

# Ausbil Advantage 130/30 Focus Fund

## Product Disclosure Statement



# Contents

About AMP Capital Funds Management Limited	2
About the Ausbil Advantage 130/30 Focus Fund	3
Fund profile	7
Risks of investing	9
Fees and other costs	12
Taxation	18
Distributions	19
Investing in the Fund	20
Accessing your money	22
Keeping you informed	23
Other important information	24
Applying for an investment	27

## About this Product Disclosure Statement (PDS)

This PDS contains important information about investing in the Ausbil Advantage 130/30 Focus Fund (the Fund) and may be used by master trusts or platform operators, referred to in this PDS as 'platform operators', to apply for units in the Fund, and to give to their customers (indirect investors) to provide them with Fund information they may use in making a decision about instructing the platform operator to invest in the Fund on their behalf. Platform operators are unitholders in the Fund; their rights differ from the rights of indirect investors, who are not unitholders (see the 'Other important information' section of this PDS).

Before making a decision about investing or reinvesting in the Fund, all investors should consider the information in the PDS. A copy of the current PDS can be obtained free of charge, on request by contacting us on 1800 658 404.

Information in this PDS can help investors compare the Fund to other funds they may be considering. The information in this PDS is general information only and does not take into account any investor's personal objectives, financial situation or needs. You are encouraged to obtain appropriate financial advice before investing and to consider how appropriate the Fund is to your objectives, financial situation and needs.

## Important information

The EFM Australian Share Fund 12 (referred to in this PDS as 'the Ausbil Advantage 130/30 Focus Fund', or 'the Fund' - ARSN 622 735 068, APIR code AMP9620AU) is a managed investment scheme structured as a unit trust and registered under the *Corporations Act 2001* (Cth), referred to in this PDS as 'the *Corporations Act*'. The Fund is subject to investment risks, which could include delays in repayment, and loss of income and capital invested. No company in the AMP Group or any investment manager assumes any liability to investors in connection with investment in the Fund or guarantees the performance of our obligations to investors or that of the Responsible Entity, the performance of the Fund or any particular rate of return. The repayment of capital is not guaranteed. Investments in the Fund are not deposits or liabilities of any company in the AMP Group or of any investment manager.

The offer in this PDS is available only to eligible persons as set out in this PDS, who receive the PDS (including electronically) within Australia. We cannot accept cash. Unless otherwise specified, all dollar amounts in this PDS are Australian dollars.

# About AMP Capital Funds Management Limited

The Responsible Entity of the Fund and issuer of this PDS is AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455), a member of the AMP Group, which includes AMP Capital. AMP Capital is 85% owned (indirectly) by AMP Limited. As part of the AMP Group we share a heritage that spans over 160 years. The Responsible Entity is responsible for the overall operation of the Fund and can be contacted on 1800 658 404.

AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232497) - referred to in this PDS as 'AMP Capital', 'we', 'our' or 'us', has been appointed by the Responsible Entity to provide investment services in respect of the Fund, which includes being responsible for selecting and monitoring the Underlying Fund Manager. AMP Capital has also been appointed by the Responsible Entity, under an agreement, to provide other Fund related services, including responding to investor enquiries and the preparation of this PDS on behalf of the Responsible Entity. AMP Capital is a global investment manager with a large presence in Australia. AMP Capital is 85% owned (indirectly) by AMP Limited. As part of the AMP Group, we share a heritage that spans over 160 years. More information about AMP Capital is available online at [www.ampcapital.com/aboutus](http://www.ampcapital.com/aboutus).

Neither AMP Capital, Ausbil or any company in the AMP Group other than the Responsible Entity is responsible for any statements or representations made in this PDS.

## Investment management of the Fund

The Fund invests into the Ausbil 130/30 Focus Fund, ARSN 124 196 621 (Underlying Fund), a registered managed investment scheme under the *Corporations Act 2001* (Cth) (*Corporations Act*). The investment manager of the Underlying Fund is Ausbil Investment Management Limited, ABN 26 076 316 473 AFSL 229722 (referred to in this PDS as 'Ausbil' or 'Underlying Fund Manager'). The Underlying Fund Manager will be responsible for selecting and managing the Underlying Fund's investments.

AMP Capital Investors Limited (AMP Capital) and Ausbil Investment Management Limited (Ausbil) have provided consent to the statements made by or about them in this document and have not withdrawn that consent prior to the issue of this document.

AMP Capital and Ausbil have provided consent to the statements made by or about them in this document and have not withdrawn that consent prior to the issue of this PDS.

## About Ausbil

Ausbil is a leading Australian based investment manager. Established in April 1997, Ausbil's core business is the management of Australian equities for major superannuation funds, institutional investors, master trust and retail clients.

Ausbil is owned by its employees and New York Life Investment Management (NYLIM), a wholly-owned subsidiary of New York Life Insurance Company. NYLIM has more than US\$561 billion in assets under management. NYLIM has a number of boutique affiliates including MacKay Shields, Candriam Investors Group, Private Advisors and GoldPoint Partners.

Environmental, social and governance (ESG) factors are integral to the Ausbil investment process. ESG research is integrated into Ausbil's broader investment process and it believes that a consideration of ESG issues as developed by well-founded ESG research can identify mispriced stocks and assess a company's earnings sustainability. Similarly, engagement on ESG issues can drive long-term value and reduce the risk of value destruction.

Ausbil's investment team is made up of highly experienced investment professionals with deep expertise across different sectors. The investment team consists of more than 25 investment professionals that include the portfolio managers, Chief Economist, equity analysts, ESG analysts, quantitative support and dealers.

# About the Ausbil Advantage 130/30 Focus Fund

## Overview

The Fund invests into the Underlying Fund. The Underlying Fund primarily invests in a portfolio of Australian Securities Exchange (ASX) listed or about to be listed, Australian securities (long and short) that are generally chosen from the S&P/ASX 200 Index.

The Underlying Fund may invest in companies listed on international exchanges (international listed equities), including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives and cash or cash equivalents.

## At a glance

<b>Investment return objective</b>	The underlying fund aims to outperform the performance benchmark over the long term by investing primarily in listed Australian securities (long and short) and international securities.	
<b>Performance benchmark</b>	S&P/ASX 200 Accumulation Index	
<b>Suggested minimum investment timeframe</b>	5 years	
<b>Who can invest?</b>	<b>Platform operators</b> - investing directly in the Fund <b>Indirect investors</b> - investing in the Fund through a master trust or platform	
<b>Minimum investment amounts</b>	<b>Platform operators</b> Initial – \$500,000 Additional – \$5,000	<b>Indirect investors</b>
<b>Fees and other costs</b>	<b>Platform operators</b> <b>Management costs</b> - 1.44% pa, comprised of: <ul style="list-style-type: none"><li>– a <b>management fee</b> of 0.85% pa</li><li>– a <b>performance fee</b> of 0.56% pa (20.52% of the Fund's performance above its performance benchmark – see the 'Performance fee' section of this PDS), and</li><li>– <b>indirect costs</b> of 0.03% pa</li></ul>	Minimum investment amounts, fees and costs are subject to the arrangements between indirect investors and their platform operators. For further information, you will need to contact your financial adviser or platform operator.
	See the 'Fees and other costs' section of this PDS for the management costs components, other fees and costs that may apply and a worked example of management costs that may be payable in a year. The total amount of fees you will pay will vary depending on the total value of your investment.	
<b>Distribution frequency</b>	The Fund aims to pay distributions half-yearly (see the 'Distributions' section of this PDS).	

See the 'Fund profile' section of this PDS for more detailed information about the Fund.

## ASIC benchmarks and disclosure principles

The information below provides an overview of the benchmarks and disclosure principles to be included in the PDS or incorporated by reference that relate to the Fund and are required to be disclosed in this PDS under ASIC Regulatory Guide 240 (RG240) 'Hedge funds: Improving disclosure'.

Further information is provided in the 'ASIC benchmarks and disclosure principles for the Ausbil Advantage 130/30 Focus Fund' document (ASIC Disclosure Principles), which is taken to be included in this PDS and should be read in conjunction with this PDS. This document is available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can be obtained free of charge, on request.

Benchmark	Summary	Further information
Valuation of assets	<p>This benchmark addresses whether valuation of non exchange-traded assets are provided by an independent administrator or valuation service provider.</p> <p>This benchmark does not apply to the Fund.</p> <p>The Underlying Fund does not currently hold assets that are not exchange traded. If the Underlying Fund invests in such assets in the future, Ausbil Investment Management Limited has in place a policy to ensure valuations will be provided by an independent external provider.</p>	See Benchmark 1 in the ASIC Disclosure Principles.
Periodic reporting	<p>This benchmark addresses whether or not the Responsible Entity has and implements a policy to provide periodic reporting of certain key information about the Fund, annually and monthly.</p> <p>This benchmark is met.</p> <p>The Responsible Entity has implemented a policy to provide detailed periodic updates to investors on certain key information in relation to the Fund on an annual and monthly basis as required.</p>	See the 'Keeping you informed' section of this PDS and Benchmark 2 in the ASIC Disclosure Principles.
Disclosure principle	Summary	Further information
Investment strategy	<p>The Fund invests into the Underlying Fund. The Underlying Fund aims to outperform the S&amp;P/ASX 200 Accumulation Index over the long term. There is no guarantee that this objective will be achieved.</p> <p>The Underlying Fund primarily invests in a portfolio of ASX listed or about to be listed, Australian securities (long and short) that are generally chosen from the S&amp;P/ASX Accumulation 200 Index.</p> <p>The Underlying Fund may invest in companies listed on international exchanges (international listed equities), including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives and cash or cash equivalents.</p> <p>The Underlying Fund does not leverage by borrowing cash. Short selling may be used to expand the range of available investment opportunities and achieve returns when share prices are expected to go down. Exchange traded derivatives may also be used for managing risk.</p> <p>Specific risks associated with the Fund's investment strategy are described in the 'Risks of investing' section of the PDS.</p> <p>The Underlying Fund Manager may, from time to time, vary the investment objective or strategy for the Underlying Fund. Any significant change will be notified to investors via a supplementary or new PDS.</p>	<p>See the following sections of this PDS:</p> <ul style="list-style-type: none"> <li>– 'Fund profile', and</li> <li>– 'Risks of investing'.</li> </ul> <p>See also Disclosure Principle 1 in the ASIC Disclosure Principles.</p>
Investment management	<p>As the Responsible Entity, we are ultimately responsible for determining the Fund's investment strategy and management of the Fund's assets. We have appointed AMP Capital to appoint the Underlying Fund Manager. The Fund's assets are invested in the Underlying Fund. Ausbil is the responsible entity and investment manager of the Underlying Fund and is licensed by ASIC.</p>	See 'Disclosure Principle 2 in the ASIC Disclosure Principles.
Fund structure	<p>The Fund is an Australian registered managed investment scheme structured as a unit trust and invests all of its assets (other than some cash or cash equivalents) in units of the Underlying Fund.</p> <p>There are a number of parties who have been engaged by the Responsible Entity and Ausbil to provide services in relation to operating the Fund and the Underlying Fund.</p> <p>There is a framework and systems in place to monitor key service providers' performance and compliance with their service agreement obligations.</p>	See Disclosure Principle 3 in the ASIC Disclosure Principles.

Disclosure principle	Summary	Further information
Valuation, location and custody of assets	<p>The Fund invests into the Underlying Fund.</p> <p>The Underlying Fund has a valuation policy where the Underlying Fund's assets and liabilities are usually valued each Business Day.</p> <p>Generally, for unit pricing purposes, listed securities and exchange traded derivatives are valued using the last available market price quoted on the relevant exchange. Any other assets such as cash and cash receivables are valued at recoverable value. Any income entitlements, cash at bank, and any amounts of Goods and Services Tax (GST) recoverable from the Underlying Fund from the Australian Taxation Office (ATO) are also included in asset values used to calculate the investment and withdrawal unit price.</p> <p>The Underlying Fund does not have a geographic allocation policy as it primarily invests in Australian securities (both long and short) listed on the ASX.</p> <p>We have engaged an independent custodian to hold the assets of the Fund.</p> <p>The assets of the Underlying Fund are held by National Australia Bank Limited as the custodian of the Underlying Fund.</p>	See the 'Fund profile' section of this PDS and Disclosure Principle 4 in the ASIC Disclosure Principles.
Liquidity	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.	See the 'Accessing your money' section of this PDS and Disclosure Principle 5 in the ASIC Disclosure Principles.
Leverage	<p>The Fund's Constitution does not limit the amount of borrowings by the Fund. However, the Fund does not intend to borrow cash to leverage the Fund.</p> <p>The Underlying Fund's Constitution does not limit the amount of borrowings by the Underlying Fund. However, Ausbil does not intend to gear the Underlying Fund through borrowings.</p> <p>Although the Underlying Fund does not use leverage in the traditional sense (for example, borrowing cash to buy shares), the Underlying Fund will utilise the cash generated from a short securities sale to purchase additional securities, magnifying the exposure to the securities. This strategy has the effect of magnifying both positive and negative Underlying Fund returns, which in turn may magnify other investment risks.</p> <p>Leverage is measured by dividing the sum of the gross long equity positions and the short equity positions by the net asset value.</p> <p>The maximum permitted gross level of leveraging is 200% of the value of the Underlying Fund. Ausbil will have the ability to move within the range of 80% to 200%.</p>	See 'Borrowing' and 'Short selling' in the 'Fund profile' section of this PDS and Disclosure Principle 6 in the ASIC Disclosure Principles.
Derivatives	The Underlying Fund uses exchange traded derivatives as a risk management tool. The Underlying Fund primarily deals in exchange traded derivatives listed on the Australian Securities Exchange. The main risk to the Fund as a consequence of dealing in exchange traded derivatives is derivative risk.	See 'Derivatives' in the 'Fund profile' section of this PDS and Disclosure Principle 7 in the ASIC Disclosure Principles.
Short selling	The Underlying Fund may use short selling to expand the range of available investment opportunities and achieve returns when share prices are expected to go down. Short selling is the practice of selling securities that have been borrowed from a securities lender and selling them in the market leaving the Underlying Fund with a 'short position'. This is done with the expectation that the securities will be repurchased at a price lower than the initial sale price and then returned to the securities lender. As the Underlying Fund engages in short selling, the Fund may be exposed to short position risk where there is no limit on the maximum loss that can be incurred when short selling. Short selling risks are managed by us through the uses of specific techniques as part of our investment management process.	See 'Short selling' in the 'Fund profile' section of this PDS and Disclosure Principle 8 in the ASIC Disclosure Principles.
Withdrawals	Withdrawal requests are generally processed each business day. We aim to process withdrawal requests within 5 Business Days <sup>i</sup> of receipt however payment and processing of withdrawal requests may take up to 30 days, or longer in some circumstances such as if there is insufficient cash available in the Fund to meet withdrawal requests within the 30 day period.	See the 'Accessing your money' section of this PDS.

i A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW

## Benefits of investing in the Fund

Investing in the Fund offers a range of benefits, including:

- Exposure to long and short positions in companies: access to a portfolio of long and short positions in large and mid-capitalised companies that individual investors may not be able to invest in directly on their own.
- Diversification: the potential to diversify an investment portfolio.
- Experienced team: access to Ausbil's highly experienced investment management team with a proven track record.
- Expertise: access to the Australian investment expertise and knowledge of the Ausbil investment management professionals, who combine company level research with top down economic analysis resulting in a disciplined approach to portfolio construction.

## Investment risks

All investing involves risk, and you should consider investment risks before making an investment decision. The risks specific to the Fund may include or be associated with:

- **concentration** – underperformance of a particular security may have a proportionately greater negative effect on the Fund's overall performance than if the Fund held a larger number of securities.
- **credit** – including the risk that a credit issuer or counterparty defaults on interest payments, the repayment of capital or both.
- **derivatives** – the use of derivatives may magnify any losses incurred.
- **gearing** – has the effect of magnifying the Fund's returns, both positive and negative.
- **interest rates** – including the risk of capital loss in a rising interest rate environment.
- **international investments** – including losses related to currency exchange rates, hedging, and changes in the state of the Australian and world economies.
- **investment management** – there is a risk that the Underlying Fund Manager will not perform to expectation or factors such as changes to the investment team or a change of Underlying Fund Manager may affect the Fund's performance.
- **liquidity** – assets subject to liquidity risk may be difficult to trade and it may take longer for their full value to be realised, and in circumstances where the Fund's portfolio ceases to be 'liquid' for Corporations Act purposes, there may be significant delays or a freeze on withdrawal requests.
- **securities lending** – although engaging in securities lending may benefit the Fund by providing increased returns, there is a risk of capital loss.

- **share market investments** – the value of the Fund's investment in listed securities may decrease as a result of adverse share market movements.
- **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.
- **small companies** – the specific risks relating to small companies, which include disappointing profits and dividends, as well as management changes, may be magnified for small companies due to their scale of operations.

The 'Risks of investing' section of this PDS provides further information about some of the risks noted above, as well as information about other investment risks of which you should be aware.

## Further information

For platform operators, if you have questions about investing in the Fund or require further information, please contact our Client Services team on 1800 658 404 between 8.30 am and 5.30 pm Sydney time, Monday to Friday. Indirect investors should contact their financial adviser or platform operator.

Further information about the Fund is also available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds). This information may include performance reports.

When reading Fund performance information, please note that past performance is not a reliable indicator of future performance and should not be relied on when making a decision about investing in the Fund.

# Fund profile

The Fund invests into the Underlying Fund. The Underlying Fund is a concentrated equity fund investing primarily in listed or expected to be listed Australian securities that are generally chosen from the S&P/ASX 200 Accumulation Index. The Underlying Fund may also use short selling. The Underlying Fund may invest in companies listed on international exchanges, including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives and cash or cash equivalents.

The Underlying Fund can invest in securities, known as a 'long' equity exposure. The Underlying Fund will hold between 25-50 securities for its long equity exposure.

The Underlying Fund uses short selling with the aim of enhancing returns. Ausbil shorts securities by borrowing a securities from a securities lender then selling them in the market in the expectation that they will be repurchased at a price lower than the initial sale price and then returned to the securities lender. The Underlying Fund will hold a maximum of 25 securities for its 'short' equity exposure.

The Underlying Fund will target 'long' equity positions of 130% and 'short' equity positions of 30%, although Ausbil will have the ability to move within the ranges set out below. In aggregate, short equity positions may range between 0% and 50% and long equity positions may range between 80% and 150%. The target net equity exposure is expected to be approximately 100% and the maximum allowable exposure to cash is 20%.

The Underlying Fund may use exchange traded derivatives for the purpose of managing risk. In all cases there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.

## Asset classes and asset allocation ranges

Asset class	Range
Long equity positions	75-150%
Short equity positions	0-50%
Net equity exposure <sup>(i)</sup>	75-100%
Gross equity exposure <sup>(ii)</sup>	80-200%
Australian listed equities	60-150%
International listed equities	0-15%
Exchange traded derivatives	0-50%
Cash and cash equivalents	0-25%

(i) Net equity exposure is the total long equity position minus the total short equity positions.

(ii) Gross equity exposure is the total long equity position plus the total short equity positions.

## Derivatives

The Underlying Fund may use exchange traded derivatives such as options and futures with the aim of managing risk. For example, protecting against risks such as unfavourable changes in an investment's price brought about by, for example, short selling, changes in interest rates, credit risk, equity prices, currencies or other factors.

Exposure to derivatives is limited to 50% of the net equity exposure of the Underlying Fund.

Exchange traded derivatives do not have a counterparty as all settlement and clearing obligations are met by the relevant clearing agent.

The Underlying Fund does not use over-the-counter (OTC) derivatives.

## Borrowing

The Fund's Constitution does not limit the amount of borrowings by the Fund. However, the Fund does not intend to borrow cash to leverage the Fund.

The Underlying Fund's Constitution does not limit the amount of borrowings by the Underlying Fund. However, Ausbil does not intend to gear the Underlying Fund through borrowings. Although the Underlying Fund does not use leverage in the traditional sense (for example, borrowing cash to buy shares), the Underlying Fund will utilise the cash generated from a short securities sale to purchase additional securities, magnifying the exposure to the securities. This strategy has the effect of magnifying both positive and negative Underlying Fund returns, which in turn may magnify other investment risks.

## Short selling

The Underlying Fund uses short selling with the aim of enhancing returns. Short selling is the practice of selling securities that have been borrowed from a securities lender and selling them in the market leaving the Underlying Fund with a “short position”. This is done with the expectation that the securities will be repurchased at a price lower than the initial sale price and then returned to the securities lender.

The Underlying Fund provides cash or securities to the securities lender as collateral for the securities that the Underlying Fund borrows.

Each of the entities that the Underlying Fund conducts securities lending with, have signed an Australian Master Securities Lending Agreement with credit exposures limited to the difference between the securities borrowed to cover the short sale and the amount of cash or security collateral the Underlying Fund lodges with the securities lender. Security lenders generally require a margin over the borrowed amount, usually 110% if stock is lodged as collateral or 105% if cash is lodged as collateral.

As the Underlying Fund engages in short selling, the Fund may be exposed to short position risk where there is no limit on the maximum loss that can be incurred when short selling. Short selling risks are managed through the use of strategies such as:

- stop loss limits – selling a security when it reaches a certain price
- pair trades – short positions are offset by also taking long positions in similar securities, and
- option overlay strategies to reduce equity related risk.

Short selling will also increase the Underlying Fund’s gross equity exposure to the share market above 100%. The Underlying Fund is restricted to short securities up to a maximum of 50% of the Underlying Fund. This in turn may magnify the exposure to other investment risks detailed in ‘Risks of investing’ on pages 9 to 10 of the PDS.

## Currency management

Ausbil does not hedge the currency exposure of the Underlying Fund’s investments. For example, a rise in the Australian dollar relative to other currencies may negatively impact the value of the investment. Conversely, a decline in the Australian dollar relative to other currencies may positively impact the value of the investment.

## Environmental, social and governance considerations

Ausbil is a signatory to the United Nations Principles for Responsible Investment (PRI). PRI signatories undertake to consider environmental, social (including labour standards) and corporate governance (ESG) factors in their investment decision-making and ownership practices. Ausbil includes an assessment of ESG factors in its investment process. It does not have a predetermined view on these factors. Instead Ausbil considers these factors, as it becomes aware of them in its investment decisions.

## Further information

More detailed information about the Fund, is provided in the ‘ASIC benchmarks and disclosure principles for the Ausbil Advantage 130/30 Focus Fund’ document, which is taken to be included in this PDS and should be read in conjunction with this PDS. This document is available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can be obtained free of charge, on request.

# Risks of investing

## All investing involves risk

Generally, the higher the expected return, the higher the risk.

Assets with the highest long term returns may also carry the highest level of short term risk, particularly if you do not hold your investment for the minimum suggested investment timeframe. Additionally, different investment strategies may carry different levels of risk, depending on the assets in which a fund invests.

Whilst the Fund is managed with the aim of providing competitive investment returns against the Fund's performance benchmark and protecting against risk, you should be aware that the Fund is subject to investment risks, which could include delays in repayment, the non-payment of distributions and loss of capital invested.

When you invest in a fund, you should be aware that:

- returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary, and
- the value of your investment may vary, and there may be the risk of loss of invested capital.

Investment risks can affect your financial circumstances in a number of ways, including:

- your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money
- the stated aims and objectives of the Fund may not be met
- the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments, and
- your investment in the Fund may decrease in value, which means you may get back less than you invested.

The value of your investment in the Fund may be affected by the risks listed in this section and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in government policy, taxation and other laws.

Other factors such as your age, the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor. As the risks noted in this section do not take into account your personal circumstances, you should consider the information provided in 'Making an investment decision' at the end of this section, before making a decision about investing or reinvesting in the Fund.

## Risks specific to the Fund

### Concentration

As the Fund holds only a small number of securities, the underperformance of a particular security may have a proportionately greater negative effect on the Fund's overall performance than if the Fund held a larger number of securities.

### Credit

The value of assets within the Fund can change due to changes in the credit quality of the individual issuer and also from changes in values of other similar securities. This can affect the volatility of the Fund and its income.

Fixed income securities are subject to default risk, which means that the credit issuer may default on interest payments, the repayment of capital or both. Fixed income investments with a non-investment grade credit rating (that is, Standard & Poor's BB+ rating or equivalent, or less) are subject to increased risks compared with investment grade securities, in that the credit issuer may be more likely to default on interest payments, the repayment of capital or both.

### Derivatives

There are risks of losses to the Fund through the use of derivatives, and where derivatives are used by underlying funds in which the Fund invests, including:

- the value of a derivative may not move in line with the value of the underlying asset
- a derivative position cannot be reversed
- losses may be magnified, and
- the party on the other side of a derivative contract defaults on financial or contractual obligations.

### Gearing

Gearing (borrowing against the Fund's assets) has the effect of magnifying the Fund's returns, both positive and negative, which means that the risk of loss of capital may be greater than if gearing did not take place. Additionally, increases in interest rates may affect the cost of the Fund's borrowings and so reduce the Fund's returns.

### Interest rates

Cash and fixed income investments will be impacted by interest rate movements. While capital gains may be earned from fixed income investments in a falling interest rate environment, capital losses can occur in a rising interest rate environment. The risk of capital gain or loss tends to increase as the term to maturity of the investment increases.

## International investments

Changes in the state of the world economies may affect the value of your investment in the Fund.

- **Currency exchange rates** – where the Fund's investments are located overseas, the relative strength or weakness of the Australian dollar against other currencies may influence the value of, or income from, an investment.
- **Currency hedging** – where international investments are primarily hedged back to Australian dollars, the Fund could still incur losses related to hedging or currency exchange rates. Such losses may affect the Fund's taxable income and its subsequent ability to pay distributions. Risks such as illiquidity or default by the other party to the hedging transaction may also apply.
- **Less protection under laws outside of Australia** – the laws under which assets located outside of Australia operate may not provide equivalent protection to that of Australian laws, which may mean that the Fund is unable to recover the full or part value of an offshore investment.
- **Emerging markets** – securities markets in emerging markets are smaller and have been more volatile than the major securities markets in more developed countries. This is often a reflection of a less developed country's greater political instability or uncertainty, exchange rate uncertainty, lower market transparency or uncertain economic growth. Clearance and settlement procedures in an emerging country's securities market may be less developed which could lead to delays in settling trades and registering transfers of securities.
- **Operational risk** – investing across multiple markets and currencies magnifies risks associated with international investments.

## Investment management

There is a risk that the Underlying Fund Manager will not perform to expectation or factors such as changes to the investment team or a change of Fund Manager may affect the Fund's performance.

## Liquidity

Liquidity refers to the ease with which an asset can be traded (bought and sold). An asset subject to liquidity risk may be more difficult to buy or sell and it may take longer for the full value to be realised.

Where the Fund has exposure to investments which are generally considered to be illiquid, it may be subject to liquidity risk.

The Underlying Fund Manager manages the Underlying Fund's portfolio with the aim of ensuring that exposure to illiquid assets is no greater than 20%. However, in circumstances where the Underlying Fund's portfolio consists of less than 80% in value of liquid assets, we may not be able to meet withdrawal requests within the periods specified under the 'Payment times' section of this document, and may suspend processing all withdrawal requests for such period as we determine.

In addition, we will not meet withdrawal requests if the Fund ceases to be 'liquid' for the purposes of the Corporations Act. However, although we are not obliged to, we may offer investors the opportunity to make withdrawals where the Fund is not 'liquid' during this period, as set out under the 'Processing withdrawal requests' section of this document.

## Securities lending

Although engaging in securities lending may benefit the Fund by providing increased returns, there is a risk of capital loss.

This may arise if the borrower fails to return the borrowed securities, or if some of the collateral provided by the borrower to cover the value of the lending is affected by the share market investments risk listed below, or the insolvency of a party to the arrangement, including where collateral is pooled and/or held under the laws of a foreign country.

The greater volume of securities lent, the greater potential for capital loss.

## Share market investments

Share market investments have historically produced higher returns than cash or fixed interest investments over the long term. However, the risk of capital loss exists, especially over the shorter term. You should be aware that past share market investment performance is not an indication of future performance.

Specific risks may include a slowdown in economic growth, individual companies reporting disappointing profits and dividends, and management changes. Where a fund is invested in listed securities, the value of these securities may decrease as a result of these and other events.

### Short selling

The investment manager, or underlying managers, may utilise alternative investment strategies such as short selling securities. Due to the nature of short selling (aiming to sell an asset at a high price and buy it later at a lower price), the potential loss to the Fund may be greater than for more traditional purchase and sales transactions, as the potential increase in price of the asset sold (and hence the potential loss) is unlimited.

### Small companies

The specific risks relating to small companies, which include disappointing profits and dividends, as well as management changes, may be magnified for small companies due to their scale of operations.

Additionally, small companies may be exposed to other risks, including:

- cash may not be available to meet ongoing or unexpected business requirements, and
- share in small companies may be traded less frequently and in lower volumes.

Such risks could affect these companies' share prices and subsequently the stability and value of the Fund's portfolio.

### Other risks

Other risks of investing may apply and you should seek appropriate advice before investing.

### Making an investment decision

As the risks noted in this PDS do not take into account your personal circumstances, you should consider the following before making a decision about investing or reinvesting in the Fund:

- **Obtain professional advice** to determine if the Fund suits your investment objectives, financial situation and particular needs.
- **Ensure** you have read the most up-to-date Ausbil Advantage 130/30 Focus Fund PDS.
- **Consider** the suggested minimum investment timeframe for the Fund, as set out in the Fund's PDS.
- **Regularly review** your investments in light of your investment objectives, financial situation and particular needs.

# Fees and other costs

## DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your investment 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 contribution fees and management costs where applicable. Ask the fund or your financial adviser.

## TO FIND OUT MORE

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

This PDS 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 the 'Taxation' section of this document.

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

Unless otherwise specified, all dollar amounts are Australian dollars.

**Table 1****Ausbil Advantage 130/30 Focus Fund**

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment.	Nil	Not applicable
<b>Management costs<sup>i</sup></b>		
The fees and costs for managing your investment.	1.44% pa of the Fund's net assets	Management costs are comprised of: <ul style="list-style-type: none"> <li>– a <b>management fee</b><sup>ii</sup> of 0.85% pa - calculated daily and paid monthly out of the Fund's assets and reflected in the unit price.</li> <li>– a <b>performance fee</b><sup>iii</sup> of 0.56% pa - calculated daily and paid monthly in arrears out of the Fund's assets where the aggregate of all performance fees for a performance fee period is positive, and reflected in the unit price.</li> <li>– <b>indirect costs</b><sup>iv</sup> of 0.03% pa - paid out of the Fund's assets or interposed vehicle's<sup>v</sup> assets once the cost is incurred and reflected in the unit price. Calculated on the basis of the Responsible Entity's reasonable estimate or knowledge of such costs.</li> </ul>
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options.	Nil	Not applicable

- i. This amount comprises the management fee, an estimated performance fee and estimated indirect costs. The sum of these figures may differ to the total management costs, due to rounding. For more information about management costs, see 'Management costs' under the heading 'Additional explanation of fees and costs'.
- ii. The management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act. See 'Differential fees' under the heading 'Additional explanation of fees and costs'.
- iii. A performance fee may not be payable if there is no relevant outperformance. For more information on the calculation of the performance fee, see 'Performance fee' under the heading 'Additional explanation of fees and costs'.
- iv. For more information on the meaning and calculation of indirect costs, see 'Indirect costs' under the heading 'Additional explanation of fees and costs'.
- v. For more information on the meaning of interposed vehicles, see 'Indirect costs' under the heading 'Additional explanation of fees and costs'.

**Fee amounts in this PDS**

Fee amounts shown in this PDS are the fees the Responsible Entity charges platform operators investing through this PDS. If you are an indirect investor, please contact your financial adviser or platform operator for details of the fee amounts relating to your investment in the Fund.

Fees may be payable to your financial adviser; these fees are additional to the fees noted in Table 1 (refer to the Statement of Advice provided by your adviser).

## Example of annual fees and costs

Table 2 gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products. The fees and costs shown in this table are an example only and are not additional to the fees and costs described in Table 1.

**Table 2**

Example – Ausbil Advantage 130/30 Focus Fund Balance of \$500,000 with a contribution of \$5,000 during the year		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>Plus</b> Management costs <sup>1</sup>	1.44% pa of the Fund's net assets	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$7,200 <sup>2</sup> each year.
<b>Equals</b> Cost of the Fund <sup>3</sup>		If you had an investment of \$500,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged a fee of: <b>\$7,200<sup>2</sup></b> <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

1. Management costs are expressed as a percentage of the Fund's net assets. Management costs are made up of a management fee of 0.85% pa, an estimated performance fee of 0.56% pa\* and estimated indirect costs of 0.03% pa. The sum of these figures may differ to the total management costs, due to rounding.
2. This cost does not include the management costs charged on the additional \$5,000 investment. The additional management costs would be \$72.00 if you had invested the \$5,000 for a full 12 months.
3. This cost does not include any advice fees paid to your financial adviser.

\*The performance fee of 0.56% pa is an estimate of the performance fee on a prospective basis. This estimate considers a range of factors, including the actual performance fees payable for the year ended 30 June 2018. This estimate is inclusive of Goods and Services Tax (GST) less reduced input tax credits. It is provided as an example only and is not a forecast. The actual performance fee may be higher, lower or not payable at all.

## Additional explanation of fees and costs

### Management costs

Management costs are expressed as a percentage of the Fund's net assets, rounded to two decimal places. Management costs are made up of a management fee, an estimated performance fee (if applicable) and estimated indirect costs. Any management fees, performance fees or indirect costs charged by interposed vehicles are included in the management costs in Table 1; they are not an additional cost to you.

### Management costs components

The management costs shown in Table 1 comprise the following components. The sum of these figures may differ to the total management costs, due to rounding. All figures in the table below are expressed as a percentage of the net assets of the Fund.

Management fee (% pa)	Estimated performance fee (% pa)	Indirect costs (% pa)	
		Recoverable expenses	Estimated other indirect costs
0.85%	0.56%	0.00%	0.03%

### Management fee

The management fee is charged by the Responsible Entity for managing and operating the Fund. The management fee of 0.85% is charged on the value of the gross assets of the Fund. When calculating the value of the gross assets of the Fund for this purpose, we may value any units held by the Fund in underlying funds by reference to the gross assets of the underlying funds (that is, disregarding the value of any borrowings, other liabilities or provisions in those underlying funds) rather than the net asset value. For the purposes of the management costs calculation in Table 1, the management fee has been expressed as a percentage of the net assets.

### Performance fee

The performance fee is charged as an amount calculated by reference to the performance of the Underlying Fund as a whole, subject to the satisfaction of certain conditions. A performance fee of 20.52% (inclusive of GST less reduced input tax credits) of the outperformance of the Underlying Fund may be charged, based on the Underlying Fund's total return over S&P/ASX 200 Accumulation Index + 2.00% pa. Outperformance is measured on an after management fee, indirect costs and transactional and operational costs basis. Estimated performance fees are included in the management costs in Table 1.

The performance fee is payable monthly in arrears.

The performance fee is normally calculated each business day, and is calculated separately for each class of units. The daily performance fee calculation can be a positive or negative amount depending on whether or not the benchmark return has been exceeded.

If the aggregate of all performance fee calculations for a performance fee period is positive, a performance fee is payable. If the amount is negative, no performance fee is payable and any performance fee payable for the next performance fee period is reduced by that negative amount.

Performance fees are generally accrued in the unit price. The Responsible Entity may elect to receive units in the Fund instead of cash in respect of any management or performance fee payable.

**Performance fee example** If you invested \$500,000 in the Fund (and the Fund is wholly invested in the Underlying Fund) and the Underlying Fund outperforms its performance benchmark index by 1% in a year, the cost to you (which is reflected in the unit price) would be \$1,026. This estimate is inclusive of GST less reduced input tax credits. It is provided as an example only and is not a forecast. The fee may be higher, lower or not payable at all.

### Indirect costs

Indirect costs are generally any amount the Responsible Entity knows or estimates will reduce the Fund's returns, that are paid from the Fund's assets or the assets of interposed vehicles.

Generally, an interposed vehicle is a body, trust or partnership in which the Fund's assets are invested. It includes, for example, an underlying fund.

The amount of indirect costs include, but are not limited to:

- recoverable expenses of the Fund
- management costs of an interposed vehicle (including recoverable expenses, performance-related fees and any other indirect costs of underlying managers or interposed vehicles in which the Fund invests), and
- a reasonable estimate of the costs of investing in over-the-counter (OTC) derivatives (either at the Fund level or in interposed vehicles), which may be used by the Fund to gain economic exposure to assets.

The amount of indirect costs shown in the 'Management costs component' table is based on the Responsible Entity's knowledge of, or where required, reasonable estimate of, such costs. Indirect costs are generally calculated on the basis of indirect costs paid by the Fund in the Fund's previous financial year. As such, the actual indirect costs may differ from the amount shown in the 'Management costs components' table. Indirect costs are deducted from the returns on your investment or from the Fund's assets as a whole. They are reflected in the unit price and are not an additional cost to you. Estimated indirect costs are included in the management costs in Table 1.

### Recoverable expenses

The Fund's constitution entitles the Responsible Entity to be reimbursed from the Fund for any expenses incurred in relation to the proper performance of its duties.

The Responsible Entity may also recover other expenses relating to the operation of the Fund. These expenses include but are not limited to audit and legal fees, tax and accounting services, custody, administration and registry services, regulatory compliance and the cost of preparing disclosure documents.

Internal expenses incurred in connection with these matters may also be recovered from the Fund. Recoverable expenses are included in the management costs in Table 1.

## Updated fees and costs information

The management costs components are based on the Responsible Entity's actual knowledge, or reasonable estimate, of the particular fee or cost. Estimates may be based on a number of factors, including (where relevant), previous financial year information, information provided by third parties or as a result of making reasonable enquiries, and typical costs of the relevant investment. As such, the actual fees and costs may differ and are subject to change from time to time. Updated information that is not materially adverse to investors will be updated online at [www.ampcapital.com/feesandcosts](http://www.ampcapital.com/feesandcosts), or you may obtain a paper copy or an electronic copy of any updated information from us, free of charge, on request. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement PDS and/or updated incorporated information, both of which will be available online. You can also obtain a copy of these documents free of charge, by contacting us.

## Transactional and operational costs

The Fund incurs transactional and operational costs when dealing with the assets of the Fund. Transactional and operational costs may include transactional brokerage, clearing costs, stamp duty, the buy and sell spreads of any underlying fund and the costs of (or transactional and operational costs associated with) derivatives. These costs will differ according to the type of assets in the Fund, or for the purpose for which any derivatives are acquired and will be paid out of the Fund's assets.

We estimate the Fund's transactional and operational costs to be approximately 2.66% of the net assets of the Fund.

### Buy and sell spreads

Transactional and operational costs associated with dealing with the Fund's assets may be recovered by the Fund from investors, in addition to the fees and costs noted in Table 1.

Investments and withdrawals in the Fund may incur buy and sell spreads, which are designed to ensure, as far as practicable, that any transactional and operational costs incurred as a result of an investor entering or leaving the Fund are borne by that investor, and not other investors.

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets. They will be influenced by our experience of the costs involved in trading these assets or the costs that the Fund has actually paid, and will be reviewed whenever necessary to ensure they remain appropriate.

When you enter or leave the Fund, any buy or sell spread applicable at that time is a cost to you, additional to the fees and costs noted in Table 1, and is reflected in the unit price. The buy and sell spreads are retained within the Fund, as assets of the Fund; they are not fees paid to the Responsible Entity, AMP Capital or any investment manager.

The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts. As at the date of this PDS, a buy spread of 0.30% and a sell spread of 0.30% apply to the Fund.

Based on the buy and sell spreads noted above, an investment of \$500,000 would incur a buy spread of \$1,500, and a withdrawal of \$500,000 would incur a sell spread of \$1,500. This is an example only; it is not an estimate or forecast. The actual buy and/or sell spreads may be higher or lower.

Current buy and sell spreads can be obtained online at [www.ampcapital.com/spreads](http://www.ampcapital.com/spreads) or by contacting us.

If investments and withdrawals in the Fund incur buy and sell spreads, we estimate that a buy spread of 0.30% and a sell spread of 0.30% will recover the Fund's transactional and operational costs incurred due to investor activity. However, the balance of the Fund's transactional and operational costs will be borne by the Fund from the Fund's assets without any recovery from individual investors and reflected in the Fund's unit prices.

The following table shows a breakdown of the total estimated transactional and operational costs and how these are borne by investors.

Total estimated transactional and operational costs	2.66%
Estimated transactional and operational costs offset by buy/sell spreads	1.25%
Estimated transactional and operational costs borne by the Fund	1.41%

## Other costs

### Borrowing costs

Borrowing costs (or gearing costs) are the costs associated with borrowing money or securities (such as interest, establishment fees, government charges and stock borrowing fees). Borrowing costs are paid out of the Fund's assets or the underlying fund's assets (as the case may be) and reflected in the unit price.

We estimate these borrowing costs to be 0.00% of the Fund's net assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

### Costs related to certain specific assets or activities to produce income

The Fund may also incur costs (related to certain specific assets or activities to produce income) that an investor would incur if they invested directly in a similar portfolio of assets. These costs will be paid out of the Fund's assets and are additional to the fees and costs noted in Table 1 above.

## Liabilities properly incurred

The Fund's constitution entitles the Responsible Entity to be indemnified from the Fund for any liability properly incurred.

## Maximum fees

The maximum fees that can be charged under the Fund's constitution (exclusive of GST) are:

- **Contribution fee** – 5% of the application amount. Currently, no contribution fee is charged.
- **Withdrawal fee** – 5% of the withdrawal amount. Currently, no withdrawal fee is charged.
- **Management fee** – 3% per annum of the value of the assets of the Fund. The current management fee charged is 0.85% per annum.

Under the Fund's constitution, the Responsible Entity is entitled to be paid an additional amount on the above fees, on account of GST, calculated in accordance with the Fund's constitution.

## Changes to fees

The Responsible Entity may change the fees noted in this PDS at its discretion and without the consent of platform operators or indirect investors. For example, fees may be increased where increased charges are incurred due to changes to legislation, where increased costs are incurred, if there are significant changes to economic conditions, or if third parties impose or increase processing charges. However, we will give platform operators 30 days' written notice of any intention of the Responsible Entity to increase the existing fees, or introduce performance fees or contribution or withdrawal fees.

## Goods and Services Tax

Unless otherwise stated, the fees and other costs shown in this section are inclusive of GST, less reduced input tax credits or other input tax credits claimable. For information about the tax implications of investing in the Fund, refer to the 'Taxation' section of this PDS.

## Differential fees

A rebate of part of the management fee or a lower management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act or with AMP Group staff. Further information can be obtained by contacting us.

## Alternative forms of remuneration

AMP Capital and the Responsible Entity may provide alternative forms of remuneration, such as professional development, sponsorship, and entertainment for financial advisers, dealer groups and master trust or investor directed portfolio service (IDPS) operators, where the law permits. Where such benefits are provided, they are payable by us or the Responsible Entity and are not an additional cost to you. AMP Capital and the Responsible Entity maintain a register to record any material forms of alternative remuneration we or the Responsible Entity may pay or receive. We will provide you with a copy of our register free of charge, on request.

## Payments to your financial adviser

Although we do not make any payments to financial advisers whose clients invest in the Fund through the Fund's PDS, your financial adviser may receive payments and/or other benefits from the dealer group or organisation under which they operate. These payments and benefits are not a cost to the Fund.

## Other payments

Payments may be made to entities such as dealer groups, platform operators, master trusts and investment administration services in relation to the Fund, where the law permits. They are paid by us and are not a cost to you.

The amount of these payments may change during the life of this document. For further information, please refer to the offer document issued by the relevant entity.

# Taxation

## Taxation treatment of your investment

It is important that you seek professional taxation advice before you invest or deal with your investment, as the taxation system is complex, and the taxation treatment of your investment will be specific to your circumstances and to the nature of your investment.

These comments are for information purposes and are intended for tax paying investors who hold their investment on capital account for income tax purposes and are based on our interpretation of Australian taxation laws and Australian Taxation Office administrative practices at the date of publication of this document.

The Fund is a Managed Investment Trust (MIT) and will be administered as an Attribution Managed Investment Trust (AMIT).

The AMIT tax regime seeks to improve the operation of the taxation law for MITs by increasing certainty for responsible entities and unit holders and allowing greater flexibility around how MITs are administered.

Under the AMIT tax regime, you are taxed on the taxable income that is attributed to you by the Responsible Entity on a fair and reasonable basis and in accordance with the Fund's constitution. You may be entitled to tax offsets, which reduce the tax payable by you, and concessional rates of tax may apply to certain forms of taxable income such as capital gains.

Australian resident individuals are liable to pay tax at their marginal rates on the taxable income attributed to them from the Fund. Generally, tax is not paid on behalf of investors. If you are not an Australian resident for income tax purposes, withholding tax may be deducted from the taxable income of the Fund attributed to you at prescribed rates, dependent on the components of the Fund's taxable income.

Please note that at the time of your initial or additional investment there may be unrealised capital gains or accrued income in the Fund. If later realised, these capital gains and income may form part of the taxable income attributed to you. In addition, there may be realised but undistributed capital gains or income in the Fund, which may form part of the taxable income attributed to you.

Any losses generated by the Fund cannot be passed onto investors. However, where specific requirements are satisfied, the Fund should be eligible to offset losses to reduce later year income or capital gains.

You may also be liable to pay capital gains tax on any capital gains in respect of your investment, such as from disposing of your investment. You may instead realise a capital loss in respect of your investment, which may be used to reduce capital gains in the same or later years. The cost base of your investment, which is relevant when calculating any such capital gains or losses, may change over the duration of holding your investment. The cost base of your interest in the Fund may

increase or decrease if the taxable income attributed to you differs to the amounts that you have received as a cash distribution.

Each year we will send you an AMIT Member Annual Statement (AMMA Statement), which will contain details of the taxable income attributed to you for the year, together with any net cost base adjustment amount by which the cost base of your interest in the Fund should be increased or decreased.

Taxation laws and administrative practices change from time to time. Such changes may impact the taxation of the Fund and you as an investor. It is your responsibility to consider and monitor the impact of any taxation reforms impacting your investment.

## Providing a Tax File Number (TFN)

You do not have to provide a TFN, exemption code or Australian Business Number (ABN) when you complete an application to invest or reinvest in the Fund. However, if you do not provide any of these, the Responsible Entity is required to deduct tax from most distributions, including where those distributions are reinvested, at the highest marginal tax rate plus any applicable levies.

# Distributions

The Fund aims to pay distributions half-yearly.

You should be aware that although the Fund's objective is to pay distributions half-yearly, the amount of each distribution may vary or no distribution may be payable in a distribution period.

Unit prices will normally fall after the end of each distribution period. Consequently, if you invest just before the end of a distribution period, some of your capital may be returned to you as income in the form of a distribution.

Any distributions you receive may affect the social security benefits to which you are or may be entitled, and you should consider discussing this with your financial adviser, Centrelink or the Department of Veterans' Affairs before investing.

Distributions paid are based on the income earned by the Fund and the number of units you hold at the end of the distribution period. For example, if you held 500,000 units in the Fund, and the Fund paid a distribution of \$0.02 per unit for the distribution period, you would receive \$10,000 (that is, 500,000 units x \$0.02 per unit). Please note this is an example only and not a forecast, the distribution rate will vary for each distribution.

## Payment of distributions

### Platform operators

You can choose to have distributions:

- paid directly into your current nominated account, or
- reinvested in the Fund

by indicating your selection on your application form. If no selection is made, distributions will be reinvested.

### Indirect investors

Distributions are paid directly to platform operators. Payment of distributions to you is subject to the arrangement between you and the platform operator. Your financial adviser or platform operator can provide you with information about:

- how often distributions are paid, and
- the distribution payment method (eg paid directly into a nominated bank account or reinvested in the Fund).

## Reinvestment

Under the Fund's constitution, the issue price for reinvested distributions is determined by the net asset value (adjusted by any distribution payable), any transaction costs and the number of units on issue in the unit class as at the last day of the distribution period. However, no buy spread is applied to reinvested distributions (see 'Buy and sell spreads' in the 'Fees and other costs' section of this PDS).

# Investing in the Fund

## Who can invest?

Applications to invest through this PDS can only be made by:

- platform operators, investing directly in the Fund, and
- indirect investors, investing in the Fund through a master trust or platform.

If you are an indirect investor, the platform operator is investing on your behalf (see 'The Fund's constitution' in the 'Other important information' section of this PDS).

Please note that we can only accept applications signed and submitted from within Australia.

Further information is provided in the 'Applying for an investment' section of this PDS.

## How to invest

The offer to invest in the Fund is subject to the terms and conditions described in the PDS current at the time of contributing any investment amount. A current PDS can be obtained free of charge online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) or by contacting us.

### Platform operators

You will need to complete an application form when applying for an initial or additional investment in the Fund. An application form can be obtained free of charge by contacting us on 1800 658 404.

### Indirect investors

Your financial adviser or platform operator can provide you with a current PDS and information about how to apply, including the form you will need to complete, minimum initial and additional investment amounts, and the method of paying your investment amount.

## Processing applications

We generally process applications each Business Day<sup>i</sup>, using the close of business issue price for that day.

Currently, if we receive an application after 1.00pm or on a non-Business Day for us, we treat it as having been received before 1.00pm the next Business Day.

## Issue price

The issue price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this PDS).

## Cooling off rights

### Platform operators

Cooling off rights do not apply in relation to an investment in the Fund.

### Indirect investors

Cooling off rights do not apply under this PDS. Your financial adviser or platform operator can provide you with the conditions, if any, that apply to returning your investment within the cooling off period set by the platform operator.

## The value of your investment

Investors in a managed investment scheme are issued with 'units', each of which represents a share of the value of the scheme's assets. The Fund has a number of classes of units. Investments made through this PDS relate to On-platform Class A units.

Unit prices can rise and fall on a daily basis depending on a number of factors, including the market value of the Fund's assets. Consequently, the value of your investment will vary from time to time.

### Platform operators

The value of your investment at any point in time is calculated by multiplying the number of units you hold, by the On-platform Class A unit price current at that time. Unit prices are updated regularly online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can also be obtained by contacting us.

### Indirect investors

When you invest through this PDS, the platform operator holds units on your behalf. The value of your investment at any point in time is calculated by multiplying the number of units held for you, by the unit price set by the platform operator. Your financial adviser or platform operator can provide you with the current unit price relevant to your investment in the Fund.

<sup>i</sup> A Business Day for us is any day other than Saturday, Sunday or a bank or public holiday in Sydney, NSW.

## Risk

The Fund is not capital guaranteed and the value of an investment in the Fund can rise and fall. You should consider the risks of investing before making a decision about investing in the Fund (see the 'Risks of investing' section of this PDS).

## Terms and conditions of investing

The offer to invest in the Fund is subject to the terms and conditions described in the Fund's current PDS and as set out in the Fund's constitution (see the 'Other important information' section of this PDS). The Responsible Entity reserves the right to change the terms and conditions (see below) and to refuse or reject an application.

We can only accept applications signed and submitted from within Australia. We cannot accept cash.

## Changes to the information in a PDS

Before making an investment decision, it is important to read a current PDS, as information provided in a PDS may change from time to time. If changes are not materially adverse to investors, the relevant information will be updated online at **[www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds)**. However, if a change is considered materially adverse to investors, the Responsible Entity will issue a replacement or supplementary PDS which will be available online. You can also obtain a copy of the replacement or supplementary PDS free of charge, by contacting us.

The Responsible Entity may change the Fund's investment return objective or investment approach, from time to time, if it considers it to be in the best interests of investors. If it does so, it will advise investors.

## Retaining this PDS

You should keep this PDS and any replacement or supplementary PDS, as you may need to refer to information about the Fund for ongoing investing. We will send you a current PDS and any replacement or supplementary PDS free of charge, on request.

## Questions about your investment

### Platform operators

Please contact our Client Services team on 1800 658 404 if you have questions relating to your investment.

### Indirect investors

You will need to contact your financial adviser or platform operator for information about your investment.

# Accessing your money

## Requesting a withdrawal

### Platform operators

Contact us in writing, telling us how much you wish to withdraw and giving your account details. Withdrawal requests can be submitted by fax\* to 1800 630 066 or by mail to AMP Capital Investors Limited, GPO Box 5445, Sydney NSW 2001. Withdrawal amounts will be paid to your nominated account.

A balance of \$500,000 is generally required to keep your investment open. If your investment falls below this level, the Responsible Entity may redeem your investment and pay the proceeds to you. The Responsible Entity reserves the right, however, to accept lower account balances.

\* Please refer to 'Communication by fax' in the 'Other important information' section of this PDS.

### Indirect investors

Contact your financial adviser or platform operator for details about:

- how to withdraw money
- how your withdrawal will be paid, and
- the minimum withdrawal amount and account balance set by the platform operator.

## Processing withdrawal requests

If our Sydney office receives a withdrawal request before 1.00pm on a Business Day, your withdrawal will be processed using the withdrawal price for that day. If received and accepted after 1.00pm, it will be processed using the withdrawal price for the next day. If it is a non-Business Day in Sydney, your withdrawal will be processed using the next available withdrawal price.

The proceeds of your withdrawal request will usually be available within five (5) Business Days (see 'Payment times' in this section).

In circumstances where the Fund's portfolio consists of less than 80% in value of liquid assets, for example because of an unexpected fall in the value of those liquid assets against the value of the illiquid assets in the Fund's portfolio, we may not be able to meet withdrawal requests until the Fund's exposure to illiquid assets falls to 20% or less of its portfolio. We may, at our discretion, offer investors the opportunity to make withdrawals during this period. At such times, we will notify investors of the offer, providing details about:

- the period during which the offer will remain open, and
- which assets will be used to satisfy withdrawal requests.

### Total withdrawals

Where an investor redeems 5% or more of the units on issue of the Fund, the Responsible Entity may attribute taxable income to that redeeming investor.

## Withdrawal price

The withdrawal price is determined under the Fund's constitution by reference to the net asset value and transaction costs pertaining to the relevant class of units, and the number of units on issue in that unit class.

The market value and net asset value of the Fund are normally determined at least each Business Day, using the market prices and unit prices of the assets in which the Fund is invested.

The Responsible Entity may exercise certain discretions in determining the unit price (see 'Unit Pricing Discretions Policy' in the 'Other important information' section of this PDS).

## Payment times

Although the proceeds of your withdrawal request will usually be available within five (5) Business Days of receipt, you should be aware that:

- payment and processing of withdrawal requests is dependent on the Fund's cash position, and
- the Fund's constitution allows up to 21 days, or longer in some circumstances, to process withdrawal requests. These circumstances include, but are not limited to:
  - where the Responsible Entity is unable to realise sufficient assets due to circumstances beyond its control, such as restricted or suspended trading in the market for an asset, or
  - if the Responsible Entity does not consider it is in the best interests of investors to realise sufficient assets to satisfy a withdrawal request.

## Transfer of units

### Platform operators

Please contact us for all transfer requests.

### Indirect investors

You will need to contact your financial adviser or platform operator for information about the transfer of units.

# Keeping you informed

We will provide platform operators with the information set out below. Platform operators are responsible for forwarding the relevant investment and Fund information to indirect investors.

## **Investment information**

We will send platform operators confirmation of each transaction.

## **Online access**

Online access allows platform operators to view investment information, annual reports and statements at any time. To register for online access, please contact us.

## **Fund information**

We will provide platform operators with the following information free of charge, on request:

- the Fund's annual financial reports
- a paper copy of any updated information, and
- any replacement or supplementary PDS.

# Other important information

## The Fund's constitution

The Fund's constitution provides the framework for the operation of the Fund and with the Fund's PDS, the Corporations Act and other relevant laws, sets out the relationship between the Responsible Entity and unitholders. We will send you a copy of the Fund's constitution free of charge, on request.

### Indirect investors

Your platform operator is investing in the Fund on your behalf. Consequently, the platform operator (or the custodian of the platform), and not you, holds the units in the Fund and has unitholder rights such as the right to attend and vote at unitholder meetings, and to redeem units or receive distributions. The platform operator exercises those rights on your behalf in accordance with the arrangements they have with you. For information about your investment, you will need to contact your financial adviser or the operator of the platform through which you have invested.

## Overview of the Fund's constitution

The following overview of the Fund's constitution is mainly relevant to platform operators, as they are unitholders under the constitution.

The Fund may have a number of classes of units. Under the Fund's constitution, the different unit classes may have different management costs, expenses and distributions, but otherwise all classes of units have similar rights. Some of the provisions of the Fund's constitution are set out in this PDS. Further provisions relate to:

- the rights and liabilities of unitholders
- the times when processing of withdrawal requests can be extended, such as if the Fund is illiquid or it is not in the best interests of unitholders
- where taxes or other amounts can be deducted from payments to unitholders
- where transfers and applications may be refused
- the liability of the Responsible Entity to unitholders in relation to the Fund, which is limited to any liability imposed by the Corporations Act, so long as the Responsible Entity acts in good faith and without gross negligence
- the powers, rights and liabilities of the Responsible Entity, including its power to invest the assets of the Fund, to deal with itself and its associates, to be paid fees and to be reimbursed or indemnified out of the assets of the Fund
- the right of the Responsible Entity to be reimbursed by a unitholder or former unitholder for tax or expenses it incurs as a result of the unitholder's request, action or inaction, or to redeem units to satisfy amounts due to the Responsible Entity from a unitholder
- changing the Fund's constitution, including in some cases without unitholder approval, such as to meet regulatory changes
- the ability of the Responsible Entity to terminate the Fund at any time
- when the Responsible Entity can terminate the Fund or retire, and what happens if this occurs, and
- voting rights.

Although the Fund's constitution limits a unitholder's liability to the value of their units, the courts have yet to determine the effectiveness of provisions like this.

## Compliance plan

The Responsible Entity has a compliance plan for the Fund, which sets out the measures that will apply in operating the Fund to ensure compliance with the Corporations Act and the Fund's constitution. The compliance plan is lodged with the Australian Securities and Investments Commission (ASIC) and is audited by independent auditors annually to determine compliance with it.

A compliance committee monitors the operation of the Fund and overall compliance with the compliance plan. The majority of the members of the compliance committee must be, and are, independent of both AMP Capital and the Responsible Entity. The compliance committee has the obligation to monitor compliance with the compliance plan and to report certain breaches of the Corporations Act and the compliance plan to ASIC.

## Related party transactions

Any transaction between AMP Capital or the Responsible Entity and any of their respective related parties must comply with related party protocols and AMP Capital policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with AMP Capital or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this document, the relevant policies and procedures that apply to related party transactions of AMP Capital or the Responsible Entity are contained in the AMP Conflicts of Interest Policy. Under this Policy, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The Policy will be reviewed on a regular basis and may change from time to time.

Under the Fund's constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in and receive a benefit under any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

The Fund's constitution also provides that amounts may be paid to related parties for services provided to AMP Capital in connection with the Fund and for expenses. These payments are on arm's length terms.

## Continuous disclosure obligations

Where the Fund has more than 100 unitholders it is subject to regular reporting and disclosure obligations under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office or can be obtained free of charge by contacting us. These documents may include:

- the Fund's annual financial report most recently lodged with ASIC, or
- the Fund's half year financial report lodged with ASIC (after the lodgment of the annual financial report and before the date of the current PDS).

Where the Fund has continuous disclosure obligations, the Responsible Entity will meet those obligations by publishing material information online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds).

## Complaints procedure

### Platform operators

AMP Capital and the Responsible Entity follow an established procedure to deal with complaints. We are committed to providing you with a high level of service, but sometimes things go wrong. If this happens, we will help you resolve the issue. If you have concerns relating to your investment in the Fund, please contact us by telephone on 1800 658 404 or in writing to AMP Capital Investors Limited, GPO Box 5445, Sydney NSW 2001.

If the complaint is privacy related, please refer to the AMP Privacy Policy for more details, which can be obtained online at [www.ampcapital.com/common/privacy](http://www.ampcapital.com/common/privacy).

### Indirect investors

You should contact your financial adviser or platform operator if you have a complaint related to your investment in the Fund. If your issue remains unresolved, you can contact the external dispute resolution scheme of which the platform operator is a member.

## Your privacy

### Platform operators

The main purpose in collecting personal information is so that we can set up and administer your investment account. If you do not provide the required information, we may not be able to process your application. If you would like us to not use your personal information for direct marketing purposes, please contact us.

Our Privacy Policy, which can be obtained online at [www.ampcapital.com/privacy](http://www.ampcapital.com/privacy) or by contacting us, sets out AMP Capital's policies on management of personal information. This information may be disclosed to other members of the AMP Group, financial advisers where applicable, to external service suppliers (including suppliers that may be located outside of Australia) who supply administrative, financial or other services that assist us in providing services to you, and to anyone you have authorised or if required by law.

You may access personal information held about you, although there are some exemptions to this. If you believe information held about you is inaccurate, incomplete or out of date, please contact us.

### Indirect investors

Your financial adviser or platform operator will collect personal information from you so that they can set up and administer your investment account. Your financial adviser or platform operator can provide you with information about how they use and disclose this information.

## Communication by fax

When you communicate with us by fax, it is your responsibility to obtain confirmation from us that we have received your fax. Neither we nor the Responsible Entity are responsible for any loss or processing delay that occurs as a result of us not receiving a faxed communication. Please note that we do not accept a sender's fax transmission record as evidence that a communication has been received by us. You also indemnify us and the Responsible Entity against any loss or liability arising from us or the Responsible Entity acting on any fraudulent communication received by fax.

## Unit Pricing Discretions Policy

The Responsible Entity may exercise certain discretions in determining the unit price of units on application and withdrawal in the Fund. The Unit Pricing Discretions Policy, which can be obtained online at [www.ampcapital.com](http://www.ampcapital.com) or a copy can be obtained, free of charge, by contacting us, sets out the types of discretions that the Responsible Entity may exercise and in what circumstances the Responsible Entity exercises the discretions and the reasons why it considers the policies are reasonable. The Responsible Entity is required to keep a record of any instance where a discretion is exercised in a way that departs from these policies.

## Asset Valuation Policy

Assets in which the Fund invests are held directly by the Fund or through underlying funds in which the Fund invests. Generally, these assets are valued at least each Business Day using market prices in accordance with the AMP Capital Asset Valuation Policy, with the exception of the following:

- **direct assets** are valued by us at least twice a year
- **units in unlisted funds** are valued at the most recent unit price supplied by the manager of the relevant fund
- **investments in underlying funds** are valued by an independent administrator, and
- **direct property** valuations are determined by independent property valuers annually, or more frequently to comply with certain scheme mandates as required.

For further information on AMP Capital's Asset Valuation Policy, please go to [www.ampcapital.com](http://www.ampcapital.com) or a copy can be obtained, free of charge, by contacting us.

# Applying for an investment

## Platform operators

### How to apply

Please contact our Client Services team on 1800 658 404 to obtain an application form.

The application form should only be completed and signed by:

- the person who is, or will become, the unit holder
- an authorised signatory if the application is on behalf of a company, trust or superannuation fund, or
- an agent for the investor, acting under power of attorney or as a legal or nominated representative.

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS free of charge online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) or by contacting us.

## Minimum investment amounts

- Initial investment – \$500,000
- Additional investment – \$5,000

The Responsible Entity reserves the right to accept lower investment amounts.

## Submitting your application

Application forms should be mailed to:

Client Services  
AMP Capital Investors Limited  
GPO Box 5445  
SYDNEY NSW 2001

Please include all required identification documentation when submitting your application.

## Indirect investors

Your financial adviser or platform operator will provide you with information about how to apply, including:

- the form you will need to complete
- minimum initial and additional investment amounts, and
- the method of paying your investment amount.

All investments are made on the basis of the PDS current at the time of contributing your investment amount. You can obtain a current PDS from your financial adviser or platform operator.

## Contact us

### **AMP Capital Funds Management Limited**

#### **Registered office**

33 Alfred Street  
SYDNEY NSW 2000

### **For North Platform investors:**

#### **North Service Centre**

**T:** 1800 667 841

**E:** [north@amp.com.au](mailto:north@amp.com.au)

**W:** [www.northonline.com.au](http://www.northonline.com.au)

### **For PortfolioCare and WealthView investors:**

#### **AMP Capital Client Services**

**T:** 1800 658 404

**E:** [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com)

**W:**

**[www.amp.com.au/portfoliocare](http://www.amp.com.au/portfoliocare)**

(PortfolioCare investors)

**[www.amp.com.au/wealthview](http://www.amp.com.au/wealthview)**

(WealthView investors)

### **Mailing address**

#### **North Platform investors:**

North Service Centre  
GPO Box 2915  
MELBOURNE VIC 3001

#### **PortfolioCare and WealthView investors:**

AMP Capital Investors Limited  
GPO Box 5445  
SYDNEY NSW 2001

# ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES FOR THE AUSBIL ADVANTAGE 130/30 FOCUS FUND

11 DECEMBER 2018

## IMPORTANT INFORMATION

AMP Capital Funds Management Limited (ABN 15 159 557 721, AFSL 426455) is the Responsible Entity of the Ausbil Advantage 130/30 Focus Fund (ARSN 622 735 068) ('Ausbil Advantage 130/30 Focus Fund' or 'the Fund') and issuer of this document.

AMP Capital Investors Limited (AMP Capital) (ABN 59 001 777 591, AFSL232497) has been appointed by the Responsible Entity to provide investment services in respect of the Fund, which includes being responsible for selecting and monitoring the Underlying Fund Manager and offer Fund related services.

The Fund invests into the Ausbil 130/30 Focus Fund (ARSN 124 196 621, 'Underlying Fund'), a registered managed investment scheme under the *Corporations Act 2001* (Cth) ('Corporations Act'). The investment manager and responsible entity of the Underlying Fund is Ausbil Investment Management Limited (ABN 26 076 316 473, AFSL 229722, referred to in this document as 'Ausbil' or 'Underlying Fund Manager'). The Underlying Fund Manager will be responsible for selecting and managing the Underlying Fund's investments.

In this document AMP Capital 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 Underlying 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 Benchmark and Disclosure Principles for the Ausbil Advantage 130/30 Focus Fund' and a current PDS for the Fund are available online at [www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds) and can also be obtained free of charge, on request.

## 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 Fund invests into the Underlying Fund. The Underlying Fund does not currently hold assets that are not exchange traded. If the Underlying Fund invests in such assets in the future, Ausbil has in place a policy to ensure valuations will be provided by an independent external provider.

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

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:

- 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:
  - 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, and
  - any change in the individuals playing a key role in investment decisions for the fund.

##### Annual (or more frequent) reporting

The responsible entity has and implements a policy to report on the following information as soon as practicable after the relevant period end:

- 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.

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).

##### Ongoing availability

The latest report, which addresses the above matters, is available on the hedge fund's website.

The fund meets this benchmark.

Key information in relation to the Fund is provided on the website ([www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds)) or upon request, free of charge.

### **Monthly reporting**

On a monthly basis, the following information will be provided to investors:

- the current total net asset value (NAV) of the Fund and the redemption value of a unit in the wholesale class as at the date of the NAV
- any changes in key service providers since any previous report was provided, including any change in related party status
- the net return on the Fund's assets after fees, costs and taxes, and
- any material change in the Fund's risk profile or strategy and any change in the investment team.

### **Annual reporting**

The following information will be included in the Fund's annual disclosure report:

- the actual allocation to each asset type
- the liquidity profile of the portfolio of assets as at the end of the relevant period
- the maturity profile of any liabilities at the end of the relevant period
- the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) at the end of the relevant period
- details on the derivative counterparties engaged
- the monthly or annual investment returns over at least a five-year period, and
- any changes to key service providers since any previous report given to investors, including any change in any related party status.

### **Ongoing availability**

The latest report, which addresses the above matters, is available on the website ([www.amp.com.au/advantagefunds](http://www.amp.com.au/advantagefunds)).

### 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 Fund invests into the Underlying Fund. The Underlying Fund aims to outperform the S&P/ASX 200 Accumulation Index over the long term.

The Underlying Fund primarily invests in a portfolio of Australian Securities Exchange (ASX) listed or about to be listed, Australian securities (long and short) that are generally chosen from the S&P/ASX 200 Accumulation Index.

The Underlying Fund may invest in companies listed on international exchanges (international listed equities), including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives and cash or cash equivalents.

The Underlying Fund does not leverage by borrowing cash. Short selling may be used to expand the range of available investment opportunities and achieve returns when share prices are expected to go down. Exchange traded derivatives may also be used for managing risk.

Investors in the Fund are exposed to risks at both the company level and market level.

#### **Explanation of how the strategy will produce investment returns**

The Fund invests into the Underlying Fund, which is a concentrated equity fund investing primarily in listed or about to be listed Australian securities that are generally chosen from the S&P/ASX 200 Accumulation Index. The Underlying Fund may also use short selling. The Underlying Fund may invest in companies listed on international exchanges, including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives for the purpose of managing risk and cash or cash equivalents. In all cases there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.

The Underlying Fund can invest in securities, known as a 'long' equity exposure. The Underlying Fund will hold between 25-50 securities for its long equity exposure.

The Underlying Fund uses short selling with the aim of enhancing returns. Ausbil shorts securities by borrowing securities from a securities lender, then selling them in the market in the expectation that they will be repurchased at a price lower than the initial sale price and then returned to the securities lender. The Underlying Fund will hold a maximum of 25 securities for its 'short' equity exposure.

The Underlying Fund will target 'long' equity positions of 130% and 'short' equity positions of 30%, although Ausbil will have the ability to move within the ranges set out below. In aggregate, short equity positions may range between 0% and 50% and long equity positions may range between 80% and 150%. The target net equity exposure is expected to be approximately 100% and the maximum allowable exposure to cash is 20%.

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

The Fund invests into the Underlying Fund. The investment returns of the Underlying Fund depend primarily on whether Ausbil's investment decisions in relation to the Underlying Fund's long and short positions are successful; that is, whether the securities that the Underlying Fund holds in long positions increase in value and whether the securities that the Underlying Fund sells short decrease in value (thereby resulting in a gain for the Fund). The ability to produce investment returns is a combination of two key factors. Firstly, the performance of the underlying market will determine a significant proportion of the total return of the Fund. Secondly, the success of Ausbil's investment process will determine the returns in excess of the market return.

The Underlying Fund will generally operate within a net equity exposure band of 80-100% and expected returns will reflect a level of correlation with overall equity returns (typically the higher the level of net equity exposure, the higher the correlation with market returns).

Where the Underlying Fund operates with a net equity exposure less than 100%, this may insulate investors from the full extent of any market decline. Conversely, the lower the Underlying Fund's net equity exposure, the more likely the Underlying Fund's returns will trail a rising equity market. The Underlying Fund Manager deploys judgement and experience to determine the net equity exposure.

The remaining component of overall Fund returns will also be determined by the success and failure of individual stock selection. Individual stock selection is determined by the application of Ausbil's stated investment philosophy and style (as explained above).

## Diversification guidelines or limits

The Underlying Fund's diversification guidelines are set out in the table below.

CONSTRAINTS	RANGE
Individual security exposure - relative to index	+10%/-6%
Aggregate maximum company exposure of issued capital	10%
Index sector positions <sup>1</sup>	+15%/-15%
Long equity security holdings	25-50
Short equity security holdings	0-25
Maximum non-index individual security position	+3%/-3%

1. Global Industry Classification Standard (GICS) Level 2, Except Materials GICS Level 4

### Any specific risks associated with the relevant investment strategy

Please refer to the 'Risks of investing' section on pages 9 - 10 of the PDS.

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

Share portfolios are inherently exposed to risk at both the company level and market level. The main investment risks to which the Fund may be exposed are generally a result of - stock selection, industry diversification, the level of cash in the Fund and the success in identifying short positions. This is achieved through the experience of Ausbil's investment team and the investment process. For information on the key risks to the Fund, please refer to 'Risks of managed investment schemes' on pages 9 to 10 of the PDS.

The Underlying Fund deploys three key elements as part of its risk management strategy:

1. a diversification of portfolio sectors and constituents within detailed limits and guidelines across the S&P/ASX 200 Index and other international sectors and constituents
2. a robust investment process which has consistently delivered returns above the benchmark over the medium term, and
3. Ausbil utilises a portfolio measurement tool that highlights key risk positions within the portfolio, such as tracking error and sources of risk. This portfolio measurement tool is run on a monthly basis and is cross referenced by the portfolio construction team following the formulation of the model portfolio. This information is archived on a monthly basis since inception of the Fund for historical comparison and audit trails.

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

Ausbil may change and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Underlying Fund.

If this were to occur, the Responsible Entity will provide investors written notice of any material variation which the Responsible Entity believes investors would not have reasonably expected.

## 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.

Ausbil is responsible for the investment management of the Underlying Fund. Ausbil's investment team is made up of investment professionals located in Australia with extensive experience.

Underlying Fund Manager	Key Individual	Experience (Years)	Qualifications
Chief Investment Officer and Head of Equities	Paul Xiradis	38	FAICD, GDipApp in, FIPA, FFIN
Co-Head of Equities	John Grace	32	BEcon., SIA (Aff)
Deputy Head of Equities and Lead Portfolio Manager	Gian Pandit	27	BA Econ

### PAUL XIRADIS

Paul Xiradis has over 38 years of financial services experience with companies such as Westpac Banking Corporation's Investment Management Division, Mercantile & General and Legal & General Asset Management. His career includes senior roles in management, investment management and portfolio management in the funds management industry. In 1997, he co-founded Ausbil where he now holds the position of Executive Chairman, Chief Investment Officer and Head of Equities where he has been instrumental in building the funds under management to over \$10 billion (as at 31 October 2017).

His role includes strategy, portfolio construction and input into the investment management of the Underlying Fund. He is a member and Chairman of Ausbil's Portfolio Construction Committee and spends 10% of his time executing the Underlying Fund's investment strategy.

### JOHN GRACE

John Grace has over 32 years of financial services experience with companies such as McNall & Hordern (Sydney), Cazenove & Co (London), Royal Insurance Asset Management (London) and Legal & General Asset Management (Sydney).

His career includes senior roles in management, stock broking, investment management and portfolio management in the funds management industry.

His initial grounding in equity analysis came through positions with stockbroking firms McNall & Hordern in Sydney and Cazenove & Co in London. Whilst in the United Kingdom, he became Portfolio Manager for Royal Insurance Asset Management with responsibility for Asia Pacific Funds. Back in Australia after five years in London, he joined Legal & General Asset Management as Senior Portfolio Manager. In 2001, he moved to Ausbil where he now holds the position of Co-Head of Equities.

His role includes strategy and portfolio construction, as well as input into the investment management of the Underlying Fund. He is a member of Ausbil's Portfolio Construction Committee and spends 20% of his time executing the Underlying Fund's investment strategy.

### GIAN PANDIT

Gian Pandit has over 27 years of financial services experience with companies such as Deutsche Bank, Ellerston Capital, ING and AMP Capital. His career includes senior roles in management, investment management and portfolio management in the funds management industry.

Before joining Ausbil, he was a Co-Head of the Australian Fundamental Equities team at AMP Capital. His primary roles were the management of a long/short equities portfolio, management of a concentrated equities portfolio and overall management of over \$7 billion of funds under management. Prior to joining AMP Capital, he was Director of Investments/Senior Portfolio Manager at ING where he managed concentrated and long short portfolios with funds under management exceeding \$10 billion. His role includes strategy and portfolio construction, as well as research, analysis and investment management of the Underlying Fund. He is a member of Ausbil's Portfolio Construction Committee and spends 80% of his time executing the Underlying Fund's investment strategy.

### 3. FUND STRUCTURE

#### DISCLOSURE PRINCIPLE 3: THE RESPONSIBLE ENTITY SHOULD DISCLOSE THE FOLLOWING INFORMATION:

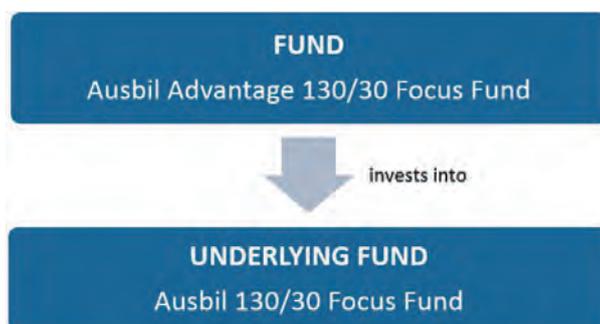
1. the fund's investment structure - that is, the key entities involved (eg companies, schemes, and limited partnerships), their relationship to each other and their roles, together with a diagram showing the flow of investment money through the structure
2. the identities of the key service providers (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 Underlying Fund which is a concentrated equity fund primarily investing in listed or about to be listed Australian securities that are generally chosen from the S&P/ASX 200 Accumulation Index. The Underlying Fund may also use short selling. The Underlying Fund may invest in companies listed on international exchanges, including Australian companies listed overseas. The Underlying Fund may also invest in exchange traded derivatives and cash or cash equivalents.

The Responsible Entity of the Fund is AMP Capital Funds Management Limited.

AMP Capital Investors Limited (AMP Capital) has been appointed by the Responsible Entity to provide investment services in respect of the Fund, including the responsibility for selecting and monitoring the Underlying Fund Manager.



#### Key service providers

There are a number of parties who have been engaged by the Responsible Entity and Ausbil to provide services in relation to operating the Fund and the Underlying Fund.

A summary of the Fund's (and Underlying Fund's) key service providers is shown below.

#### Underlying Fund Manager - Ausbil Investment Management Limited

The Underlying Fund Manager is Ausbil Investment Management Limited (Ausbil). The investment management agreement between AMP Capital and Ausbil governs Ausbil's provision of investment management services.

#### Responsible Entity - Fund administrator, custodian and unit registrar - BNP Paribas

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

The ongoing review process of BNP Paribas includes a review of approximately 42 key performance indicators (KPIs) on a monthly basis. Failures of any of these KPIs allows us to impose 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 Paribas 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.

#### **Ausbil – Underlying Fund administrator and custodian - National Australia Bank Limited (Australia)**

National Australia Bank Limited (NAB) has been appointed by Ausbil as the Custodian for the Underlying Fund. The Custodian provides custodial services to the Underlying Fund and is responsible for the safekeeping of the assets of the Underlying Fund. As Custodian of the assets of the Underlying Fund, NAB has no independent discretion with respect to the holding of assets, has no supervisory role in relation to the Underlying Fund and is subject to performance standards.

NAB has also been appointed by Ausbil as the Administrator for the Underlying Fund. The Administrator for the Underlying Fund provides administration services to Ausbil on behalf of the Underlying Fund.

#### **Responsible Entity - Firm Auditors - EY**

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.

#### **Ausbil – Underlying Fund and Compliance Plan Auditors - PwC Australia**

Ausbil has appointed PwC Australia ('PWC') as the Underlying Fund auditor and compliance plan auditor for the Underlying Fund. The auditor's role is to provide an audit of the financial statements and compliance plan of the Underlying Fund each year, as well as performing a half yearly review (if required), and to provide an opinion on the financial statements.

#### **Ausbil – Underlying Fund - securities lending counterparties**

##### **Deutsche Securities Australia Limited (Australia)**

Deutsche Securities Australia Limited ('Deutsche') is one of the securities lending counterparties. The security lender's role is to purchase the security(ies) and enter into an agreement to transfer the security(ies) to the Underlying Fund, enabling the Underlying Fund to short sell the security(ies). In turn, the Underlying Fund agrees to return the equivalent security(ies) back to the security lender at a future date.

##### **Macquarie Bank Limited (Australia)**

Macquarie Bank Limited ('Macquarie') is one of the securities lending counterparties. The security lender's role is to purchase the security(ies) and enter into an agreement to transfer the security(ies) to the Underlying Fund enabling the Underlying Fund to short sell the security(ies). In turn, the Underlying Fund agrees to return the equivalent security(ies) back to the security lender at a future date.

##### **Merrill Lynch Equities (Australia) Limited (Australia)**

Merrill Lynch Equities (Australia) Limited ('Merrill Lynch') is one of the securities lending counterparties. The security lender's role is to purchase the security(ies) and enter into an agreement to transfer the security(ies) to the Underlying Fund, enabling the Underlying Fund to short sell the security(ies). In turn, the Underlying Fund agrees to return the equivalent security(ies) back to the security lender at a future date.

#### **Securities lenders**

Ausbil has appointed securities lenders pursuant to industry standard agreements (ie generally either an Australian Master Securities Lending Agreement (AMSLA) or International Swaps and Derivatives Association Agreement (ISDA)) (Agreement).

Under each agreement, the Underlying Fund enters into a principal relationship with the securities lender. Under the terms of each agreement, the stock borrowed is transferred into the name of the Underlying Fund whilst legal title to collateral lodged with the securities lender is transferred to the securities lender. In this way, the Underlying Fund's credit exposure is limited to the difference in value between the stock borrowed to cover the short position and the amount of stock collateral the Underlying Fund lodges with the securities lender.

The fees, costs and charges incurred pursuant to each agreement are an expense of, and are payable by the Underlying Fund. The securities lenders have no decision-making discretion relating to the investment of the assets of the Underlying Fund and make no representation in respect of the Underlying Fund or the investment of the assets.

Where the Underlying Fund intends to short-sell securities, it is anticipated that the securities will be borrowed from the securities lender under each Agreement.

Under the terms of each agreement, the Underlying Fund may seek to borrow the securities with a borrowing request. If the securities lender accepts the Underlying Fund's borrowing request, the securities lender will deliver the securities borrowed to the Underlying Fund or as the Underlying Fund directs. The Underlying Fund will have an obligation to re-deliver the securities borrowed or equivalent securities on an agreed date or otherwise the securities lender may call for the re-delivery at any time by giving notice on any Business Day of not less than the standard settlement time for such equivalent securities. The Underlying Fund must provide collateral to secure its obligations under the relevant Agreement. 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 at least equals the value of securities borrowed plus the margin.

The Underlying Fund may remove a securities lender or appoint another securities lender in its place at any time without notice to investors.

### **Related party transactions**

**Responsible Entity** - Any transaction between AMP Capital or the Responsible Entity and any of their respective related parties must comply with related party protocols and AMP Capital policies and procedures. For these purposes, a related party includes certain entities and individuals that have a close relationship with AMP Capital or the Responsible Entity. Related parties of the Responsible Entity include the Responsible Entity itself, entities that the Responsible Entity controls, funds operated or managed by the Responsible Entity and agents of the Responsible Entity.

As at the date of this additional disclosure, the relevant policies and procedures that apply to related party transactions of AMP Capital or the Responsible Entity are contained in the AMP Conflicts of Interest Policy. Under these policies and procedures, the parties must transact on terms that would be reasonable if they were dealing at arm's length, relevant legislative requirements must be satisfied and the interests of investors must be protected. The policies and procedures will be reviewed on a regular basis and may change from time to time.

Under the Fund's Constitution, the Responsible Entity may:

- deal with itself, an associate, investor or any other person
- be interested in and receive a benefit under any contract or transaction with itself, an associate, investor or any other person, or
- act in the same or similar capacity in relation to any other fund.

**Underlying Fund Manager** - The Underlying Fund Manager is owned by its employees and indirectly by New York Life Investment Management Holdings LLC, a wholly-owned subsidiary of New York Life Insurance Company ('New York Life'). For these purposes, a related party includes certain entities and individuals that have a close relationship with the Underlying Fund Manager, including, but not limited to New York Life itself, other subsidiaries of New York Life and other funds operated or managed by any other member of the New York Life group of companies.

The Underlying Fund Manager may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. The Underlying Fund Manager may also enter into financial or other transactions with related parties in relation to the assets of the Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

In the course of managing the Underlying Fund, the Underlying Fund Manager may come across conflicts in relation to its duties to the Underlying Fund, related funds and its own interests. The Underlying Fund Manager has internal policies and procedures in place to manage all conflicts of interest appropriately. These policies and procedures will be reviewed on a regular basis and may change from time to time. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

The Underlying Fund's Constitution does not specify a limit in respect of related party investments by the Underlying Fund.

At the date of this additional disclosure, the Underlying Fund does not hold any related party investments and there are no material related party arrangements in place with the Underlying Fund that have not been made on arm's length terms.

### **Fees and costs**

The Underlying Fund does not invest in any underlying funds. 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.

Jurisdiction of the entities involved in the Fund structure

The assets of the Underlying Fund are generally denominated in the currency of the relevant jurisdiction, for example companies listed on the Australian Securities Exchange will be denominated in Australian dollars.

### **Risks of the Fund's structure**

**Share market investments** – the value of the Fund's investment in listed securities may decrease as a result of adverse share market movements.

**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.

**Small companies** – the specific risks relating to small companies, which include disappointing profits and dividends, as well as management changes, may be magnified for small companies due to their scale of operations.

## 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

The Fund invests into the Underlying Fund. The Underlying Fund has a valuation policy where the Underlying Fund's assets and liabilities are usually valued each business day. Generally, for unit pricing purposes, listed securities and exchange traded derivatives are valued using the last available market price quoted on the relevant exchange. Any other assets such as cash and cash receivables are valued at recoverable value. Any income entitlements, cash at bank, and any amounts of Goods and Services Tax (GST) recoverable from the Underlying Fund from the Australian Taxation Office (ATO) are also included in asset values used to calculate the investment and withdrawal unit price.

Types of assets the Fund invests in through the Underlying Fund

Asset Class	Range
Long equity positions	80-150%
Short equity positions	0-50%
Net equity exposure <sup>1</sup>	80-100%
Gross equity exposure <sup>2</sup>	80-200%
Australian listed equities	65-150%
International listed equities	0-15%
Exchanged traded derivatives	0-50%
Cash and cash equivalents	0-20%

1. Net equity exposure is the total long equity position minus the total short equity positions.
2. Gross equity exposure is the total long equity position plus the total short equity positions.

The Underlying Fund does not have a geographic location policy, as it primarily invests in Australian securities (both long and short) listed on the ASX.

#### Custodial arrangements

**Responsible Entity** - BNP Paribas is the custodian of the assets of the Fund. See Disclosure Principle 3 for further information on BNP Paribas.

**Ausbil** - NAB is the custodian of the assets of the Underlying Fund. See Disclosure Principle 3 for further information on NAB.

## 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.

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.

## 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.

The Fund's Constitution does not limit the amount of borrowings by the Fund. However, the Fund does not intend to borrow cash to leverage the Fund.

The Fund invests into the Underlying Fund. The Underlying Fund's Constitution does not limit the amount of borrowings by the Underlying Fund. However, Ausbil does not intend to gear the Underlying Fund through borrowings.

Although the Underlying Fund does not use leverage in the traditional sense (for example, borrowing cash to buy shares), the Underlying Fund will utilise the cash generated from a short securities sale to purchase additional securities, magnifying the exposure to the securities. This strategy has the effect of magnifying both positive and negative Underlying Fund returns, which in turn may magnify other investment risks.

Leverage is measured by dividing the sum of the gross long equity positions and the short equity positions by the net asset value.

The maximum permitted gross level of leveraging is 200% of the value of the Underlying Fund. Ausbil will have the ability to move within the range of 80% to 200%.

### Leverage example

If the Underlying Fund sold short (ie borrowed) to its maximum extent permitted by the current investment strategy, the Underlying Fund would have a total gross equity exposure of 200% through its long and short exposures. As an example, a \$100,000 dollar investment in the Fund would have \$150,000 worth of exposure to long equity positions and \$50,000 worth of exposure to short equity positions, totaling \$200,000 worth of market exposure. The following table provides examples of four different scenarios of the Underlying Fund's performance and their theoretical outcome if the Underlying Fund was at its maximum level of gross equity market exposure and the effect of leveraging. Note that this example does not take into account borrowing or trading costs.

RETURN ON UNDERLYING SECURITIES	LONG PORTFOLIO VALUE	SHORT PORTFOLIO VALUE	TOTAL NET PORTFOLIO VALUE
Long equity return: +10% Short equity return: +10%	\$150,000 x 110% = \$165,000	\$50,000 x 110% = \$55,000	\$110,000
Long equity return: -10% Short equity return: +10%	\$150,000 x 90% = \$135,000	\$50,000 x 110% = \$55,000	\$80,000
Long equity return: +10% Short equity return: -10%	\$150,000 x 110% = \$165,000	\$50,000 x 90% = \$45,000	\$120,000
Long equity return: -10% Short equity return: -10%	\$150,000 x 90% = \$135,000	\$50,000 x 90% = \$45,000	\$90,000

## 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

The Underlying Fund may use exchange traded derivatives such as options and futures with the aim of managing risk. For example, protecting against risks such as unfavourable changes in an investment's price brought about by, for example, short selling, changes in interest rates, credit risk, equity prices, currencies or other factors.

### Types of derivatives used or planned to be used

Exposure to derivatives is limited to 50% of the net equity exposure of the Underlying Fund.

### Criteria for engaging derivatives counterparties

Exchange traded derivatives do not have a counterparty as all settlement and clearing obligations are met by the relevant clearing agent.

### Key risks of derivative collateral requirements

There are risks of losses to the Fund through the use of derivatives, and where derivatives are used by underlying funds in which the Fund invests, including:

- the value of a derivative may not move in line with the value of the underlying asset
- a derivative position cannot be reversed
- losses may be magnified, and
- the party on the other side of a derivative contract defaults on financial or contractual obligations.

### Whether the derivatives are OTC or exchange traded

Currently, the Fund primarily deals in exchange traded derivatives. The Underlying Fund does not use over-the-counter (OTC) derivatives.

## 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 Underlying Fund uses short selling with the aim of enhancing returns. Short selling is the practice of selling securities that have been borrowed from a securities lender and selling them in the market leaving the Fund with a 'short position'. This is done with the expectation that the securities will be repurchased at a price lower than the initial sale price and then returned to the securities lender.

The Underlying Fund provides cash or securities to the securities lender as collateral for the securities that the Underlying Fund borrows. Each of the entities that the Underlying Fund conducts securities lending with have signed an AMSLA with credit exposures limited to the difference between the securities borrowed to cover the short sale and the amount of cash or security collateral the Fund lodges with the securities lender. Security lenders generally require a margin over the borrowed amount, usually 110% if stock is lodged as collateral or 105% if cash is lodged as collateral.

#### **Short selling example**

If the Underlying Fund borrows 100 shares and sells those shares for \$50 per share, the Underlying Fund would receive \$5,000 in sale proceeds. If the price of the shares subsequently falls to \$40 per share, the Underlying Fund can buy back the 100 shares it borrowed at \$40 per share and return the 100 shares to the lender. Excluding any borrowing expenses, the Underlying Fund would have made a gain of \$1,000.

If, however, the price of the share increased to \$60 per share and the Underlying Fund bought back the 100 shares at \$60 per share (\$6,000) it would make a loss of \$1,000, excluding any borrowing expenses incurred.

The maximum investable exposure of the Underlying Fund is 100%, however, the Underlying Fund's long and short position limits are 150% and 50% respectively. For each \$1 invested in the Fund, the Fund may buy up to \$1.50 worth of securities (ie long positions) or short sell up to \$0.50 worth of securities (ie short positions).

#### **Risks of short selling**

As the Underlying Fund engages in short selling, the Fund may be exposed to short position risk where there is no limit on the maximum loss that can be incurred when short selling. Short selling will also increase the Fund's gross equity exposure to the share market above 100%. The Underlying Fund is restricted to short securities up to a maximum of 50% of the Underlying Fund. This in turn may magnify the exposure to other investment risks detailed in 'Risks of investing' on pages 9 to 10 of the PDS.

#### **Short selling risk management**

Short selling risks are managed through the use of strategies such as:

- stop loss limits – selling a security when it reaches a certain price
- pair trades – short positions are offset by also taking long positions in similar securities, and
- option overlay strategies to reduce equity related risk.

## 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 'Accessing your money' section of the PDS. In addition to the information in the PDS we would note that:

- 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

**AMP Capital Funds Management Limited** For North Platform investors:  
**Registered office**  
33 Alfred Street  
Sydney NSW 2000

**North Service Centre**  
**T:** 1800 667 841  
**E:** [north@amp.com.au](mailto:north@amp.com.au)  
**W:** [www.northonline.com.au](http://www.northonline.com.au)

For PortfolioCare and WealthView investors:  
**AMP Capital Client Services**  
**T:** 1800 658 404  
**E:** [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com)  
**W:**  
[www.amp.com.au/portfoliocare](http://www.amp.com.au/portfoliocare)  
(PortfolioCare investors)  
[www.amp.com.au/wealthview](http://www.amp.com.au/wealthview)  
(WealthView investors)

### Mailing address

**North platform investors:**  
North Service Centre  
GPO Box 2915  
MELBOURNE VIC 3001

**PortfolioCare and WealthView investors:**  
AMP Capital Investors Limited  
GPO Box 5445  
SYDNEY NSW 2001