may experience low returns and a low level of variability (if any) in your investment returns. Where returns are very low, a low-risk investment may not keep up with inflation or maintain its 'real' value (i.e. adjusted for inflation).
- (b) **(Moderate to low risk)**: you may experience some variability in your investment returns.
- (c) **(Moderate risk)**: you may experience a moderate degree of variability in your investment returns.
- (d) **(Moderate to high risk)**: you may experience more than a moderate degree of variability in your investment returns.
- (e) **(High risk)**: you may experience a high degree of variability in investment returns, as the potential for greater returns is generally associated with higher risk and volatility.

All investments carry risk. For more information about the risks of investing, please see ASIC guidance at [moneysmart.gov.au](http://moneysmart.gov.au).

### Other risks

In addition to the more significant risks described in the PDS, the following risks may also impact your investment and affect managed investment schemes generally:

- (a) **(Settlement risk):** the application and redemption processes associated with the issue and redemption of units in the Underlying ETF are subject to settlement procedures of the relevant clearing house. The Fund as a unitholder of the Underlying ETF is exposed to the risk an authorised participant or another market participant fails to comply with their settlement obligations. While these risks are mitigated by trading practices, the Fund may suffer a loss if the participant fails to deliver the units in the Underlying ETF within the settlement time.
- (b) **(Index inaccuracy risk):** the index providers of the investment options do not generally accept liability for the accuracy or completeness of the index data. There is a risk that an index provider makes errors in the construction of an index which may not be identified and corrected for a period of time. Neither MSC, Cache or Pearler provide a warranty or guarantee that the information provided by an index provider is correct. Therefore, any losses, or costs associated with index provider errors may impact returns to investors.
- (c) **(Manager risk):** the risk that Cache, as manager, cannot or does not successfully implement the investment strategy for the Fund. This risk also includes where Cache's Australian financial services licence is revoked and is not replaced, or where Pearler's authorisation to provide financial services is suspended or revoked.
- (d) **(International risk):** the assets of the Fund (or an Underlying ETF) may be listed overseas or give exposure to overseas investments and investments in foreign jurisdictions, including the United States of America. There are additional risks associated with such investments, including the exposure to foreign currencies, foreign laws, commercial environment, fiscal environment, or political environment.
- (e) **(Derivatives risk):** derivatives are a complex way to invest or manage risk. the Fund does not use derivatives, but Underlying ETFs in which the Fund invests may use these to manage risks or to try to gain exposure or make money in accordance with their strategy. Derivatives are a high-risk investment, may not always be successful and may cause disproportionate losses.
- (f) **(Operational risk):** the risk that Cache's, the Trustee's, Pearler's or a service provider's operational processes and procedures malfunction or fail (including any of the custodians).
- (g) **(Foreign exchange risk):** the risk that the value of the currency in which investments are held falls.
- (h) **(Data security risk):** the risk that information systems fail, are infiltrated or corrupted.
- (i) **(Regulatory risk):** the risk that the laws or regulations that impact the Fund (or its assets) change in Australia or overseas.
- (j) **(Borrowing risk):** the Fund does not borrow money to enhance the returns of the Fund, but the Fund may borrow for cash management purposes and companies in which the Fund invests may borrow money. Borrowing can magnify returns and magnifies losses.
- (k) **(Foreign currency risk):** the risk that an international transaction may incur losses due to currency fluctuations.
- (l) **(Counterparty risk):** the risk that a person that contracts with MSC or Cache (or the issuer or manager of an Underlying ETF) fails to meet its contractual obligations, resulting in losses.
- (m) **(Technology risk):** although Cache, MSC and Pearler take steps that they consider reasonable to protect information they hold, its security cannot be absolutely guaranteed. Data including phone numbers, email addresses and passwords can be compromised. If data is stored overseas, different privacy and other standards may apply there.
- (n) **(Tax risk):** the risk that tax laws or regulations that impact the Fund (or its assets) change in Australia or overseas. Tax law is complex, will apply differently to different investors and is regularly subject to change. You are strongly advised to obtain professional tax advice relating to your investment in the Fund.

## 4. How we invest your money

This section provides additional information to the information set out in the 'How we invest your money' section of the PDS.

### **Investment management**

Your investment will be managed in accordance with the PDS (including this AID and the IOL).

### **Investment Options**

For the investment objective of each Investment Option, the asset classes in which they invest, their strategic asset allocation, their minimum suggested investment time frame or risk level, please see the IOL.

### **Rebalancing**

Cache will regularly rebalance the holdings of each Investment Option regularly to ensure they are returned to their strategic asset allocation. Cache will review the portfolio on each trading day and rebalance where deviations from the strategic asset allocation meet certain thresholds.

### **Netting**

As the Fund is a pooled investment vehicle, all trading occurs on a netted basis. That means, Cache assesses the net trading requirements of the entire Fund.

Where some investors increase their investment in the Fund and other investors decrease their investment, Cache may only need to trade on-market to reflect the change in cash-flow on an aggregate basis.

### **Rebalancing assets held in Investment Options**

Where the rebalancing of one Investment Option and the rebalancing of another Investment Option would result in the same asset being bought and sold at the same time, Cache may simply account for that asset as if it had been sold by one Investment Option to another at the current mid-market price for that asset.

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

The Trustee, Cache and Pearler do not take into account labour standards or environmental, social nor ethical considerations when selecting, retaining or realising investments.

### **Switching investments**

To switch between Investment Options (that is, move money from one Investment Option to another), simply submit a request on the relevant App to move money from one Investment Option to another, as set out in the 'How Pearler Investors Fund works' section of the PDS.

### **Fund performance**

Up to date information on the performance of the Fund (that includes each available Investment Option) will be available on the Apps.

### **Changes**

Cache may change the Investment Options from time to time and without notice (after approval from the Trustee). For example, Cache may change the number of Investment Options available, the assets in which the Fund invests and the investment strategy and strategic asset allocation for each Investment Option.

The Trustee will make changes to the Investment Options where it considers it is in the best interests of investors to do so, which may include where an Underlying ETF has become illiquid or suspended from trading or is about to be delisted. You will be notified of any material changes to the Investment Options.

## 5. Fees and costs

The following information provides additional information to the information set out in the 'Fees and costs' section of the PDS.

### DID YOU KNOW?

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

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

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

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

### TO FIND OUT MORE

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

### Fees and other costs

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

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular Investment Options are set out in the IOL.

### Fees and costs summary

#### Pearler Investors Fund – All Investment Options

Type of fee or cost	Amount <sup>6</sup>	How and when paid
<b>Ongoing annual fees and costs</b>		
<i>Management fees and costs</i> <sup>1,2</sup> The fees and costs for managing your investment	Account fee per calendar month of: <ul style="list-style-type: none"> <li>• for balances below \$100, nil; and</li> <li>• for balances equal to or more than \$100:                             <ul style="list-style-type: none"> <li>○ \$1.70 (investors with 1 Investment Option); or</li> <li>○ \$2.30 (investors with more than 1 Investment Option).<sup>2</sup></li> </ul> </li> </ul>	Account fees are calculated and accrued on each business day and payable in arrears on the last business day of each month and are paid from your linked Pearler cash account.



	0.04% - 0.89% p.a. of the net trust value of the Fund	<p>Management fees and costs also include indirect costs, management fees and recoverable expenses. Indirect costs are costs which reduce the returns of the Fund, such as the fees charged by issuers of Underlying ETFs (if any). Such costs are generally deducted from the Fund's assets as and when they are incurred.</p> <p>Any management fees and recoverable expenses are deducted from the Fund's assets as and when incurred.</p>
<i>Performance fees</i> Amounts deducted from your investment in relation to the performance of the product	Not applicable.	Not applicable.
<i>Transaction costs</i> <sup>3</sup> The costs incurred by the scheme when buying or selling assets	0% p.a. of the net trust value of the Fund	Not applicable.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<i>Establishment fee</i> The fee to open your investment	Not applicable.	Not applicable.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil.	Not applicable.
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	±0.25%	The buy spread will be applied to the investment price and paid into the Fund when you invest into the Fund. The sell spread will be applied to the withdrawal price and paid into the Fund when you withdraw from the Fund.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil.	Not applicable.
<i>Exit fee</i> The fee to close your investment	Not applicable.	Not applicable.
<i>Switching fee</i> <sup>5</sup> The fee for changing investment options	Nil	Not applicable.

<sup>1</sup> The management fees and costs shown in this Fees and costs summary comprise of account fees and indirect costs. The costs component of management fees and costs for each Investment Option reflects the actual costs incurred for the previous financial year. The indirect costs component for all Investment Options incurred in the last financial year ranged between 0.04% - 0.89% per annum of the net trust value of the Fund. For more information, please see 'Management fees and costs' under the heading 'Additional explanation of fees and costs' below and sections 1 and 2 of the IOL.

<sup>2</sup> In addition to account fees and indirect costs, management fees and costs could include other fees and costs such as management fees and recoverable expenses. No management fees are anticipated at this stage, and no recoverable expenses were incurred in the last financial year (however this will change for this or future financial years). For each financial year commencing on 1 July 2023, the Fund's custody and audit costs, and costs of issuing new Product Disclosure Statements, will be paid from the Fund's assets, and taking into account costs of this nature for this financial year the Trustee reasonably estimates the management fees and costs (excluding account fees) will range between 0.45% - 1.30% of the net trust value of the Fund as at the date of this AID. For more information on management fees and costs, please see 'Management fees and costs' under the 'Additional explanation of fees and costs' below and sections 1 and 2 of the IOL.

<sup>3</sup> The transaction costs are based on the Trustee's estimate of the transaction costs for the current financial year that are not recovered by the buy/sell spread.

<sup>4</sup> 'Nil' means there is an entitlement under the Constitution but the Trustee has elected not to charge it. 'Not applicable' means there is no entitlement for the Trustee to charge this fee under the Constitution.

<sup>5</sup> A switch is effected as a withdrawal from one Investment Option and an investment in another Investment Option. Under the Constitution there is no fee chargeable specifically relating to switching between Investment Options, however, under the Constitution the Trustee is entitled to charge an application fee and a redemption fee associated with the process of switching from one Investment Option to another. The Trustee has elected not to charge such application and redemption fees, however a buy/sell spread applies.

### Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 during the year. (Additional fees such as an establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant option.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

Investment Option	Cost of product
Diversify and Chill	\$355.40
Aussie Large Companies	\$270.40
Global Large Companies	\$310.40
An American Buffet	\$245.40
Aussie Large ESG Companies	\$385.40
Global Large ESG Companies	\$475.40
Battery Tech	\$545.40
Better Future	\$670.40

Aussie + Global	\$295.40
Aussie + Global ESG	\$450.40

The cost of product for each Investment Options assumes a constant investment of \$50,000 throughout the year and the \$5,000 investment occurs at the end of the year, and that you are only invested in each Investment Option. No recoverable expenses were incurred in the last financial year. However, this will change for this or future financial years and impact the cost of product consequentially. As at the date of this AID, the Trustee expects that the Fund will bear its own custody and audit costs, and the costs of issuing new Product Disclosure Statements, from this financial year, and taking into account costs of this nature for this financial year the Trustee reasonably estimates the management fees and costs (excluding account fees) will range between 0.45% - 1.30% of the net trust value of the Fund. For more information on management fees and costs, please see section 5 of the AID and sections 1 and 2 of the IOL.

## Additional explanation of fees and costs

### Management fees and costs

The management fees and costs for the Fund incorporate all relevant fees and other costs involved in managing the Fund and deriving investment returns, including account fees, recoverable expenses and indirect costs.

Management fees and costs do not include transaction costs (described below) or any other costs that an investor would ordinarily incur when investing directly in the Fund's assets.

#### *Management fee*

While the Constitution permits a management fee to be charged, no management fee will be charged to investors. See 'Changes to fees and costs' below.

#### *Account fee*

A monthly account fee applies to each account where the balance is \$100 or more at any time during the calendar month.

The amount of the fee per calendar month is as follows:

- (a) For investors that invested only in one Investment Option during the calendar month, \$1.70.
- (b) For investors that invested in more than one Investment Option during the calendar month, \$2.30.

Account fees are calculated and accrued on each business day and are payable on the last business day of each calendar month and are paid from your linked Pearler cash account. The calendar month for each investor begins on the date on which your first investment is accepted into your investment account and will commence on the same day of each subsequent month thereafter.

Cache will pass on some or all of the account fees you pay to the Trustee or Pearler (depending on the scale of the Fund).

#### *Indirect costs*

Indirect costs are not fees charged by the Trustee.

Indirect costs are any amounts that the Trustee knows or where required, reasonably estimates, will reduce the Fund's returns that are paid from the Fund's assets (other than recoverable expenses and transaction costs described elsewhere in this section) or that are paid from the assets of any interposed vehicle (such as an Underlying ETF) in which the Fund may invest.

For the indirect costs for a particular Investment Option, see the IOL.

### *Recoverable expenses*

The recoverable expenses represent the expenses incurred in the operation of the Fund. The Constitution allows all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered.

The expenses normally incurred in the day-to-day operation of the Fund include investment manager fees, fund administration and unit registry costs. These expenses normally incurred will be paid by the Fund while this AID is current.

There were no recoverable expenses incurred in the last financial year, as these expenses were paid out of Cache's own resources. For each financial year commencing on 1 July 2023, the Fund's custody and audit costs, and costs of issuing new Product Disclosure Statements, will be paid from the Fund's assets, and taking into account costs of this nature for this financial year the Trustee reasonably estimates the management fees and costs (excluding account fees) will range between 0.45% - 1.30% of the net trust value of the Fund as at the date of this AID.

Extraordinary expenses are expenses that are not normally incurred in the day-to-day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Constitution, or defending or pursuing legal proceedings. Any such expenses will be recovered from the Fund and reflected in its unit price.

The Trustee, as at the date of the PDS, reasonably estimates that the extraordinary expenses of the Fund that will apply for the current financial year will be zero.

### **Transaction costs**

Transaction costs are not a fee paid to the Trustee, Cache or Pearler.

The Fund incurs transaction costs, such as brokerage, clearing costs, transactional custodian fees and other transaction fees associated with buying and selling the Fund's assets or processing applications or redemptions (including the transaction costs of underlying funds). Transaction costs are an additional cost to you where it has not been recovered by the buy/sell spread, and are not included in the management fees and costs.

A buy spread will be applied to the investment price and a sell spread will be applied to the withdrawal price to ensure that (as much as possible) the transaction costs incurred as a result of an investor entering or leaving the Fund are borne by that investor,

and not by other investors. The buy/sell spread for the Fund is the Trustee's reasonable estimate of the transaction costs that the Fund will incur and is not received by the Trustee, Cache or Pearler.

The Trustee, as at the date of this AID, reasonably estimates that the Fund's total gross transaction costs for the current financial year will be between 0.15% and 0.16% p.a. of the Fund's net trust value (depending on your Investment Option) and will be substantially recovered from transacting investors through the buy/sell spread. The transaction costs (if any) shown in the 'Fees and costs summary' are net of any amount recovered by the buy/sell spread.

For an estimate of the transaction costs or the buy/sell spread for a particular Investment Option, see the IOL.

The amount of these costs can be expected to vary from time to time depending on the volume and value of transactions undertaken.

#### **Goods and Services Tax**

Fees and costs charged to the Fund attract 10% GST, which is charged to and borne by the Fund. All fees and costs disclosed in this AID are inclusive of GST (as defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)), to the extent applicable, after taking into account any expected Reduced Input Tax Credits (**RITCs**).

The Fund will claim input tax credits or RITCs where possible under the GST regulations. These credits will reduce the overall cost of GST to the Fund and will be reflected in the unit price. Please refer to 'How managed investment schemes are taxed' for more information.

#### **Service providers**

The Trustee may provide services or make payments to service providers in return for promotional or operational services for the Fund. These payments will be paid out of the Trustee's fees on a one-off or ongoing basis.

#### **Changes to fees and costs**

The Trustee has the power to change its fee structure without your consent, subject to the maximum fees described in the Constitution, however the Trustee does not currently intend to do so. The Constitution provides for the following maximum fees:

- (a) a maximum application fee of 5% of the consideration payable on an application for units applied for (plus GST);
- (b) a maximum management fee of 5% p.a. of the total gross value of all the Fund's assets (plus GST);
- (c) a maximum redemption fee of 5% of the redemption price payable on redemption of units redeemed (plus GST); and
- (d) a maximum account fee of \$10 per calendar month payable in arrears on the last business day of each calendar month (plus GST), where the month commences on the day you invest in the month.

Fees and costs may also vary over time due to changes to the Fund, changing economic conditions or changes in regulation. Investors will be given notice of any changes to fees in accordance with the Corporations Act (for example, where there is an increase in fees or charges and the Fund is not a disclosing entity, investors will be notified at least 30 days before the increase takes effect).

## 6. How managed investment schemes are taxed

The following information provides additional information to the information set out in the 'How managed investment schemes are taxed' section of the PDS.

The taxation information in this AID is provided for general information only. This AID assumes that you hold your investment in the Fund on capital account and are not considered to be carrying on a business of investing, trading in investments, or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ. It should not be used as the basis upon which you make a decision to invest.

The taxation information in this AID has been prepared based on taxation laws as at the date of this AID. These laws can change at any time, which may have adverse taxation consequences. It is recommended that investors seek their own professional advice, specific to their circumstances, of the taxation implications of investing in the Fund.

### AUSTRALIAN TAXATION TREATMENT OF THE FUND

#### General

The income tax treatment of the Fund will depend on whether the Fund is eligible, and elects, to apply the Attribution Managed Investment Trust (**AMIT**) provisions. The AMIT provisions are an elective income tax regime for qualifying Managed Investment Trusts (**MIT**) that provide for flow-through taxation to investors. The AMIT election is irrevocable, and the AMIT provisions will apply in each future income year in which the Fund satisfies the requirements to be a MIT. MSC intends to make the election for the Fund to enter into the AMIT provisions, if it qualifies to be a MIT.

Where the Fund does not satisfy the eligibility criteria to be a MIT, the Fund cannot make the AMIT election and ordinary trust taxation rules apply.

#### MIT capital account election

If the Fund qualifies as a MIT for income tax purposes, it will be eligible to make an irrevocable election to apply the Capital Gains Tax (**CGT**) provisions as the primary code for assessing gains and losses on the disposal of certain assets, including for example shares and units. In that instance the Fund should be deemed to hold these assets on capital account and investors may be entitled to receive the benefit of the CGT discount on distributions of capital gains (the

requirements for accessing the CGT discount concession are discussed below). MSC will continue to monitor its eligibility on a year-by-year basis.

#### AMIT provisions

Where the AMIT regime applies for an income year, the following will apply:

##### *Fair and reasonable attribution*

Each year, the Fund's determined assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on your present entitlement to the income of the Fund.

##### *Unders or overs adjustments*

Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains/losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

##### *Cost base adjustments*

Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of any cost base adjustment will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement (**AMMA**).

##### *Large redemptions*

In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming investor.

##### *Multi-class AMITs*

A choice is available to elect to treat separate classes of units as separate AMITs. MSC intends to make the AMIT multi-class election to segregate the returns of each investment option. Where the classes are treated as separate AMITs, the gains or losses derived in respect of one of the investment options will not affect the returns of the alternative investment options.

##### *Penalties*

In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

##### **Non-AMIT Provisions**

On the basis the Fund is not a public trading trust, the Fund should be treated as a flow-through trust for

income tax purposes. This means that you will be taxed on your share of the Fund's net taxable income.

#### **Multi-class non-AMITs**

In the absence of an AMIT multi-class election being made, the Fund is treated as a single taxpayer. As the classes are not treated separately for income tax purposes, there is a risk that the income, expenses and tax losses are not quarantined to each class, such that all tax deductions and tax losses are spread against the gross income of the Fund. In this scenario, gains or losses derived in respect of one of the investment options may affect the returns on the other investment options.

#### **Other Taxation considerations**

##### **Public Trading Trust Rules**

The Fund does not intend to derive income other than from an "eligible investment business". Further, MSC will seek to ensure it does not control entities that carry on trading activities including having any negative control rights in relation to its investments that can affect the underlying trading activities of the business it invests in. Accordingly, it should not be subject to income tax as a public trading trust.

##### **Taxation of Financial Arrangements (TOFA)**

The TOFA rules may apply to financial arrangements held by the Fund when calculating its assessable income. Under the TOFA rules, gains and losses on financial arrangements are generally assessed for income tax purposes on a compounding accruals basis (where the gains/losses are sufficiently certain) rather than a realisation basis.

##### **Losses**

In the case where the Fund makes a tax loss or capital loss for Australian income tax purposes, the Fund cannot distribute these losses to investors. However, these losses may be carried forward and offset against future gains.

Where the AMIT multi-class election is made, the losses will be quarantined for each class and cannot be offset against gains derived by another class.

#### **AUSTRALIAN TAXATION TREATMENT OF THE INVESTORS**

##### **Distributions – AMIT**

The AMIT provisions require the taxable income of the Fund to be "attributed" to investors on a fair and reasonable basis, having regard to their income and capital entitlements in accordance with the constituent documents. MSC will seek to attribute taxable income having regard to the units held by investors,

entitlements to income and capital, as well as cash distributions made, or new units issued to such investors during the relevant period.

Under the AMIT provisions, an investor may be taxable on their share of the Fund's taxable income prior to receiving distributions from the Fund.

##### **Distributions – Non-AMIT**

Provided that the Fund is treated as a flow-through vehicle, investors will be assessed on the taxable income derived by the Fund, based on their proportionate share of the annual income of the Fund that they are presently entitled to. The Fund's investors will be required to include their share of taxable income in their tax return.

##### **Franking Credits and Franked Dividends**

Income distributions from the Fund may include an entitlement to franked dividends. Generally, investors should include the franked dividends and the franking credits (imputation credits) they receive in their assessable income.

Certain additional requirements, including the 45-day holding period rule may need to be satisfied in order to benefit from franking credits attached to the dividends. The investor's particular circumstances (and that of the Fund) will be relevant to determine whether the investor is entitled to any franking credits in respect of the investor's share of the franked dividends. Any excess franking credits may be refundable to some investors, such as individuals and complying superannuation funds.

##### **Foreign Income**

The Fund will derive foreign sourced income that might be subject to foreign tax. Investors should include their share of both the foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a Foreign Income Tax Offset (FITO) for the foreign tax paid, against the Australian tax payable on the foreign sourced income. FITO's that are not utilised cannot be carried forward to a future income year.

##### **Capital Gains**

An investor's share of the taxable income of the Fund may include an amount that consists of discount capital gains derived by the Fund. Investors may be able to reduce the capital gains distributed by the Fund by any capital losses which are available to them. Furthermore, after applying any loss, individual, trust, and complying superannuation fund investors may then be entitled to discount that capital gain by 50% for individuals and trusts and 33 1/3% for complying

superannuation funds in determining the net capital gain that is to be included in their assessable income.

#### **Non-assessable distribution payments - AMIT**

Under the AMIT provisions, an investor's cost base in their units held is increased where taxable income is allocated to them (inclusive of any tax free component of a discount capital gain). The cost base is decreased where cash distribution entitlements are made to the investor in respect of their Units, irrespective of whether the amounts distributed are classified as income or capital. Additional reductions are made for certain tax offsets (such as the franking credit tax offset and foreign income tax offset).

The net annual tax cost base adjustment amount will be detailed in an AMMA tax statement, which will be sent annually to investors after year-end.

#### **Non-assessable distribution payments – Non-AMIT**

Tax-deferred distributions may occur where the Fund distributes an amount of cash that exceeds the taxable income allocated to an investor. Certain tax-deferred distributions that are not assessable to an investor result in a reduction in the cost base of the units held by the investor. A capital gain will arise where those tax-deferred distributions exceed the cost base of the units.

#### **Disposal of units**

If an investor switches investment options or redeems their units in the Fund, this will constitute a disposal for Capital Gains Tax (CGT) purposes.

Where an investor holds their units in the Fund on capital account, a capital gain or loss on the disposal may arise and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 1/3% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for 12 months or more. No CGT discount is available to corporate investors.

Investors are not generally entitled to sell or transfer units to other persons. However, if an investor does so, the investor may be liable for CGT on any gains realised on that disposal of units.

Any capital losses arising from the disposal of units may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income, subject to

satisfying the relevant tax loss recoupment rules under the Australian income tax law.

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

The Fund will be registered for GST. The acquisition and disposal of units in the Fund by investors should not be subject to GST. Similarly, the distributions paid by the Fund should not be subject to GST. However, some of the fees and expenses incurred by the Fund are likely to attract GST (at the rate of 10%). The recovery of GST will be dependent on the precise nature of the expenses incurred and the nexus with domestic or international equities. The GST and expected recovery of ITCs or RITCs relating to fees and expenses is incorporated in the management cost for the Fund.

#### **Duty**

The issue or redemption of units should not attract any duty. Duty may be payable on the transfer of units. Investors should confirm the duty consequences of transferring units with their taxation adviser.

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

We will ask you to provide your TFN or ABN. You are not required to provide it. However, if you do not provide your TFN or ABN, MSC may be required to deduct tax from your investment at the top marginal rate, plus levies, on gross payments including distributions of income. You may be able to claim a credit in your tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

#### **Tax Reform**

Tax reform activity is generally ongoing and such matters may impact on the tax position of the Fund and its investors. You should monitor any proposed legislative changes (including judicial developments) and seek your own professional advice, specific to your own circumstances, in relation to such matters.

#### **Annual Investment Income Report (AIIR)**

The Responsible Entity is required to lodge annually an AIIR to the ATO containing investor identity details and details of unit disposals and investment income paid or attributed to investors for the relevant income year.

#### **New Zealand resident taxation**

If you are a New Zealand resident wishing to invest in Australia, we strongly recommend that you seek independent professional tax advice as different rules or laws may apply.





New Zealand resident investors will be taxed on their Units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances. Australian tax will be withheld at prescribed rates from distributions to non-residents to the extent that the distributions comprise relevant Australian sourced income or gains.

## 7. Additional information

### If your details change

You must notify Pearler of any change to your details, either by email or through the Apps. This includes any changes to your personal details, contact details and foreign tax residency status.

### New Zealand WARNING STATEMENT

- (a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. However, this offer, and the content of the offer document are principally governed by Australian rather than New Zealand law. It is mainly the Corporations Act and the regulations made under that Act set out how the offer must be made.
- (b) There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- (c) The rights remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- (d) Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- (e) The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- (f) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- (g) The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- (h) If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

- (i) The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

### Pearler will keep in touch

Pearler will keep you up to date on your investment in a number of ways, including:

- (a) by showing your investment account balance and transaction history on the Apps;
- (b) by providing you a transaction statement each year; and
- (c) by providing you an AMMA (ie a tax statement) each year.

### Protecting your privacy

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information.

Pearler is committed to respecting the privacy of your personal information and its privacy policy sets out it manages personal information. By applying to invest in the Fund, you consent to your personal information being collected and used as set out in this policy – if Pearler doesn't collect this information, it may not be able to provide its services to you.

Pearler collects personal information directly from you, when you ask Pearler to provide you information, through the Apps and throughout its relationship with you.

Your personal information may be provided to other persons such as the Trustee, Cache and external service providers, including any of its custodians, auditor, taxation adviser, legal adviser and information technology service provider. Pearler also provides your personal information to external service providers to verify your identity to comply with its legal obligations under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth).

Additionally, your personal information will be disclosed if required by law to do so.

### Foreign tax residency

Cache is required to collect certain information about you in order to determine your foreign tax residency status under the *Taxation Administration Act 1953* (Cth).

Where required by law, Cache will provide that information (as well as information about your investment in the Fund) to the ATO.

In order to determine your foreign tax residency status (which the Trustee is required to do at the time you first make an investment in the Fund), Cache may need

to obtain additional information from you, including documentation and certifications.

If you do not provide any information Cache reasonably request by the time it requires it, Cache may be required to withhold tax on the payment of any distribution it pays to you or gross proceeds from the sale of investments, or close your account.

You must tell Cache if your foreign tax residency status changes.

### **The Trustee needs to know you**

The Trustee can't allow you to invest into the Fund until your identity has been successfully verified. To do this, Cache may ask you to provide identification documents.

Sometimes Cache may be required to obtain additional information from you, such as the source or origin of the funds in your investment account and how you plan to use your investment account.

Cache uses third party providers to verify some or all of this information.

If Cache is unable to verify your identity or you don't provide the information Cache reasonably requests within an acceptable time frame, your application will not be accepted and the Trustee may suspend or close your investment account without prior notice to you or any reason being given. This means that no units will be issued to you, and withdrawals may not be made within the time periods contemplated in the PDS or this AID.

Cache and the Trustee will not be liable for any losses, including for market movements, that may be incurred by a prospective investor if an application is delayed or rejected due to their legal obligations (including those arising under anti-money laundering laws) or other delays caused by an application being incomplete.

### **Constitution**

The Constitution sets out the Trustee's obligations as well as your rights as an investor. You can obtain a copy of the Constitution free of charge by contacting the Trustee.

The Constitution may be amended from time to time, in accordance with its terms and the law. The Corporations Act requires investor consent (given at an investor meeting) for any alteration unless the Trustee reasonably considers that the alteration will not adversely affect the rights of investors.

### **The Trustee may suspend your account or refuse to process a transaction**

You agree that the Trustee may (in its discretion) suspend, delay, cancel or refuse to process a

transaction (including the issue or redemption of units), where:

- (a) the Trustee considers such action is necessary or desirable in light of its obligations under anti-money laundering or sanctions or other legal obligations;
- (b) the Trustee believes that a transaction may be fraudulent; or
- (c) the Trustee considers such action is necessary (for example to manage regulatory risk).

In these circumstances, none of the Trustee, Cache nor Pearler will be liable to you for any resulting loss.

### **Compliance plan**

A compliance plan for the Fund has been lodged with ASIC, setting out how the Fund is operated to ensure compliance with its Constitution and the law. The Trustee is responsible for overseeing the compliance plan. Each year the compliance plan, and the Trustee's compliance with the compliance plan, will be independently audited.

### **Your rights**

Subject to the Constitution, you're generally entitled to receive a share of the Fund's distributable income (referable to your Investment Option), redeem units, transfer units, receive annual audited accounts and inspect the Constitution.

### **Custody**

The Trustee appointed custodians to hold the domestic and international assets of the Fund and may change any of these custodians from time to time. Each of the custodians may appoint their own sub-custodian.

### **Investor meetings**

Investors can call, attend and vote at investor meetings for the Fund subject to the Constitution and the Corporations Act. You will be bound by a resolution of investors, whether or not you attend the meeting at which it is passed.

### **Your liability**

Except as provided below, your liability is limited to the amount you've invested in the Fund.

You may be liable for further amounts relating to fees, taxes or costs incurred in relation to your units or where you otherwise owe the Trustee money. These amounts may be recovered from your bank account (if applicable) or your investment balance. Details of your liability as an investor are further set out in the Constitution.

**Termination**

The Trustee can terminate the Fund at any time or terminate an Investment Option, subject to the Corporations Act. Where the Fund is terminated, the assets of the Fund will be realised, liabilities will be discharged and then the net proceeds will be distributed to the investors of each Investment Option pro rata to their investment in accordance with the Constitution. Your final distribution will be determined by reference to the number of units you hold in an Investment Option on the termination date.

**Financial information**

Financial information about the Fund will be made available on Pearler's website as required by law.

**Other information**

Where the Fund is a disclosing entity, it will be subject to regular reporting and disclosure obligations under the Corporations Act. The Trustee will meet its continuous disclosure obligations by disclosing new material information at pearler.com

Copies of documents lodged with ASIC in relation to the Fund may be obtained from or inspected at an ASIC office. You have a right to obtain a copy of the following documents from the Trustee free of charge:

- (a) the Fund's annual financial report most recently lodged with ASIC;
- (b) any half-year financial report lodged with ASIC by the Fund after lodgement of the latest annual financial report and before the date of the PDS; and

- (c) any continuous disclosure notices given by the Fund after lodgement of the latest annual report and before the date of the PDS.

**Additional classes**

The Trustee may also offer other classes of units in the Fund under a separate disclosure document to other investors and may create or close different classes of units from time to time.

Units of other classes may have rights and obligations that are different to the units issued under this document.

**Changes to the Fund**

The Trustee can make changes to the Fund, the Investment Options, the PDS and this AID. Sometimes, changes may occur without prior notice. If the Fund is not a disclosing entity, you will be given 30 days' prior notice of any increase in fees or charges, or as otherwise required by law.

**Employee investing**

Employees of the Trustee, Cache and Pearler or any of their related bodies corporate may invest in the Fund subject to the personal account trading policies and procedures of the Trustee, Cache and Pearler.

**Consents**

Cache, Phillip Capital Limited, Sandhurst Trustees Limited and Pearler have each given, and at the date of the PDS and this AID have not withdrawn, their consent to be named in the PDS and this AID in the form and context in which they are named.