



# ELLERSTON CAPITAL

4 June 2019

## Australian Share Fund – Class A Units

### Product Disclosure Statement

**SYDNEY OFFICE**

Level 11, 179 Elizabeth Street,  
Sydney NSW 2000

**MELBOURNE OFFICE**

Level 4, 75-77 Flinders Lane,  
Melbourne VIC, 3000

Ph: +61 2 9021 7797  
E: [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com)

APIR Code: ECL0005AU

---

# Australian Share Fund – Class A Units

---

## Important Information

Ellerston Capital Limited ABN 34 110 397 674, AFSL No. 283 000 (Ellerston Capital, we or us) is the responsible entity and investment manager of the Ellerston Australian Share Fund (Fund, ARSN 135 591 534) and is the issuer this Product Disclosure Statement (PDS). As responsible entity, Ellerston Capital is responsible for all aspects of the Fund including managing the assets and overseeing the operations of the Fund.

Ellerston Capital holds an Australian Financial Services Licence (AFSL No. 283 000) which regulates its prudential requirements and its delivery of financial services.

This PDS provides a summary of significant information relating to Class A Units of the Fund. It also contains a number of references to additional information which forms part of this PDS. This is important information you should read before making a decision to invest into the Fund. You can access the “Additional Information to the Product Disclosure Statement” on our website, download a copy or request a copy free of charge by calling us. The information in this PDS is general information only and does not take into account your personal financial situation or needs. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances. If you are investing through an IDPS, you should contact your IDPS with any queries.

---

## Table of Contents

---

|    |                                                                     |           |
|----|---------------------------------------------------------------------|-----------|
| 1. | <b>ABOUT ELLERSTON CAPITAL LIMITED</b>                              | <b>1</b>  |
| 2. | <b>HOW THE ELLERSTON AUSTRALIAN SHARE FUND WORKS</b>                | <b>1</b>  |
| 3. | <b>BENEFITS OF INVESTING IN THE ELLERSTON AUSTRALIAN SHARE FUND</b> | <b>3</b>  |
| 4. | <b>RISKS OF MANAGED INVESTMENT SCHEMES</b>                          | <b>3</b>  |
| 5. | <b>HOW WE INVEST YOUR MONEY</b>                                     | <b>4</b>  |
| 6. | <b>FEES AND COSTS</b>                                               | <b>6</b>  |
| 7. | <b>HOW MANAGED INVESTMENT SCHEMES ARE TAXED</b>                     | <b>9</b>  |
| 8. | <b>HOW TO APPLY</b>                                                 | <b>9</b>  |
| 9. | <b>OTHER INFORMATION</b>                                            | <b>10</b> |

---

---

## 1. About Ellerston Capital Limited

---

Ellerston Capital is a specialist investment manager providing innovative benchmark independent equity strategies.

Ellerston Capital is passionate about investing, creating value for clients, identifying the best stocks and creating portfolios that perform. As a firm majority owned by its principals and employees, our client's objectives are our objectives.

Ellerston Capital has been managing money since 2002 and currently manages over \$5 billion as at the date of this PDS.

---

## 2. How the Ellerston Australian Share Fund works

---

Your investment in the Fund is pooled together with other investors' money. We use this pool to invest in our equity based strategy and manage them on behalf of all investors in the Fund according to the Fund's investment strategy. By investing in the Fund you benefit from the knowledge and expertise of our skilled investment managers. We have day-to-day control over the operation of the Fund.

The Fund is a unit trust and is governed by its Constitution. The Net Asset Value of the Fund is divided into classes of 'units' which represent a share of the pool of assets that make up the Fund. The prices for these units are generally calculated on a daily basis, and will change as the market value of assets in the class rises or falls. This PDS relates to Class A Units only and references to "Unit" in the PDS shall be references to Class A Units. The Fund has also issued other units which invest in the same portfolio as Class A Units and have identical terms except with respect to fees. These units are available to institutional clients.

When you make an investment in the Fund, we will allocate Units to you based on the Application Price for the relevant Transaction Day. When you redeem, we will redeem your Units based on the Redemption Price for the relevant Transaction Day. See "Processing" below for further details.

Application Prices are usually higher than Redemption Prices due to the Buy/Sell Spread. The Buy/Sell Spread is built into the Application Price and Redemption Price and represents your contribution to the costs of buying and selling the underlying assets in the Fund. See "Buy/Sell Spread" on page 8 for further details.

Unit prices are available at [www.ellerstoncapital.com](http://www.ellerstoncapital.com) or by contacting Ellerston Capital on (02) 9021 7797. Ellerston Capital has documented how it intends to exercise unit pricing discretions in a policy document. The policy document is available to Unitholders free of charge by contacting Ellerston Capital.

The Fund is registered with the Australian Securities and Investments Commission (ASIC) as a managed investment scheme. ASIC takes no responsibility for this PDS or the operation of the Fund by Ellerston Capital.

The Fund is only available to investors within Australia who are "wholesale clients" as defined by the Corporations Act 2001 (Cth) unless otherwise approved by us.

### Investing Indirectly in the Fund

If you invest indirectly in the Fund through an Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody service (collectively, IDPS), then you do not hold Units in the Fund and you have none of the rights of a Unitholder. Instead, the IDPS holds those Units on your behalf. Investing through an IDPS may result in different conditions applying from those referred to in this PDS including minimum investment, fees and other costs, cooling off rights, applications, redemptions and distributions and provision of statements. However, Indirect Investors will have access to Ellerston Capital's complaint resolution procedures to the same extent as if they were a Direct Investor. You should contact your financial adviser or IDPS operator for further information.

This PDS may be used as disclosure to persons who wish to access the Fund through an IDPS. If you wish to invest in the Fund through an IDPS, contact your IDPS for details regarding how to invest and how to redeem. This PDS must be read together with documents provided by the IDPS.

You should read the important information about how Indirect Investors acquire and dispose of Units in the Fund before making a decision. Go to the sections "Indirect Investors", "Application Form" and "Redemptions" in section 2 entitled "Indirect Investors" of

“Additional Information to the Product Disclosure Statement” at [https:// www.ellerstoncapital.com/additionalinformation](https://www.ellerstoncapital.com/additionalinformation) EASF. The material relating to the acquisition and disposal of Units in the Fund by Indirect Investors may change between the time when you read this PDS and the day when you acquire the product.

## Investing Directly in the Fund

Information regarding how to invest directly (as opposed to investing through an IDPS) is set out below.

### Minimum Initial Investment

The minimum initial investment is \$25,000. We may in our absolute discretion waive or reduce this minimum requirement. In certain circumstances, we may reject an application or accept only part of an application. Refer to “Processing” below and page 7 for more information about the application process.

### Additional Investments

The minimum additional investment is \$10,000. We may in our absolute discretion waive or reduce this minimum requirement. If you wish to invest more in the Fund, please send the Administrator or Ellerston Capital your written instructions with your payment. There is no need to complete an additional Application Form.

### How to Redeem

Generally, you can redeem some or all of your investment by giving the Administrator written notice prior by 2:00pm (Sydney time) on a Transaction Day (or such other time as we may determine). A Transaction Day occurs each Business Day. See “Processing” below for further details.

The minimum redemption amount is \$10,000 unless otherwise approved by us. Redemptions will generally be paid to you within five Business Days of the transaction day. There may be circumstances where your ability to redeem on request from the Fund within the usual period is restricted. For example, there may be a freeze on redemption requests where we are unable to value the Fund’s assets due to financial market disruptions.

## Processing Applications and Redemptions

Generally, if the Administrator receives a completed Application Form, including all related documents and application monies, by 2:00pm (Sydney time) on a Transaction Day (or such other time as we may determine), we will process the application using that Transaction Day’s Application Price.

Generally, if the Administrator receives a redemption request by 2:00pm (Sydney time) on a Transaction Day (or such other time as we may determine), we will process the redemption using that Transaction Day’s Redemption Price.

Application Forms or redemption requests received after the relevant cut-off time will generally be processed for the following Transaction Day. We may in our absolute discretion reject or decline to accept applications (in part or in full). Any interest payable on application amounts will accrue to the benefit of the Fund. Application amounts paid in respect of rejected or the scaled back portion of applications will be returned to investors without interest.

You should read the important information about how Direct Investors acquire and dispose of Units in the Fund before making a decision. Go to **section 3** entitled “Applications and Redemptions” of “Additional Information to the Product Disclosure Statement” at <https://www.ellerstoncapital.com/additionalinformationEASE>. The material relating to the acquisition and disposal of Units in the Fund by Direct Investors may change between the time when you read this PDS and the day when you acquire the product.

## Distributions

If you invest in the Fund via an IDPS, you should contact your IDPS to find out how distributions may be paid to you.

Distributions will be calculated on a pro rata basis, by reference to the number of Units held. The distribution policy of the Fund is to distribute (where available) as soon as practicable after each half yearly period ending 30 June and 31 December (or otherwise as determined by us) the income of the Fund less expenses. Distributions from the Fund may comprise income and/or capital as determined by us under the Constitution. Unitholders may elect to reinvest distributions from the Fund (refer to the Application Form). If you do not make a choice, your distributions will be automatically reinvested. Units issued on reinvestment of distributions will generally be issued at the Net Asset Value per Unit (with no Buy/Sell Spread). We may, from time to time, distribute additional amounts where we believe it is appropriate.

---

## 3. Benefits of Investing in the Ellerston Australian Share Fund

---

### Significant Features

- The Fund is an actively managed concentrated portfolio of Australian listed securities.
- Ellerston Capital take an active, “bottom-up”, benchmark independent approach to stock selection.
- The Fund focuses on securities with a minimum market capitalisation of \$300 million, typically with a bias away from the top 20 Australian listed securities (by market capitalisation).
- The ability to apply for and redeem Units on a daily basis and half yearly distributions of income (to the extent available).
- The Fund will not short sell physical securities or borrow securities.

### Significant Benefits

Investing in the Fund offers investors a range of benefits:

- Potential for long term capital growth and income distributions. This approach aims to generate returns that are superior to the Benchmark returns;
- The Fund provides access to Ellerston Capital's experienced investment specialists and benchmark independent investment approach;
- Regular updates including reports, investment statements and annual tax statement to keep you up-to-date on your investment.

You should read the important information about other features and benefits of the Fund before making a decision. Go to **section 7** of the “Additional Information to the Product Disclosure Statement” at <https://www.ellerstoncapital.com/additionalinformationEASF>. The material relating to the other features and benefits of the Fund may change between the time when you read this PDS and the day when you acquire the product.

---

## 4. Risks of Managed Investment Schemes

---

All investments carry risk. The likely investment return and the risk of losing money is different for each managed investment scheme as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long term return (such as shares) may also have the highest risk of losing money in the shorter term.

The significant risks of the Fund are:

- **Market Risk:** The risk that the value of the Fund's investments will fluctuate as a result of factors such as economic variables (including interest rates, unemployment, inflation and economic growth), market conditions and sentiment. Changes in government regulations (e.g. tax), local and international political events and environmental and technological issues may impact on the Fund's ability to implement its strategy. Market risk may have different impacts on each type of asset, investment style and investor.
- **Security Specific Risk:** The risk that the price of shares in a particular company may be affected by the operational and financial circumstances of the issuer of those securities such as the state of their underlying businesses (including the level of debt they carry, the availability of debt financing and level of interest rates), their profits, earnings and cash flows.
- **Portfolio Risk:** The Fund may be relatively concentrated across a narrower list of securities, sectors, industries and geographies than the Benchmark and therefore may display higher volatility or be adversely affected by the unfavourable performance of any of those individual securities.

- **Fund Risk:** The success of the Fund depends upon our ability to develop and implement the Fund's investment strategy and identify investment opportunities that achieve the Fund's investment objective.
- **Distribution Risk:** The Fund is not designed for investors seeking regular income payments. There is no guarantee that any distributable income will be generated. In certain circumstances, Unitholders may be liable for tax on distributions even if they have not received any distribution in cash.
- **Derivatives Risk:** Derivatives have the potential to cause losses that are large in proportion to the money invested in them. The Fund's notional exposure to Derivatives will generally be limited to 10% of Net Asset Value.
- **Risk can be managed but it cannot be completely eliminated.** It is important to understand that:
  - the value of your investment will go up and down;
  - investment returns will vary and future returns may be different from past returns;
  - returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
  - laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on your age, investment time frame, where other parts of your wealth are invested and how comfortable you are with the possibility of losing some of your money in some years.

You should read the important information about the significant risks of investing in the Fund before making a decision. Go to **section 5** entitled "Risks" of "Additional Information to the Product Disclosure Statement" at <https://www.ellerstoncapital.com/additionalinformationEASE>. The material relating to significant risks of investing in the Fund may change between the time when you read this PDS and the day when you acquire the product.

## 5. How We Invest Your Money

**Warning: You should consider the likely investment return, risk and your investment time frame when choosing to invest into the Fund.**

| ELLERSTON AUSTRALIAN SHARE FUND                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                              |           |      |         |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------|------|---------|
| INVESTMENT RETURN OBJECTIVE                               | The investment objective of the Fund over time is to outperform the Benchmark. The Fund aims to achieve this by investing in a concentrated portfolio comprising no more than 25 Australian listed securities. Where there is a lack of suitable investment opportunities or as a means of preserving capital, the Fund may hold up to 25% of its Net Asset Value in Cash.                                                                                                                                                                                                                                                                                                                                                                                                     |                              |           |      |         |
| MINIMUM SUGGESTED TIME FRAME                              | At least five years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                              |           |      |         |
| BENCHMARK                                                 | S&P/ASX 200 Accumulation Index                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                              |           |      |         |
| SUITABILITY                                               | The Fund is intended to be suitable for investors with a medium to long term investment timeframe who are looking to invest in an actively managed concentrated portfolio of Australian listed securities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |           |      |         |
| ASSET CLASSES AND ASSET ALLOCATION RANGES (DELTA EXPOSED) | <table border="0"> <tr> <td>Australian listed securities</td> <td>75 – 100%</td> </tr> <tr> <td>Cash</td> <td>0 – 25%</td> </tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Australian listed securities | 75 – 100% | Cash | 0 – 25% |
| Australian listed securities                              | 75 – 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                              |           |      |         |
| Cash                                                      | 0 – 25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                              |           |      |         |
| DESCRIPTION OF FUND                                       | The Fund's investment philosophy is built around the assertion that the Australian sharemarket is at times inefficient and "dislocations" or mispricing opportunities frequently prevail across industries and in particular stocks. Through an active, "bottom-up" approach to stock selection, we seek to identify and then construct a concentrated portfolio made up of what we believe to be the best stock opportunities currently available in the Australian sharemarket. Stock selection for the Fund is not constrained by reference to its index weight or by any benchmark. Similarly we are not constrained by any "growth" or "value" style bias when evaluating investment opportunities. Investment opportunities for the Fund are identified by analysing and |                              |           |      |         |

| ELLERSTON AUSTRALIAN SHARE FUND                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                 | <p>understanding the factors affecting: business model, industry structure, management team and overall valuation.</p> <p>Amongst other factors, we generally tend to favour businesses that can sustain high returns or improve their return on capital and seek businesses with a market value below the value we attribute to them.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>RISK LEVEL<sup>1</sup></b>                                   | Medium to high. Medium to high risk of underperforming or outperforming the Benchmark in any year due to the Fund's concentrated approach to stock selection and benchmark unaware investment process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>FUND PERFORMANCE</b>                                         | Performance information for the Fund will be made available at <a href="http://www.ellerstoncapital.com">www.ellerstoncapital.com</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>PORTFOLIO GUIDELINES</b>                                     | <p><b>Investment Universe</b>      Australian listed securities (including dual listed securities), securities expected to list on a recognised Australian exchange within three months, or through American Depositary Receipts or similar instruments or Derivatives. The Fund may also invest in Cash.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                 | <p><b>Number of positions</b>      10 – 25 securities</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                 | <p><b>Market capitalisation</b>      Minimum market capitalisation of \$300 million at time of investment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                 | <p><b>Position limits</b>      Maximum company holding: 10% of the Net Asset Value of the Fund at the time of investment by the Fund.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                 | <p><b>Derivatives</b>      Australian exchange traded Derivatives may be used so long as the notional Derivatives exposure of the Fund at any time does not exceed 10% of the Net Asset Value of the Fund. However, this limit may be exceeded on a temporary basis with the dominant purpose of managing financial risk arising from deferring a proposed dealing in another financial product that is not a Derivative (for example managing cash flows that result from applications or redemptions).</p>                                                                                                                                                                                                                                                                 |
|                                                                 | <p>The Fund will not short sell physical securities or borrow securities. Save where specified to the contrary, the above thresholds apply as at the date of the relevant investment. Where a threshold would be breached merely because of any appreciation in value (e.g. as a result of strong outperformance), depreciation in value, capital restructure, corporate action or similar event, the Fund will be rebalanced or reduced back to below that threshold within a reasonable timeframe.</p> <p>We may invest through funds with a substantially similar investment objective, philosophy and universe managed by us or an entity related to us. We will waive or set off additional management and performance fees payable in respect of such investments.</p> |
| <b>LABOUR, ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS</b> | We do not take labour standards or environmental, social or ethical considerations into account when making investment decisions. Such issues may affect the financial performance of an investment and any such financial effect would influence our investments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>CHANGES TO FUND DETAILS</b>                                  | We have the right to change the Fund's investment return objective (including Benchmark), asset classes and asset allocation ranges and currency strategy (if any), without prior notice in some cases. We will inform investors of any material change to the Fund's details in your next regular communication or as otherwise required by law.                                                                                                                                                                                                                                                                                                                                                                                                                            |

1. The risk level is not a complete assessment of all forms of investment risks, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may require meeting their objectives.

You should read the important information about the Fund's investments before making a decision. Go to **section 1** entitled "Fund Investments" of "Additional Information to the Product Disclosure Statement" at <https://www.ellerstoncapital.com/additionalinformationEASF>. The material relating to the Fund's investments may change between the time when you read this PDS and the day when you acquire the product.

## 6. Fees and Costs

### Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund 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 the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options. The calculator can also be used to calculate the effect of fees and costs on your investment.

This section provides summary information about the main fees and costs that you may be charged for the Class A Units. The fees and costs charged by the Class A Units may be deducted from your account, from the returns on your investment or from the class assets as a whole.

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

You can use this information to compare the fees and costs with those of other simple managed investment schemes.

The fees and costs outlined in this PDS are for the Class A Units only.

If you are investing indirectly through an IDPS, you will need to consider the fees and other costs of the IDPS when calculating the total cost of your investment.

| TYPE OF FEE AND COST                                                                         | AMOUNT <sup>1</sup>                | HOW AND WHEN PAID                                                                                                                                   |
|----------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fees when your money moves in or out of the Fund</b>                                      |                                    |                                                                                                                                                     |
| <i>Establishment fee</i><br>The fee to open your investment                                  | Nil                                | No fee is charged                                                                                                                                   |
| <i>Contribution fee<sup>2</sup></i><br>The fee on each amount contributed to your investment | Nil                                | No fee is charged                                                                                                                                   |
| <i>Withdrawal fee</i><br>The fee on each amount you take out of your investment              | Nil                                | No fee is charged                                                                                                                                   |
| <i>Exit fee</i><br>The fee to close your investment                                          | Nil                                | No fee is charged                                                                                                                                   |
| <b>Management costs</b>                                                                      |                                    |                                                                                                                                                     |
| <b>The fees and costs for managing your investment payable to the Manager</b>                |                                    |                                                                                                                                                     |
| Management fee                                                                               | 0.90% p.a. of the Net Asset Value. | Calculated and accrued daily and paid from the assets of the Fund monthly in arrears. The Management Fee is reflected in the Unit price. The amount |



| TYPE OF FEE AND COST                                                                      | AMOUNT <sup>1</sup>                                                                                                                                                                                               | HOW AND WHEN PAID                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                           |                                                                                                                                                                                                                   | of this fee may be negotiated with the Manager. Refer to <b>Section 6</b> for more details.                                                                                                                            |
| Performance fee                                                                           | 15% of the amount by which the accumulated investment return of the Class A Units exceeds the accumulated return of the Benchmark during each year to 30 June. Estimated to be 0.15% p.a. of the Net Asset Value. | Calculated and accrued daily and paid from the assets of the Fund after 30 June in each year in arrears. The Performance Fee is reflected in the Unit price. Refer to <b>Section 6</b> for more details.               |
| Expenses                                                                                  | Estimated at 0.20% p.a. of the Net Asset Value.                                                                                                                                                                   | The expense recovery amount is calculated and accrued daily and paid from the assets of the Fund when the amounts are due. These expenses are reflected in the Unit price. Refer to <b>Section 6</b> for more details. |
| <b>Fees and costs for managing your investment not payable to the Manager<sup>2</sup></b> |                                                                                                                                                                                                                   |                                                                                                                                                                                                                        |
| Indirect costs <sup>3</sup>                                                               | Estimated at 0.10% p.a. of the Net Asset Value.                                                                                                                                                                   | Indirect costs are variable and are deducted from the assets of the Fund when they are incurred. These costs are not charged separately and are not paid to the Manager.                                               |
| <b>Service Fee</b>                                                                        |                                                                                                                                                                                                                   |                                                                                                                                                                                                                        |
| Switching fee<br>The fee for changing investment option                                   | Nil                                                                                                                                                                                                               | No fee is charged                                                                                                                                                                                                      |

Notes:

- All fees set out in this **section 6** are inclusive of the net effect of Goods and Services Tax (GST) (i.e. includes GST net of input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all instances
  - You may also incur the Buy/Sell Spread when your money moves in or out of the Fund. Please refer to **section 6** "Buy/Sell Spread" for further details.
  - Management costs do not include the Fund's transactional and operational costs. These amounts include any other indirect costs and may vary in future years.
- \* Fees in this PDS can be individually negotiated if you are a 'wholesale client' under the Corporations Act. If you invest via an IDPS, the operator may have negotiated a lower fee which may be passed onto you. Please contact your IDPS operator for further details.

**WARNING: Additional fees may be paid to a financial adviser if a financial adviser is consulted. Please refer to statement of advice issued by your financial adviser which will provide details of the fees that may be payable.**

All fees set out in this section are inclusive of the net effect of Goods and Services Tax (GST) (i.e. includes GST net of input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all instances.

Example of annual fees and costs for the Fund

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

| EXAMPLE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 <sup>1</sup> DURING THE YEAR |                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contribution fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Nil                                                                             | For every additional \$5,000 you put in, you will be charged \$0.                                                                                                                                                                                                                                                     |
| <b>PLUS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 0.90% p.a. management fee                                                       | For every \$50,000, you have in the Fund you will be charged \$675 (comprising \$450 management fee, \$75 estimated performance fee <sup>2</sup> , \$100 estimated expenses and \$50 estimated indirect costs) each year.                                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0.15% p.a. estimated performance fee <sup>2</sup>                               |                                                                                                                                                                                                                                                                                                                       |
| Management costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.20% p.a. estimated expenses                                                   |                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0.10% p.a. estimated indirect costs                                             |                                                                                                                                                                                                                                                                                                                       |
| <b>EQUALS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                 | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of \$675 (comprising \$450 management fee, \$75 estimated performance fee <sup>2</sup> , \$100 estimated expenses and \$50 estimated indirect costs) <sup>3</sup> . |
| Cost of Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1.35%                                                                           | <b>What it costs you will depend on the investment option you choose, the fees you negotiate and the performance of the Fund.</b>                                                                                                                                                                                     |
| <p>1. Please note the Fund has a minimum additional investment amount of \$10,000.</p> <p>2. The example includes the performance fee estimate of 0.15%, which is calculated on the previous five years average of outperformance. Past performance is not a reliable indicator of future performance. In particular, the performance fee payable (if any) will depend on the performance of the Fund and any estimated or past performance fees may not be a reliable indicator of future performance fees of the Fund.</p> <p>3. This example assumes the \$5,000 contribution occurs at the end of the year and therefore management costs are calculated using the \$50,000 balance only. The additional management costs would be \$67.50 (comprising \$45 of management fee, \$7.50 estimated performance fee<sup>2</sup>, \$10 estimated expenses and \$5 estimated indirect costs) if you had invested the \$5,000 for the full 12 months. Additional fees may apply, including a Buy/Sell Spread.</p> <p>Please note that this is just an example. In practice, your investment balance will vary, as will related management costs. Fee rebates may be individually negotiated with wholesale clients (as defined in the Corporations Act).</p> |                                                                                 |                                                                                                                                                                                                                                                                                                                       |

We may change the fees set out on this page (e.g. due to changes in economic conditions and size of the Fund) without the Unitholder's consent and Unitholders will be provided at least 30 days written notice of any change in these or other fees.

### Buy/Sell Spread

The Buy/Sell Spread is effectively deducted from the Unitholder's application and redemption monies. This amount is currently 0.25%. For example, if you invested \$25,000 in the Fund the cost of your Buy/Sell Spread would be \$62.50. We may vary the Buy/Sell Spread from time to time and prior notice will not ordinarily be provided. Updated information on the Buy/Sell Spread will be posted on our website [www.ellerstoncapital.com](http://www.ellerstoncapital.com). This amount is paid to the Fund on account of our estimate of costs associated with buying and selling assets represented by the relevant application or redemption and is not paid to us. Such costs are, however, an additional cost to you and will impact on the return on your investment. Such costs could include estimated brokerage and stamp duties, taxes and other charges and expenses from buying or selling Fund investments. The amount is paid so as to mitigate any unfairness from an application or redemption affecting other Unitholders. Management Costs do not include the Buy/Sell Spread.

You should read the important information about fees and costs before making a decision. Go to **section 4** entitled "Additional Explanation of Fees and Costs" of "Additional Information to the Product Disclosure Statement" at

<https://www.ellerstoncapital.com/additionalinformationEASF>. The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.

---

## 7. How Managed Investment Schemes are Taxed

---

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

Go to section 6 entitled "Tax" of "Additional Information to the Product Disclosure Statement" at <https://www.ellerstoncapital.com/additionalinformationEASF>

---

## 8. How to Apply

---

To invest in the Fund via an IDPS, you will need to contact your IDPS and complete the relevant application form and any other document required by the IDPS. You will also need to contact your IDPS in relation to making any additional contributions to your investment.

To invest directly, applicants should complete the Application Form accompanying the PDS. The Application Form is also available from [www.ellerstoncapital.com](http://www.ellerstoncapital.com). Details of where to send your completed Application Form, customer identification documents and application monies are on the Application Form. The offer made in this PDS is only available to persons receiving this PDS (electronically or otherwise) within Australia. Applications from outside Australia will not be accepted unless otherwise determined by Ellerston Capital. See page 3 for more information on how applications are processed.

If you are a retail client (as defined in the Corporations Act) investing directly in the Fund, you have a 14 day cooling-off period to confirm that the investment meets your needs. If you wish to exercise your cooling-off rights, provide a written redemption request within 14 days of the earlier of confirmation by us of your initial investment in the Fund or the fifth Business Day after the Units are issued. The monies returned will be equal to the price at which Units could be applied for on the day we receive the redemption request (adjusted for market movements, reasonable transaction and administration costs and any applicable taxes). This cooling off right does not apply for investments under the Fund's reinvestment plan or for wholesale clients (as defined in the Corporations Act). Indirect Investors should consult their IDPS operator about what cooling off rights (if any) may apply.

If you have a complaint, please notify Ellerston Capital's Company Secretary. We will acknowledge your complaint immediately, and will investigate complaints and provide a final response to the complaint within 45 days of receipt of the complaint. If you are a retail client and believe that your matter has not been dealt with satisfactorily, you can contact the Australian Financial Complaints Authority which is an external dispute resolution scheme by calling 1800 931 678

### Updated information

Information in this PDS is subject to change from time to time. Information that is not materially adverse information can be updated by us. Where a change is not materially adverse to investors, the information may be made available at: [www.ellerstoncapital.com](http://www.ellerstoncapital.com). Investors may obtain a paper copy of this information free of charge by contacting us on (02) 9021 7797. At least 30 days written notice will be provided for changes which are materially detrimental including a change to fees.

## 9. Other Information

### Terms Used in This PDS

|                             |                                                                                                                                                                                                                              |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ADMINISTRATOR               | The person specified in the Application Form, to whom applications and redemptions may be sent.                                                                                                                              |
| AMERICAN DEPOSITARY RECEIPT | An instrument representing the ownership in the shares of a non US company (including ASX listed entities) trading on United States financial markets.                                                                       |
| APPLICATION FORM            | The Class A Units application form accompanying this PDS.                                                                                                                                                                    |
| APPLICATION PRICE           | Net Asset Value per Class A Unit at the relevant Transaction Day plus the Buy/Sell Spread.                                                                                                                                   |
| ASIC                        | The Australian Securities and Investments Commission.                                                                                                                                                                        |
| BENCHMARK                   | Has the meaning set out on page 4 of this PDS.                                                                                                                                                                               |
| BUSINESS DAY                | Any day that is not a Saturday, Sunday or public holiday in New South Wales, Australia.                                                                                                                                      |
| CASH                        | Assets reasonably determined by Ellerston Capital to be cash or cash like securities.                                                                                                                                        |
| CLASS A UNIT                | A beneficial interest in the Fund issued as a Class A Unit and offered under this PDS.                                                                                                                                       |
| CONSTITUTION                | The constitution of the Fund dated 25 February 2009, as amended from time to time.                                                                                                                                           |
| CORPORATIONS ACT            | The Corporations Act 2001 (Cth).                                                                                                                                                                                             |
| DIRECT INVESTOR             | A Unitholder holding Units in the Fund directly, as opposed to investing through an IDPS.                                                                                                                                    |
| DERIVATIVE                  | A financial instrument where the value depends on, or is derived from, the value of an underlying designated asset or market index (e.g. an individual share or a broad share market index).                                 |
| DELTA EXPOSED               | The exposure obtained to underlying designated assets by means of a Derivative using current market values.                                                                                                                  |
| ELLERSTON CAPITAL           | We, our or us means Ellerston Capital Limited, the responsible entity of the Fund.                                                                                                                                           |
| FUND                        | The Ellerston Australian Share Fund (ARSN 135 591 534).                                                                                                                                                                      |
| GST                         | The Australian Goods and Services Tax, as established under the A New Tax System (Goods and Services Tax) Act 1999 (Cth).                                                                                                    |
| IDPS                        | Has the meaning set out on page 2 of this PDS.                                                                                                                                                                               |
| INDIRECT INVESTOR           | An investor investing the Fund through an IDPS.                                                                                                                                                                              |
| MANAGEMENT FEE              | The management fee payable to Ellerston Capital as set out on page 6 of this PDS.                                                                                                                                            |
| NET ASSET VALUE             | The Net Asset Value of the relevant class or the Fund, as appropriate, after adding back accrued Management Fees and Performance Fees                                                                                        |
| PDS                         | This product disclosure statement for Class A Units.                                                                                                                                                                         |
| PERFORMANCE FEE             | The performance fee payable to Ellerston Capital as set out on page 6 of this PDS.                                                                                                                                           |
| REDEMPTION PRICE            | Net Asset Value per Class A Unit at the relevant Transaction Day less the Buy/Sell Spread.                                                                                                                                   |
| SECURITIES                  | Equity interests in a company, managed investment scheme or investment organisation including but not limited to shares, units, preference shares, convertible preference shares, stapled securities and instalment receipts |
| TRANSACTION DAY             | Has the meaning set out on page 2 of this PDS.                                                                                                                                                                               |
| UNIT                        | A beneficial interest in the Fund.                                                                                                                                                                                           |
| UNITHOLDER                  | A person entered on the register of the Fund as a holder of Units.                                                                                                                                                           |



ELLERSTON CAPITAL

**SYDNEY OFFICE**

Level 11, 179 Elizabeth Street,  
Sydney NSW 2000

**MELBOURNE OFFICE**

Level 4, 75-77 Flinders Lane,  
Melbourne VIC, 3000  
Ph: +61 2 9021 7797  
E: [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com)