



Generations[®] Investment Options

Additional information booklet

ASIC benchmarks and disclosure principles for Antares High Growth Shares

Important information

National Mutual Funds Management Ltd (NMF) (ABN 32 006 787 720, AFSL 234652) is the responsible entity of Generations Australian Equities No 4 Trust (ARSN 109 858 193) ('Antares High Growth Shares' or 'the Fund') and issuer of this document.

The Fund invests into the Antares High Growth Shares Fund (ARSN 090 554 082, the 'Antares Fund'), a registered managed investment scheme under the *Corporations Act 2001 (Cth)* (Corporations Act). The investment manager and responsible entity of the Antares Fund is Antares Capital Partners Ltd ('Antares', ABN 85 066 081 114, AFSL 234483). Antares is responsible for selecting and managing the Antares Fund's investments.

In this document NMF is referred to as 'we' or 'us'.

Unless otherwise specified all dollar amounts in this document are Australian dollars.

This document should be read in conjunction with and is taken to be included in the current product disclosure statement (PDS) for the Fund.

The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making a decision about whether to acquire or continue to hold or dispose of units in the Fund. This document has been prepared for the purpose of providing general information, without taking into account any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs.

The Australian Securities and Investments Commission (ASIC) has released ASIC regulatory guide 240 hedge funds: improving disclosure (RG240), which includes benchmarks and disclosure principles to help investors better understand the characteristics of hedge funds and the risks associated with them.

Benchmarks and disclosure principles for the Fund and the Antares Fund, as set out in this document, are taken to be included in the current PDS for the Fund and should be read in conjunction with the PDS.

This document will be reviewed annually and updated where material changes are identified.

A copy of the **ASIC benchmarks and disclosure principles for the Fund** and a current PDS for the Fund are available online at northonline.com.au/generations and can also be obtained free of charge, on request.

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Jointly issued by National Mutual Funds Management Ltd and ipac asset management limited.

Benchmarks

1. Valuation of assets

Benchmark: The responsible entity has and implements a policy that requires valuations of the hedge fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation services provider.

This benchmark does not apply to the Fund.

The Antares Fund invests into Australian listed equities, cash equivalent instruments and exchange traded derivatives. These are exchange traded and market prices are usually readily available.

All valuations for the assets of the Fund are in accordance with the AMP Capital asset valuation policy.

2. Periodic reporting

Benchmark: The responsible entity has and implements a policy to provide periodic reports on certain key information as set out in the table below.

Periodic reporting of key information

Monthly updates	<p>The following information is available on the hedge fund's website and is disclosed monthly or, if less often, at least as often as investors have the right to redeem their investments and in reasonable time to allow investors to consider that information in making a decision whether to redeem their investment:</p> <ul style="list-style-type: none">– the current total net asset value of the fund and the redemption value of a unit in each class of units– as at the date the net asset value was calculated– the key service providers if they have changed since the last report given to investors, including any change in their related party status, and– for each of the following matters since the last report on those matters:<ul style="list-style-type: none">– the net return of the fund's assets after fees, costs and taxes– any material change in the fund's risk profile– any material change in the fund's strategy– any change in the individuals playing a key role in investment decisions for the fund.
Annual (or more frequent) reporting	<p>The responsible entity has and implements a policy to report on the following information as soon as practicable after the relevant period end:</p> <ul style="list-style-type: none">– the actual allocation to each asset type– the liquidity profile of the portfolio assets as at the end of the period – the representation of asset liquidity (the estimated time required to sell an asset at the value ascribed to that asset in the fund's most recently calculated net asset value) in a graphical or other form that allows easy comparison with the maturity profile of the liabilities– the maturity profile of the liabilities as at the end of the period – the representation of maturities in a graphical form that allows easy comparison with the liquidity profile of the portfolio assets– the leverage ratio (including leverage embedded in the assets of the fund, other than listed equities and bonds) as at the end of the period– the derivatives counterparties engaged (including capital protection providers)– the monthly or annual investment returns over at least a five-year period (or, if the hedge fund has not been operating for five years, the returns since its inception), and– the key service providers if they have changed since the latest report given to investors, including any change in their related party status. <p>This information must be given to members as often as, and no later than or as soon as practicable after, any periodic statement required by s1017D (but in any event no later than six months after the end of the relevant period).</p>
Ongoing availability	<p>The latest report, which addresses the above matters, is available on the hedge fund's website.</p>

This benchmark is met.

Key information in relation to the Fund is provided on the website, northonline.com.au/generations or upon request, free of charge.

Monthly reporting

The Fund issues the following information on a monthly (or in some instances more frequent) basis, which is available on request from the North Client Services team and on the website, northonline.com.au/generations:

- actual allocation to each asset type as at each month end per the asset allocation guidelines in the PDS
- current total net asset value of the Fund as at month end (the method of how we value assets is explained in the relevant asset valuation policy, a summary of which is available from us on request)
- daily application and redemption unit prices, and
- net investment return for the Fund as at month end, after management costs, for periods of one month, three months, six months, one year, and since inception. We report investment performance on a before tax basis.

Annual reporting

The Fund issues the following report on an annual basis:

- fund financial statements. This is available on request from the North Client Services team and on the website, northonline.com.au/generations

Each year from Generations you will receive an annual statement by post, which includes the:

- cash account statement - showing all transactions
- portfolio allocation statement - detailing the latest value of your investments
- portfolio summary - detailing any income earned and expenses paid during the year
- annual tax report – shows your tax information for the year
- annual audit report (available electronically only)

This report will also be available on North Online.

Ongoing availability

The Fund issues the following information on an ad-hoc basis:

- details of key service providers if they have changed since the latest report given to investors, including any change in related party status.
- the derivative counterparties engaged. This is available on the website, northonline.com.au/generations
- to the extent applicable:
 - any material change in the Fund's risk profile or investment strategy
 - any material change in the Fund's custodian, administrator or investment manager, and
 - any change in the individuals playing a key role in investment decisions (as noted under disclosure principle 2).

Disclosure principles

1. Investment strategy

Disclosure principle 1: The responsible entity should disclose the following information:

1. a description of the fund's investment strategy, including:
 - the typical asset classes to be invested in
 - the typical location and currency denomination of the assets, and
 - the role of leverage, derivatives and short selling
2. an explanation of how the strategy will produce investment returns
3. any key dependencies or assumptions underpinning the strategy's ability to produce investment returns
4. what the diversification guidelines or limits are
5. any specific risks associated with the relevant investment strategy
6. disclosure of the key aspects of the Fund's risk management strategy, and
7. if and how the investment strategy can change and what notification would be provided to investors.

The Fund meets this disclosure principle.

Investment strategy

The Antares Fund is an actively managed portfolio of Australian listed shares investing in both long and short positions, using active trading, along with the use of exchanged-traded derivatives for efficient portfolio management, to hedge market risks and enhance returns for investors. Typically, the assets are located in Australia and in Australian dollars.

The Antares Fund's investment universe consists of listed shares, cash equivalent instruments and exchange traded derivatives, which are considered to be readily traded and in high volumes and as such liquidity risk is deemed low.

The Antares Fund's objective is to outperform the Benchmark (S&P/ASX200 Accumulation Index by 5% p.a. before fees over a rolling 5 year periods) over the long term by utilising these underlying strategies: short selling, enhanced long positions, active trading, along with the use of exchange traded derivatives.

The use of leverage, derivatives and short selling is set out in more detail below.

Explanation of how the strategy will produce investment returns

The success of the Antares Fund's strategies will depend on the stock selection, asset allocation and market conditions and may be influenced by specific risk factors.

Returns of the Antares Fund will be primarily generated through short selling and enhanced long positions. The Antares Fund employs a range of other strategies which incorporate elements of short selling and enhanced long positions. These include active trading, pairs trading and other opportunistic trading to benefit from short term opportunities.

Active trading refers to trading in shares where the Antares Fund has held a range of different positions over a relatively short period of time, with a view to fully exploiting all available opportunities to add value as market circumstances change. It may also involve simply managing an overweight or other position held – adding to or reducing the position to benefit from smaller movements in the share price. Antares may short sell to generate returns in declining securities/markets.

Enhanced long positions refer to shares in which the Antares Fund holds the largest overweight positions when compared to their Benchmark weighting. Antares seeks to amplify the Antares Fund return relative to its Benchmark by further overweighting those shares which they believe to be undervalued.

Any key dependencies or assumptions underpinning the strategy's ability to produce investment returns (eg market conditions or interest rates)

The success of the Fund's strategies will depend on the security selection, asset allocation and market conditions and may be influenced by specific risk factors as set out **What risks apply to investing** section of the PDS.

Diversification guidelines or limits

The Antares Fund is restricted to holding no more than 25% of the Antares Fund's Net Asset Value (NAV) in short positions. This means for example that for every \$100 invested by investors, the Antares Fund can hold no more than \$25 in total short positions. The purchase of additional shares using proceeds from short selling is limited to a further 25% of the Antares Fund's NAV. This means the total (gross) exposure to the Australian share market is limited to 150% of the Antares Fund's NAV.

Antares aims to manage enhanced long position risk by having internal guidelines for maximum active position restrictions for each share relative to their benchmark weighting.

Any specific risks associated with the relevant investment

Please refer to the **What risks apply to investing** section of the relevant PDS. In addition to the risks outlined in this section, below are some specific risks of investing in the Antares Fund.

Risks of enhanced long positions

Risks associated with enhanced long positions can include:

- a larger loss if the Australian share market declines rapidly, and
- if the company becomes bankrupt, shareholders may lose all of their investment.

Risks associated with active trading

The risks and risk management process associated with active trading are similar to those outlined under short selling and enhanced long positions.

Leveraging risk

Leverage may involve the use of borrowed money or derivatives to increase the investment amount. Gearing or leverage magnifies investment returns and losses. Where investments are geared or leveraged, losses can exceed the original investment.

Risk of underperformance

Antares aims to generate higher returns than the benchmark. To achieve this, Antares constructs a portfolio of securities that is different from the benchmark.

This introduces the risk that the Antares Fund's investments may underperform the benchmark, even though the investment processes and risk management techniques aim to reduce the likelihood and extent of any underperformance. There is also the risk that the costs of actively managing the Antares Fund may lead to underperformance after these costs are taken into account.

Credit risk

Credit risk is the risk that an issuer of a financial instrument (e.g. loan) is unable or unwilling to repay their debts. The risk of an issuer defaulting on their payments increases with declining quality of credit markets (e.g. credit risk is higher for high yield securities than investment grade).

Disclosure of the key aspects of the Antares Fund's risk management strategy

Techniques used by Antares with the aim of managing risks include:

- establishing investment guidelines for the Antares Fund which are consistent with its investment objective and stated risk characteristics
- having processes in place aimed at ensuring the Antares Fund complies with their investment guidelines and other parameters at all times
- undertaking research on companies and securities with a view to understanding their risk characteristics, and
- backing derivatives with cash, cash-equivalents or securities.

If and how the investment strategy can change and what notification would be provided to investors

Antares may make changes to the Antares Fund without prior notice to you, including changes to the investment strategy.

The investment strategy and asset allocation of the Fund may vary from time to time. Fund managers will notify us of any materially adverse changes or significant events that affect an investment option you have selected. We will notify you of these changes or events through North Online as soon as we can after we have been notified by the fund managers.

2. Investment manager

Disclosure principle 2: The responsible entity should disclose a description of the following:

1. the identity of, and information on any relevant significant adverse regulatory findings against, any investment manager appointed by the responsible entity of the hedge fund
2. the identities, relevant qualifications and commercial experience (including information on any relevant significant adverse regulatory findings against) of any individuals playing a key role in investment decisions and the proportion of their time each will devote to executing the fund's investment strategy
3. if any of the assets are not managed by the responsible entity, any unusual and materially onerous (from an investor's perspective) terms in the agreement or other arrangement under which any investment manager is appointed and the scope of this appointment, and
4. the circumstances in which the responsible entity is entitled to terminate the investment manager's appointment and on what terms (including any payments).

The Fund meets this disclosure principle.

Antares is responsible for the investment management of the Antares Fund.

Antares Fund	Key individual	Experience (Years)	Qualifications
Portfolio Manager	Richard Dixon	20	BeC
Deputy Portfolio Manager	Nick Pashias	19	PhD (Engineering)

RICHARD DIXON

Richard Dixon dedicates a significant amount of his time to the implementation of the Antares Fund investment strategy. Richard joined Antares in 2000 and commenced managing the Fund in 2001. He also has research responsibilities within the Antares team. Richard Dixon has over 20 years of industry experience. Prior to joining Antares, he was an Equities Dealer for AMP Asset Management and Performance Analyst and Equities Dealer for Prudential Fund Managers. He holds a Bachelor of Economics from Macquarie University and is a Fellow of the Financial Services Institute of Australiasia (FINSIA).

NICK PASHIAS

Nick Pashias is the Deputy Portfolio Manager of the Antares Fund and has 19 years of industry experience. He is also the Co-Head of Equities at Antares and Portfolio Manager of the Antares Elite Opportunities Fund and Core Opportunities Model Portfolios. Prior to joining Antares, Nick worked on a number of projects within resource companies while completing his PhD. in Chemical Engineering at the University of Melbourne. On completion of his PhD, Nick worked as a consultant with particular emphasis on efficiency improvement and process streamlining within the mining industry.

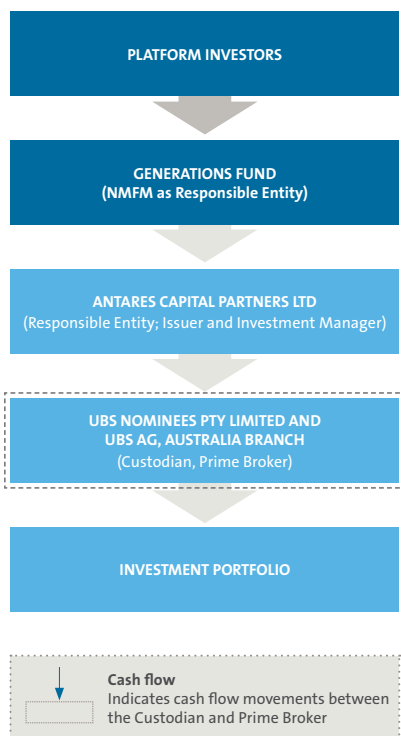
3. Fund structure

Disclosure principle 3: The responsible entity should disclose the following information:

1. the fund's investment structure - that is, the key entities involved (eg companies, schemes, and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure
2. the identities of the key service providers (eg investment managers, prime brokers, custodian, administrator, valuation service provider and auditor) and scope of their services where applicable
3. how the responsible entity ensures that its key service providers will comply with their service agreement obligations
4. any related party relationships within the structure including any related party relationships between the responsible entity and the investment managers or between the responsible entity and the investment managers and any underlying funds, counterparties or any key service providers (including executing brokers) to the fund
5. the existence and nature of material arrangements in connection with the hedge fund that are not on arm's length terms (see regulatory guide 76 related party transactions (RG76))
6. for funds of hedge funds, the due diligence process performed on underlying funds and their key service providers
7. a reasonable estimate of the aggregate amount of any fees and costs that would be disclosed by all underlying funds (that are not listed entities or corporations that are not investment companies) as if each of these entities were a registered scheme disclosing in accordance with Sch 10 of the Corporation Regulations 2001, but so as to exclude double counting to the extent that those management costs include management costs of the hedge fund
8. the jurisdiction of the entities involved in the fund's structure, and
9. the risks of the structure, including any risks associated with the holding assets overseas or, for funds of hedge funds with investing in underlying funds overseas.

The Fund meets this disclosure principle.

The Fund invests into the Antares Fund. The Antares Fund aims to enhance returns through a range of investment strategies including long/short positions, active trading along with the ability to use exchange traded derivatives. The diagram below shows the flow of money invested in the Fund.



Key service providers

There are a number of parties who have been engaged by the responsible entity and Antares to provide services in relation to operating the Fund and the Antares Fund. A summary of the Fund's (and the Antares Fund) key service providers is shown below. There are no material arrangements between NMFAM and Antares that are not on arms-length terms.

Fund administrator, custodian and unit registrar – responsible entity – BNP Paribas

BNP Paribas Fund Services Australasia Pty Limited (BNP Paribas) has been appointed to provide certain administration, registry services, accounting, and custodial services to the Fund. AMP Capital has a dedicated team responsible for the ongoing management of outsourced service provider relationships such as BNP Paribas in place. This activity is carried out by the Relationship & Service Delivery team in liaison with AMP Capital internal business units and senior management.

The risk management process includes a review of approximately 160 key performance indicators (KPIs) reported monthly by BNP Paribas. Failures of each of these KPIs carry a financial penalty, captured as part of the service credit model mechanism between AMP Capital and BNP Paribas. In addition, AMP Capital is able to enforce a formal operational review of BNP operational processes on the basis of recurring KPI failures.

A wider governance framework also regulates the relationship between AMP Capital and BNP Paribas, via which AMP Capital is able to monitor its custodian and fund administrator. This framework provides for an issues log (around which the two parties meet on a fortnightly basis), a monthly relationship meeting, a monthly risk forum, an executive council (which involves senior representatives from AMP Capital and AMP Limited), and an incident reporting system, which provides AMP Capital with the ability to raise any issues that it deems will necessitate remedial action.

BNP Paribas also provides AMP Capital with a report on internal controls in operation and tests of operating effectiveness and design, prepared in accordance with international service organisation reporting standards (ISAE3042). This report describes the controls surrounding certain custody, fund administration, and registry functions of BNP Paribas' business. It is prepared in accordance with the guidelines contained in the SAS70 standards, entitled reports on the processing of transactions by Service Organisations, issued by the American Institute of Certified Public Accountants. The focus of the report is on the internal controls of BNP Paribas and has been designed to provide information to be used by AMP Life, AMP Capital and their independent auditors. This is an internationally recognised official framework.

Fund administrator, custodian and unit registrar – Antares Fund

Antares has appointed UBS Nominees Pty Limited as Custodian for the Antares Fund. Antares has appointed NAB to value the assets of the Antares Fund and calculate the daily unit price.

Antares has appointed National Australia Bank Limited as the Administrator of the Antares Fund. NAB's role as administrator is limited to performing certain administrative and accounting services for the Antares Fund. Such services include calculating the valuation of the Antares Fund's assets and maintaining financial books and records to give a complete record of all transactions carried out on behalf of the Antares Fund.

Auditor – responsible entity

Ernst and Young (EY) has been appointed as auditor to the Fund. AMP Capital uses EY as external auditors and they are appointed at the AMP Group level. EY has acted in this capacity for several years and their appointment is re-assessed on a periodic basis by the AMP Group Chief Financial Officer and the AMP Limited Audit Committee.

Auditors – Antares Fund

Antares has appointed Ernst & Young as auditor for the Antares Fund.

Prime Broker – Antares Fund

Antares has appointed UBS AG, Australia Branch as the Prime Broker for the Antares Fund.

Monitoring service providers – responsible entity

AMP Capital has procedures in place to monitor the performance of those service providers to whom functions have been outsourced. Monitoring methods include, where appropriate, daily observation of service provider performance, review of regular compliance and audit reports, regular meetings with service providers and performance assessments.

Related party – Antares Fund

Antares is responsible for company research and stock selection, risk monitoring, cash flow management, and performance monitoring and reporting, however it may outsource the execution of some of them to other parts of the NAB Group or to external parties. Any internal outsourcing will be conducted on an arms' length basis.

Material arrangement – Antares Fund

There are no material arrangements in connection with the Antares Fund that are not on arm's length terms.

Fees and costs

The prime broker and lender are paid service providers to the Fund. In accordance with the Fund's Constitution, AMP Capital is entitled to receive fees for the provision of services to the Fund and to be reimbursed for certain expenditure incurred in the administration of the Fund.

The Antares Fund does not invest in any underlying funds.

Jurisdiction of the entities involved in the Fund structure

All entities involved in the Antares Funds' structure are based in Australia and are subject to the jurisdiction of ASIC and the Australian Transaction Reports and Analysis Centre ('AUSTRAC').

Risks of the Antares Fund's structure

Investment specific this is the risk that applies to an individual investment within an investment option.

Short selling the potential amount of loss to the Fund may be greater than for funds which only buy and hold investments over the long term.

4. Valuation, location and custody of assets

Disclosure principle 4: The responsible entity should disclose the following information:

1. the key aspects of the valuation policy
2. the types of assets that the fund does or may invest in and the allocation range for each asset type, using the following assets types (including the assets of underlying funds):
 - Australian listed equities
 - Australian unlisted equities
 - international listed equities
 - international unlisted equities
 - Australian government bonds
 - Australian corporate bonds
 - international government bonds
 - international corporate bonds
 - structured products
 - real property
 - infrastructure
 - exchange traded derivatives
 - over-the-counter (OTC) derivatives
 - cash equivalent investments, and
 - other (provide details)
3. any policy about the geographic location of the asset
4. the geographic location of any material asset, and
5. the custodial arrangements, including details of the roles provided by custodians. Where assets are not held by a third-party custodian, the responsible entity should disclose the types and proportion of those assets relative to the fund's net asset value.

The Fund meets this disclosure principle.

Key aspects of the valuation policy

Valuations for the assets that the Fund holds are covered under the AMP Capital asset valuation policy. This policy seeks to ensure that:

- valuations are calculated and applied consistently and equitably
- valuations include all assets of a fund at the point of valuation
- valuations are unbiased and are not subject to undue influence
- valuation processes are documented and transparent to ensure they are independently verifiable
- assets are valued as a 'going concern' basis, unless this assumption is inappropriate for a particular fund, for example where the fund is in the process of being wound up
- the methodologies used are appropriate for the nature of the assets
- the formulae or methods used are reviewed at appropriate periods, and
- the Responsible Entity satisfies its regulatory obligations.

The Fund primarily invests in Australian securities which are exchange traded and prices are available on exchanges. The Fund does not invest in direct assets. Investments in underlying index funds and currency forward contracts are valued on a daily basis by an independent administrator – BNP Paribas. The valuation methods applied by AMP Capital to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and be reasonably current.

Antares Fund

The Antares Fund unit price is calculated by NAB in accordance with NAB's asset valuation policy on a daily basis based on the value of the Antares Fund's assets.

The Administrator usually calculates the unit price as at the end of each business day in accordance with the relevant agreement and uses robust unit pricing policies to do this. Generally, the value of the Antares Fund's securities will usually be determined by their market price on the ASX or otherwise from independent market data providers. In the unlikely event where the price of a security is not available, NAB will consult Antares to determine the value of the security based on acceptable industry standards.

Antares have appointed UBS Nominees Pty Limited as the Custodian of the Antares Fund ('Custodian') and UBS AG, Australia Branch as the Prime Broker of the Antares Fund ('Prime Broker'). Both are members of the UBS Group of companies. Further details about the Custodial arrangements are set out below

Types of assets the Antares Fund invests in

Asset class	Range
Australian listed equities (Long)	90-125%
Australian listed equities (Short)	0-25%
Cash equivalent assets	0-100%

Geographic location of assets

The assets of the Fund and the Antares Fund are located in Australia.

Geographic location of any material asset

A material asset is a significant holding or exposure relative to a fund's total assets. The material assets of the Fund, being units in the Antares Fund, are located in Australia.

Custodial arrangements

The Fund's assets, whether securities or cash (other than cash posted as collateral for futures positions), will be held by an external custodian, BNP Paribas. See disclosure principle 3 for further information on BNP Paribas.

Antares Fund

The appointments of the Custodian and Prime Broker for the Antares Fund were made pursuant to the prime brokerage customer documents (the 'Customer Documents') entered into between Antares, the Prime Broker, and the Custodian.

The services provided by the Custodian and Prime Broker may include the provision to the Antares Fund of margin financing, clearing, settlement and stock borrowing. The Antares Fund may also utilise the Prime Broker and other members of the UBS Group of companies for the purposes of executing transactions for the Antares Fund.

Certain assets of the Antares Fund ('Assets') will be held by the Custodian in an account together with assets deposited by it on behalf of other customers of the Custodian or the Prime Broker.

Such Assets will not be mixed with the property of the Custodian or the Prime Broker and should not be available to their third-party creditors in the event of insolvency. However, the Assets of the Antares Fund held by the Custodian in this account are subject to a charge to secure the Antares Fund's obligations to the Prime Broker.

The Antares Fund's obligation to the Prime Broker in respect of any of the Antares Fund's transactions will be secured by cash which the Antares Fund transfers to the Prime Broker. The Prime Broker is entitled to lend or otherwise use such cash for their own purposes, subject to an obligation to return the equivalent cash to the Antares Fund. Such cash is not segregated from the Prime Broker's own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.

Where the Antares Fund intends to short-sell securities it is anticipated that the securities will be borrowed from or by the Prime Broker under the Customer Documents. Under the terms of the Customer Documents, the Antares Fund may seek to borrow the securities with a borrowing request. If the Prime Broker accepts the Antares Fund's borrowing request, the Prime Broker will deliver the securities borrowed to the Antares Fund or as the Antares Fund directs.

The Antares Fund will have an obligation to redeliver the securities borrowed or equivalent securities on an agreed date. The Prime Broker may also call for redelivery at any time by giving notice on any business day of not less than the standard settlement time for such equivalent securities. The Antares Fund must provide collateral to secure its obligations under the relevant Customer Documents. The amount of collateral is the value of the securities borrowed plus a margin. In the event that the value of the securities borrowed plus a margin exceeds the collateral provided, further collateral will need to be delivered so that the collateral equals the value of securities borrowed plus the margin.

UBS also holds Assets that are not required by UBS for collateral in an unencumbered custody account. The securities in this account are not eligible for use by UBS, and such securities are segregated from any securities that UBS has a lien or charge over. The purpose of the establishment of the unencumbered custody account is to assist a third party insolvency official in the event that the Prime Broker and/or Custodian were to become insolvent and, therefore, to facilitate a more efficient return of the Assets.

UBS Nominees Pty Limited will provide custody services for the Assets (but not for cash which UBS may hold from time to time). These include documents of title or certificates evidencing title to investments, which are held on the Prime Broker's books as part of its brokerage function in accordance with the terms of the Customer Documents. The Custodian may appoint sub-custodians, including a member of the UBS Group.

The fee to the Custodian is paid from the management costs, and the stock borrowing fee to the Prime Broker is paid out of the Antares Fund's Assets, which is an additional cost to the management costs.

5. Liquidity

Disclosure principle 5: If the responsible entity of a hedge fund cannot reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the fund's net asset value, within 10 days, the responsible entity should disclose:

1. a description of any asset class that has a value greater than 10% of the fund's net asset value and cannot be reasonably expected to be realised at the value ascribed to that asset in calculating the fund's most recent net asset value within 10 days, and
2. the key aspects of the liquidity management policy.

The Fund meets this disclosure principle.

This disclosure principle and additional disclosure is not applicable to the Fund as the responsible entity can reasonably expect to realise at least 80% of its assets, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

As the Fund invests solely in the Antares Fund, the liquidity of the Fund depends on the liquidity of the Antares Fund.

Antares reasonably expects to be able to realise at least 80% of the Antares Fund's assets within 10 business days, at the value ascribed to those assets in calculating the Antares Fund's latest NAV. The Antares Fund's investment universe consists of listed shares, cash equivalent instruments and exchange traded derivatives, which are considered to be readily traded and in high volumes and as such liquidity risk is deemed low.

However, liquidity risk can impact the ability of the Antares Fund to meet redemption requests. Liquidity of securities may be impacted by trading volumes in the market, position sizes and regulatory issues.

6. Leverage

Disclosure principle 6: The responsible entity should disclose the following information:

1. the circumstances in which the hedge fund may use leverage and any restrictions on its use of leverage
2. the sources of leverage, including the type, the amount and the providers of the leverage
3. whether any assets are used as collateral, and the extent to which they are otherwise encumbered or exposed to set-off rights or other legitimate claims by third parties in the event of the insolvency of the responsible entity, a service or credit provider, or a counterparty
4. the maximum anticipated and allowed level of leverage (including leverage embedded in the assets of the fund, other than the leverage embedded in holdings of listed equities and bonds) as a multiple of the net asset value of an investor's capital in the fund (eg for every \$1 of the fund's net asset value, the fund is leveraged \$x), and
5. a worked example showing the impact of leverage on investment returns and losses, assuming the maximum anticipated level of leverage (including leverage embedded in the assets of the fund, other than leverage embedded in holdings of listed equities and bonds).

The Fund meets this disclosure principle.

Use of leverage and restrictions on the use of leverage

Leverage can be defined as the use of financial products (such as derivatives) or borrowing (such as a margin facility) to amplify the exposure of capital to an investment.

The Fund does not use leverage. However, the Antares Fund may become leveraged through borrowing, the use of derivatives and short selling.

The Antares Fund may borrow money if the value of long positions above 100% of the NAV is greater than the value of short positions. For example, if the Antares Fund's long position is 120% of NAV and short position is 10% of NAV, the additional long position of 10% of NAV will be funded by borrowed money. Antares would then use exchange traded derivatives such as SPI futures to reduce the net exposure from 110% back to 100% of NAV.

Source of leverage including type

The Antares Fund may borrow money via an overdraft facility from the Prime Broker to increase its long exposure.

Collateral usage

Antares have a Prime Broker relationship, certain cash which the Prime Broker holds for the Antares Fund will not be segregated from the Prime Broker's own cash or the cash of any other customer of the Prime Broker. Further, this cash may be used by the Prime Broker in the course of its business. In addition, the Prime Broker may appropriate for its own account and deal with certain securities which it holds in respect of the Antares Fund as collateral, and these securities will become the property of the Prime Broker. As a result, such assets will not be held in trust for the Antares Fund, and the Antares Fund will therefore rank as one of the Prime Broker's unsecured creditors if the Prime Broker were to become insolvent.

Maximum anticipated and allowed level of leverage

The net exposure of the Antares Fund cannot exceed 100% of the NAV of the Antares Fund. However, the gross exposure limit is 150% of the NAV of the Antares Fund. This means that assuming the Antares Fund reaches its maximum gross exposure of 150% of NAV, then:

- a 1% increase in the return on assets of the Antares Fund will result in a 1.5% increase in return to investors, and
- a 1% decrease in the return on assets of the Antares Fund will result in a 1.5% decrease in returns to investors.

The maximum borrowing amount is 25% of the NAV. However, borrowing to this level is unlikely based on expectation that the Antares Fund will typically hold short positions.

Impact of leverage on investment returns and losses

Gearing or leverage magnifies investment returns and losses. Where investments are geared or leveraged, losses can exceed the original investment.

7. Derivatives

Disclosure principle 7: The responsible entity should disclose the following information:

1. the purpose and rationale for the use of derivatives (eg investment hedging, leverage and liquidity), including how they form part of the hedge fund's investment strategy
2. the types of derivatives used or planned to be used
3. the criteria for engaging derivative counterparties (including principal protection providers)
4. the key risks to the hedge fund associated with the collateral requirements of the derivative counterparties, and
5. whether the derivatives are OTC or exchange traded.

The Fund meets this disclosure principle.

Purpose and rationale

Derivatives are not used in the Fund. However, Antares can invest in derivatives to:

- manage the Antares Fund in a more efficient manner
- reduce risk
- reduce transaction costs
- take advantage of opportunities to increase returns
- increase market exposure, and
- reduce market exposure (ie shorting).

Derivatives are not considered in isolation. Rather, derivatives are dealt with as part of the investment process as a whole and the investment strategy associated with the Antares Fund. In particular, the controls in place over the use of derivatives ensure that:

- no uncovered derivatives positions are held within the Antares Fund
- the Antares Fund's maximum total market exposure of derivative positions, as a proportion of total Antares Fund value, is not exceeded, and
- the use of derivatives within the Antares Fund is conducted in accordance with our Derivatives policy.

A copy of the policy is available upon request.

Efficient portfolio management

Investments in derivatives enable the Antares Fund to be managed in a more efficient manner, particularly in relation to the management of cash levels. With a large cash inflow, a common strategy is to acquire Share Price Index ("SPI") contracts to obtain equity exposure to ensure that the Antares Fund is not overweight in cash. This also minimises the issue of market impact. Over the following trading days, Antares can reverse the long SPI contract position and use the cash to buy physical shares as opportunities arise.

Reducing asset risk

Another key reason for investing in derivatives is to reduce the risk of the asset class in which the Antares Fund invests declining in value. This is achieved by using derivatives to decrease the Antares Fund's exposure to the underlying asset class thereby acting as a hedge against any decline in value. For example, in falling markets the Antares Fund is likely to sell down derivatives such as SPI contracts to decrease its exposure to the Australian share market.

Indirectly enhancing income

The Antares Fund may use derivatives to magnify returns by taking short SPI contract positions to generate cash in the Antares Fund. The proceeds from selling the SPI contracts are used to purchase long physical positions with the expectation that these long physical positions will generate enhanced income returns for the Antares Fund.

The Antares Fund can also take short physical positions to achieve the same result as taking short SPI contract positions. This can also be used as a part of an income enhancing strategy for the Antares Fund.

Types of derivatives used or planned to be used

The Antares Fund only deals in exchange traded derivatives listed with the ASX, typically SPI contracts. They are mostly used as an alternative to buying or selling assets directly.

Criteria for engaging derivatives counterparties

Exchange traded derivatives do not have a counterparty as all settlement and clearing obligations are met by ASX Clearing Corporation which operates two Clearing Houses as licensed facilities under the Corporations Act.

Key risks of derivative collateral requirements

The main risks to the Fund as a consequence of dealing in derivatives is derivatives risk (refer to the **What risks apply to investing** section of the relevant PDS).

Whether the derivatives are OTC or exchange traded

Antares only uses exchange traded derivatives listed with the ASX.

8. Short selling

Disclosure principle 8: If a hedge fund intends or is likely to engage in short selling, the responsible entity should disclose the following information:

1. the purpose and rationale for short selling, including how short selling forms part of the hedge fund's investment strategy
2. the risks associated with short selling, and
3. how these risks will be managed.

The Fund meets this disclosure principle.

The purpose and rationale for short selling, including how short selling forms part of the Fund's investment strategy

The Fund does not engage in short selling. The Antares Fund engages in short selling as part of its investment strategy. The aim of short selling is generally to sell a security with the expectation of buying it back, at a later time, at a lower price and therefore enhance the return for the Antares Fund.

Antares may short sell to:

- generate returns in declining securities/market
- provide a hedge to a long security or market exposure, and
- increase profit potential using leverage.

Being able to short sell means that the Antares Fund's total (gross) exposure to the Australian share market may exceed 100% of the NAV. This means the impact of our investment decisions along with the potential for profit or loss is greater than traditional long-only funds.

Short selling example

The Antares Fund can hold short positions in shares totalling up to 25% of the Antares Fund's NAV. This means for example that for every \$100 invested by investors, the Antares Fund can hold no more than \$25 in total short positions. The purchase of additional shares using proceeds from short selling is limited to a further 25% of the Antares Fund's NAV. This means the total (gross) exposure to the Australian share market is limited to 150% of the Antares Fund's NAV.

Risks of short selling

Risks associated with short selling can include:

- if the price of the shorted share increases, then the Antares Fund must pay a greater amount to buy back the share and the potential loss could be significant

- the lender of the relevant security (in the case of individual shares) may request its return which may result in Antares having to sell at a loss and before the planned timeframe, and
- if the Prime Broker is declared insolvent before the stock borrowed by the Antares Fund is repaid, the Antares Fund may be unable to recover the equivalent collateral posted with the Prime Broker. This may result in a loss to the Antares Fund, and in turn to investors.

Short selling risk management

Antares aims to manage short position risk by having strict controls and risk management processes in place. For enhanced long positions, Antares aims to manage risk by having internal guidelines for maximum active position restrictions for each share relative to their Benchmark weighting.

9. Withdrawals

Disclosure principle 9: The responsible entity should disclose the following information:

1. any significant risk factors or limitations that may affect the ability of investors to withdraw from the hedge fund, including any gating restrictions that may be imposed or the requirement for requests for withdrawal only to be acted on under a statutory withdrawal offer if the hedge fund is not a liquid scheme as defined in the Corporations Act
2. how investors can exercise their withdrawal rights, including any conditions on exercise
3. if withdrawal is to be funded from an external liquid facility, the material terms of this facility, including any rights the external liquid facility provider has to suspend or cancel the facility, and
4. how investors will be notified of any material change to their withdrawal rights (eg if withdrawal rights are to be suspended).

The Fund meets this disclosure principle.

Please refer to the relevant Generations Personal Super and Personal Pension PDS or Generations Investment Portfolio IDPS Guide for further information regarding withdrawals. In addition to the information in the PDS and the IDPS Guide we would note that:

- withdrawals will be funded by using available cash and/or selling sufficient investments to meet the withdrawal
- due to the nature of the underlying assets, the Fund does not have an external liquidity facility in place to fund redemptions, and
- AMP Capital will notify all investors if there is any change to the withdrawal rights associated with the Fund.

Contact us

If you would like to know more about how Generations can help you, please visit www.northonline.com.au/generations or contact us:

phone	1800 667 841
web	www.northonline.com.au/generations
email	north@amp.com.au
mail	North Service Centre GPO Box 2915 MELBOURNE VIC 3001