Product Disclosure Statement
30 September 2025

Ellerston Capital
ABN 34 110 397 674
AFSL No. 283 000
ARSN 618 549 796
APIR Code ECL0339AU

# Ellerston India Fund

## Product Disclosure Statement

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## Important Information

Ellerston Capital Limited ABN 34 110 397 674, AFSL No. 283 000 (**Ellerston Capital**, the **Manager** or we) is the issuer of this product disclosure statement (**PDS**) dated 30 September 2025. Investments in Units (**Units**) in the Ellerston India Fund ARSN 618 549 796 (**Fund**) are made available by Ellerston Capital as the responsible entity of the Fund.

Applications for Units under this PDS may only be made on the Application Form accompanying this PDS. The Application Form contains important terms relating to the Fund and should be read in full before deciding to invest. The Application Form does not form a part of this PDS.

The information in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. It is important that you carefully read this PDS in full before deciding to invest in Units. In particular, you should carefully consider the risks associated with an investment in the Fund and whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. To obtain advice or more information about the product offered in this PDS you should speak to your financial adviser or other professional adviser.

You should rely only on information in this PDS. No person is authorised to provide any information, or to make any representations, in connection with the issue of Units, which is not contained in this PDS. Any information or representations not contained in this PDS may not be relied upon as having been authorised by the Manager in connection with the issue of Units. This PDS supersedes and replaces all previous representations made in respect of the Manager and the Fund.

This PDS only constitutes an offer of, or invitation to apply for, financial products to persons within Australia or in places where it is lawful to make such an offer or invitation. Units in the Fund are not available for purchase within the United States or to US Persons.

This PDS is available electronically at www.ellerstoncapital.com. If you access an electronic copy of this PDS, then you should ensure that you download and read the entire PDS and the Application Form. If you are printing an electronic copy of this PDS, you must print all pages, including the Application Form. If you make this PDS available to another person, you must give them the entire electronic file or printout, including the Application Form. A paper copy of this PDS (including any supplementary document) can be obtained free of charge by calling Ellerston Capital on (02) 9021 7701 or by emailing info@ellerstoncapital.com.

You will be asked to provide personal information to us (directly or through the Registry) if you apply for Units. For information about how the Manager collects, holds and uses this personal information see **Section 10.7**.

An investment in the Fund is subject to investment and other risks, including possible delays in repayment and loss of income and principal invested. Investments in the Fund are not deposits with, or other liabilities of Ellerston Capital, any member of the Manager's Group, Key Service Providers or related bodies corporate, affiliates, associates or officers of any of the above entities. None of these entities guarantees any particular rate of return or the performance of the Fund nor do they guarantee the repayment of capital from the Fund. There are no forecasts or prospective financial information relating to the Fund in this PDS.

No person other than Ellerston Capital has caused or authorised the issue of this PDS nor do any of them take any responsibility for the preparation of this PDS or the establishment or performance of the Fund. ASIC takes no responsibility for the contents of this PDS.

All actions referred to in this PDS as being taken by the Fund are performed by Ellerston Capital as responsible entity of the Fund or its delegates, as the case may be, in respect of the Fund.

None of the Key Service Providers have or will undertake any due diligence inquiries with respect to investments of the Fund for the benefit of the Fund or its prospective investors.

To the full extent permitted by law no:

- Representation or warranty (express or implied) is given; and
- Responsibility or liability (including in negligence) is accepted,

by any company or person, in the group of companies to which each Key Service Provider belongs, as to the truth, accuracy or completeness of any statement, opinion, forecast, information or other matter (whether expressed or implied) contained in this PDS or as to any other matter concerning it.

The Manager reserves the right to vary the Offer, including by closing the Offer at any time, accepting late applications, changing the timing of the Offer, either generally or in particular cases, without notifying any recipient of this PDS or any applicants. Prospective investors are encouraged to submit their applications as soon as possible.

Subject to the law and the Constitution, the Manager may change at any time the information, terms and conditions set out in this PDS and otherwise applying to Units. Where a person is a Unit holder, they will be provided with at least 30 days' written notice of any such change which is materially detrimental to them as a Unit holder including any increase to fees. Unit holders who redeem their Units prior to the change will ordinarily not be bound by the change. Where a change is not materially adverse to Unit holders the information may be made available at: www.ellerstoncapital.com. Unit holders may obtain a paper copy of this information free of charge by contacting the Manager.

Certain capitalised expressions used in this PDS have defined meanings, which are explained in the Glossary – **Section 11**. References to $ or A$ are to Australian dollars.

# 1. Key Features of the Fund

This table contains a summary of the key features of the Units. You should read the PDS in full before deciding whether to invest. See the Glossary in **Section 11** for definitions of terms.

| Key Fund Information | | |
|---|---|---|
| Investment Objective | The investment objective of the Fund is to outperform the MSCI India Net Return Index (AUD) on a net of fees and tax basis, with a focus on capital growth and downside protection. | **Section 4.1** |
| Investment Strategy | The Fund's investment strategy is to construct a high quality portfolio with exposure to Indian Companies using the Manager's distinctive high growth, high conviction and benchmark-independent investment approach. The Manager aims to generate positive returns and minimise any instances of negative returns by investing in Indian Companies in which there is the highest conviction. The Manager filters the investment universe to identify those Indian Companies that are likely to offer the best risk/reward profile. These Indian Companies are assessed in detail through disciplined, 'bottom up' Fundamental analysis. The Manager builds investment conviction in the Indian Companies identified as promising and constructs the portfolio by combining the Fundamental 'bottom up' analysis with a 'top down' assessment of macroeconomic conditions and the identification of structural themes driving growth in India. | **Section 4.1** |
| Benchmark | MSCI India Net Return Index (AUD) | |
| Investments | The Fund will obtain its exposure to Indian Companies via any combination of:<br>• Securities listed on Indian exchanges (including, but not limited to, the Bombay Stock Exchange and National Stock Exchange of India) or Securities included in the Benchmark or that in the Manager's opinion are likely to be included in the Benchmark;<br>• Derivatives (for example Swaps); or<br>• Indian domiciled companies that trade as American Depositary Receipts, Global Depositary Receipts or trade on other exchanges.<br>The Fund may also invest in:<br>• Cash and Cash-Like Investments;<br>• Foreign currencies; and<br>• Derivatives including Exchange Traded Derivatives and OTC Derivatives, to increase/ decrease overall portfolio exposure within the prescribed limits, including foreign exchange exposures, or to protect or enhance the total performance of the Fund. | **Section 4.1** |
| Investment Guidelines and Exposures | The Manager has the following guidelines:<br>• Target Indian Companies exposure range: 80-100%;<br>• Target number of positions: 20 – 50 Indian Companies;<br>• Target maximum company exposure: greater of 10% of Net Asset Value or +5% the weight in the Benchmark at the time of investment;<br>• Maximum Long exposure: 100% for all asset types (excluding foreign exchange); and<br>• Minimum Long exposure: 50% for all asset types (excluding foreign exchange). | **Section 4.1 and 4.2** |
| Derivatives | Derivatives such as futures, exchange traded Options, index Options, foreign currency forward contract and OTC Derivatives may be used as an alternative way to gain exposure to Securities, to increase/decrease overall portfolio exposure within the prescribed limits, including foreign exchange exposures, or to protect or enhance the total performance of the Fund.<br>A worked example of the impact of Derivatives on the targeted investment guidelines is set out below. | **Sections 4.2 and 5.1** |

| | | |
|---|---|---|
| | The Fund targets a minimum Long exposure of 50% for all asset types (excluding foreign exchange) and a Long exposure range of 80-100% to Indian Companies. If, for example, the Fund has 90% exposure to Indian Companies, then the Manager may use index Derivatives of up to 40% to reduce the overall portfolio exposure from 90% to 50% to fall within the minimum Long exposure limit of 50%. In this example, the Manager may not use more than 40% Derivatives to reduce overall portfolio exposure. | |
| Withdrawals/Redemptions | Unit holders can withdraw/redeem from the Fund daily by providing a redemption request to the Registry by 2:00pm (Sydney time) on a Business Day to be processed for that Business Day. | **Section 7.2** |
| Key Risks | There are a number of risks associated with investing in the Fund. The key risks include:<br>• **Manager Risk:** The success of the Fund is dependent on the ability of the Manager to identify investment opportunities that achieve the Fund's investment objective.<br>• **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.<br>• **Currency Risk:** Because currency risk in the Fund is primarily unhedged, foreign exchange fluctuations in the value of the Australian Dollar and fluctuations in the value of Indian Rupee, may have a positive or adverse impact in the investment returns of the Fund.<br>• **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.<br>• **Country Risk:** Compared with securities in more developed markets and economies, securities exposed to India have unique country specific risks. These risks include (by way of example): (i) the risk of a reduction in Indian growth rates; (ii) the risk of significant macroeconomic or geopolitical events around the world, regionally or locally; (iii) the risk of restrictions on foreign investment by Indian authorities; (iv) regulatory, taxation and/or political risks that, for example, slow economic and market reform; (v) risk associated with less liquid and more volatile securities (greater price fluctuations).<br>• **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.<br>• **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.<br>• **Derivatives Risk:** The use of Derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. The use of Derivatives involves counterparty risk and incurs cost.<br>• **Concentration Risk:** The concentrated nature of the Fund may increase the potential for volatility of returns.<br>• **Pandemic Risk:** The impact of pandemics may have adverse implications on the Fund's ability to achieve its investment objectives.<br>• **ESG Risk:** The integration of ESG considerations into the investment process may have a positive or negative impact on the performance of the Fund.<br>This is not a comprehensive summary of all the risks of investing in the Fund. We recommend you obtain financial advice before investing. | **Section 5.1** |

| Key Product Features | | |
|---|---|---|
| **Costs of Investing in the Fund** | | |
| Management Fee | Management Fee of 1.10% p.a.* of the Net Asset Value. | **Sections 6.1 and 6.2** |
| Performance Fee | 15% of the investment return over the Benchmark return, after recovering any underperformance in past periods. | **Sections 6.1 and 6.2** |
| Buy/Sell Spread | 0.25% on application<br>0.25% on redemption | **Sections 6.1 and 6.2** |
| **Investment Requirements** | | |
| Minimum Initial Investment | Minimum initial investment – $10,000.<br>Minimum additional investment – $5,000. | **Section 7.1** |
| Applications | Daily. Complete Applications to be received by the Registry by 2:00pm (Sydney time) on a Business Day to be processed for that Business Day. | **Section 7.1** |
| **Distributions** | | |
| Frequency | Half yearly each 30 June and 31 December where the Fund has distributable income. | **Section 7.4** |
| Payment Method | Paid into your nominated bank account or reinvested as additional Units. | **Section 7.4** |
| Reporting | | |
| Monthly Newsletter | A monthly newsletter will be available on our website www.ellerstoncapital.com. | **Section 10.1** |
| Regular Reporting | Confirmation of all applications and redemptions.<br>An annual periodic statement providing your account balance, transaction summary and distribution details (if any). | **Section 10.1** |
| Online Access | Investors are able to access their holdings, transaction history and other statements online through our secure web portal: https://investor.automic.com.au/#/home. | |
| Unit Pricing | Unit prices are on our website www.ellerstoncapital.com. | **Section 7.5** |
| Annual Audited Financial Report | Annual audited financial report for the Fund is made available on our website www. ellerstoncapital.com. | **Section 10.1** |
| Annual Tax Reporting | Annual tax statement for the Fund.<br>Exit statement if you have redeemed Units during the financial year. | **Section 8.2** |

**All fees set out 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.*

## 2. About Ellerston Capital

Ellerston Capital is a specialist investment manager providing a range of innovative Australian and international investment strategies. As a firm majority owned by its principals and employees, our clients' objectives are our objectives.

As a dedicated investment manager, we aim to do one thing exceptionally well: grow and protect our clients' wealth through investing. We are passionate about creating value for our clients by identifying outstanding investment ideas and designing portfolios that perform over the long term. Our funds target a diverse range of strategies including, but not limited to, Long only Australian, global and Asian equities, Australian and global Long-Short equity and private equity.

Ellerston Capital has been managing money since 2002. Our clients include sovereign wealth, industry and corporate superannuation funds, international funds, family offices and high net worth investors.

Ellerston Capital's family office heritage means there is an absolute return mindset with a strong emphasis on risk management. Ellerston Capital supports our investment teams with an institutional-grade infrastructure.

**Key Personnel**

Ashok Jacob, as Executive Chairman of the Manager, has overall responsibility for and plays a key role in the Manager's investment decisions.

Mr. Jacob has over 40 years' experience in the financial services industry and has served as a Director and as Chief Investment Officer of Ellerston since inception. Mr. Jacob has held prominent positions including Chief Executive Officer of the Consolidated Press Holdings group and Managing Director of Thorney Holdings, the investment arm for the Pratt Group.

Mr. Jacob is an experienced board member and current appointments include MRF Ltd. Previous directorships include Crown Ltd, Publishing and Broadcasting Ltd, Challenger Financial Group Ltd, Fleetwood Holdings Ltd, Ecorp Ltd, CPH Investment Group Ltd, Folkestone Ltd, Snack Foods Ltd and Thorney Opportunities Ltd. Mr. Jacob was also the Chairman of Hoyts Cinemas from 1999 until 2004.

Mr. Jacob is supported by Gaurav Pathak, Senior Investment Analyst, who brings 20 years of industry experience having previously worked as Co-Portfolio Manager at Nuvest Capital and Eastspring Investments. He holds an MBA with Post Graduate Diploma in Management from the Indian Institute of Management, Lucknow.

# 3. Disclosure Principles and Benchmarks

## Disclosure Principles

ASIC has required that funds such as this Fund disclose to Unit holders information against a number of stated disclosure principles. The table below contains a summary of the disclosure principles for the Units.

| Disclosure Principles | | Further Information |
|---|---|---|
| 1. Investment Strategy | The investment objective of the Fund is to outperform the MSCI India Net Return Index (AUD) on a net of fees and tax basis, with a focus on capital growth and downside protection. | **Section 4.1** |
| | The Fund's investment strategy is to construct a high quality portfolio of Indian Companies using the Manager's distinctive high growth, high conviction and benchmark independent approach. The Manager aims to generate positive returns and minimise any instances of negative returns by investing in the Indian Companies in which there is the highest conviction. The Manager filters the investment universe to identify those Indian Companies that are likely to offer the best risk/reward profile. These Indian Companies are assessed in detail through disciplined, 'bottom up' Fundamental analysis. The Manager builds investment conviction in the Indian Companies identified as promising and constructs the portfolio by combining 'bottom up' Fundamental analysis with a 'top down' assessment of macroeconomic conditions and structural themes driving growth in India. | **Sections 4.1 and 4.2** |
| | The Manager has a strong sell discipline and risk management criteria, including stop losses which, at a series of pre-defined levels of decline in share price, trigger a compulsory review of the investment proposition, restatement and defence of the investment case, and in the rare case that the final stop loss is reached, closure of a position. | **Sections 4.1 and 5.1** |
| | The Fund will obtain its exposure to Indian Companies via any combination of:<br>• Securities listed on Indian exchanges (including, but not limited to, the Bombay Stock Exchange and National Stock Exchange of India) or Securities included in the Benchmark or that in the Manager's opinion are likely to be included in the Benchmark;<br>• Derivatives (for example Swaps); or<br>• Indian domiciled companies that trade as American Depositary Receipts, Global Depositary Receipts or trade on other exchanges. | |
| | The Fund may also invest in:<br>• Cash and Cash-Like Investments;<br>• Foreign currencies; and<br>• Derivatives including Exchange Traded Derivatives and OTC Derivatives, to increase/ decrease overall portfolio exposure within the prescribed limits, including foreign exchange exposures, or to protect or enhance the total performance of the Fund. | **Sections 4.4 and 5.1** |

| | | |
|---|---|---|
| | The key dependency underpinning the investment strategy is the research, analysis, models, skill and experience of the Manager.<br><br>There are a number of risks associated with investing in the Fund. The key risks include returns being subject to the skill of the Manager, macroeconomic risks associated with investing in India and currency risk.<br><br>The Manager's risk management strategy is set out in **Section 4.4**.<br><br>Unit holders will be given 30 days' prior notice of any adverse material changes, otherwise these changes will be available on the Manager's website. | **Section 4.5** |
| 2. Investment Manager | The responsible entity and investment manager is Ellerston Capital Limited.<br><br>The Fund's investment decisions and management is supported by Dejia Li and Gaurav Pathak. | **Section 2** |
| 3. Fund Structure | The Fund is an Australian unit trust registered as a managed investment scheme under the **Corporations Act 2001** (Cth) ('Corporations Act'). The Fund expects to invest directly in its investments.<br><br>The Key Service Providers are regularly monitored by the Manager to ensure compliance with their service agreement obligations. Except as stated above, there are no related party relationships and all arrangements are on arm's length terms.<br><br>There are various risks associated with this structure including counterparty risk. | **Section 4.6**<br><br>**Section 4.7**<br><br>**Section 5.1** |
| 4. Valuation, Location and Custody of Assets | The key aspects of the Fund's valuation policy are set out in **Section 7.5**.<br><br>The Administrator and Custodian holds the Fund's assets. Cash may also be held on deposit with one or more Australian banks. | **Section 7.5**<br><br>**Section 4.2** |
| 5. Liquidity | The Manager reasonably expects 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. | **Section 4.2** |
| 6. Leverage | The Fund does not borrow and there is no Leverage on a net basis. The Fund may invest in Derivatives which can provide Leverage implicitly. Some Derivatives may have the same effect as borrowing as it allows the Fund's assets to have a larger economic exposure. The use of Leverage could enhance returns, although it may also increase losses and the volatility of returns. | **Sections 4.2 and 4.6** |
| 7. Derivatives | Derivatives may be used as an alternative way to gain exposure to Indian Companies, to increase/decrease overall portfolio exposure within the prescribed limits, including foreign exchange exposures, or to protect or enhance the total performance of the Fund. Derivatives may have similar effects to Leverage as they increase the level of investible assets.<br><br>The Fund may utilise any type of Derivative for this purpose, including futures, exchange traded Options, and forward contracts. The Manager engages reputable and regulated brokerage firms as Derivatives counterparties following due diligence.<br><br>The use of Derivatives involves risk including counterparty risk and incurs costs. | **Sections 4.2 and 4.6**<br><br>**Section 5.1** |
| 8. Short Selling | The Fund will not utilise Short Selling as part of its investment strategy. | |
| 9. Withdrawals/ Redemptions | Unit holders can withdraw/redeem from the Fund daily by providing a redemption request to the Registry by 2:00pm (Sydney time) on a Business Day to be processed for that Business Day.<br><br>Redemptions may be suspended in limited circumstances as set out in **Section 7.2**. Unit holders will be notified in writing of any material changes to their redemption rights. | **Section 7.2** |

## Disclosure Benchmarks

This PDS addresses the following two disclosure benchmarks:

- **Valuation of Assets**: this benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider; and
- **Periodic Reporting:** this benchmark addresses whether we provide periodic disclosure to our investors of certain key Fund information on an annual and monthly basis.

Each benchmark identifies a key area that ASIC considers investors should understand before making a decision to invest into the Fund.

Where a responsible entity does not meet a particular disclosure benchmark, ASIC requires that the responsible entity explain why the benchmark is not met and what alternative measures it has in place to mitigate the concern underlying the benchmark.

**Benchmark 1: Valuation of Assets**

The Fund meets this benchmark.

**Benchmark 2: Periodic Reporting**

The Fund meets this benchmark.

The following Fund information will be provided to Unit holders on a monthly basis:

- Net Asset Value of the Fund and Redemption Price of Units;
- Any changes to Key Service Providers including any change in related party status;
- Net returns after fees, costs and relevant taxes;
- Any material changes to the Fund's risk profile and strategy; and
- Any material changes related to the primary investment personnel responsible for managing the Fund.

The information will be reported in the monthly newsletter which will be available on our website at www.ellerstoncapital.com.

Annual reporting will include:

- Asset allocation to each asset type;
- Liquidity profile at the end of the relevant period;
- Maturity profile of Fund's liabilities at the end of the relevant period;
- Details on Derivative counterparties engaged;
- Monthly or annual returns; and
- Any changes to Key Service Providers including any change in related party status.

This information will also be available on our website.

# 4. About the Ellerston India Fund

## 4.1. Fund Overview

| | |
|---|---|
| Investment Objective | The investment objective of the Fund is to outperform the MSCI India Net Return (AUD) Index on a net of fees and tax basis, with a focus on capital growth and downside protection. The Fund aims to achieve this by investing in a concentrated portfolio primarily targeting between 20 and 50 Indian Companies and seeks to:<br>• Provide investors with access to Indian investment opportunities with compelling risk/reward profiles that are complementary to a typical domestic equity portfolio;<br>• Increase the value of the Fund by allocating capital to a limited number of Indian Companies in which the Manager has the highest conviction; and<br>• Be aware of currency and cash exposures and manage them in line with the Manager's macroeconomic and market outlook.<br>There is no guarantee that the investment objective will be achieved. |

| | | |
|---|---|---|
| Investment Strategy | **Investment Strategy Summary**<br>The Fund's investment strategy is to provide access to a high quality portfolio of Indian Companies using the Manager's distinctively high growth, high conviction and Benchmark-independent investment approach. The Manager believes that the trade-off between risk and potential returns at the portfolio level is improved by implementing highest conviction ideas from a filtered universe of Securities that offer the best risk/reward. This "conviction scorecard analysis" comprises a set of progressive hurdles of earnings growth, upside/ downside analysis, industry structure, thematic fit, management quality and an Environmental, Social and Governance (ESG) knockout before undergoing a "deep dive" on Fundamental analysis to crystallise conviction.<br>These Indian Companies are also evaluated against a comprehensive macroeconomic framework that helps the Manager identify the market drivers of each sector. The Manager also evaluates how Indian Companies will be impacted by a set of structural, long-term themes.<br><br>**Portfolio Construction Summary**<br>These three lenses of analysis – bottom up stock selection, top down macro analysis and development of thematics – are brought together to size positions in the highest conviction Indian Companies based on potential return and diversification impacts, with adherence to the portfolio construction guidelines. The strategy is implemented by the Manager's highly experienced investment team, made up of equity specialists with deep expertise investing in Asia and India. Risk management is embedded at each level of the investment process, but is also regularly monitored through assessing a range of aspects of each stock. In order to further protect the downside, the Manager sets stop losses for every trade with predefined review triggers and a hard stop loss limit.<br>The Manager may from time to time significantly increase exposure to Cash and Cash-Like Investments, which may include circumstances where the Manager believes investment opportunities are limited, to protect capital or to manage liquidity.<br>Refer **Sections 5.1** and **8** for general and tax related risks associated with the Fund's investments. There is no guarantee that the investment objective will be achieved. | |
| Portfolio Guidelines | Benchmark | MSCI India Net Return Index (AUD) |
| | Investment universe | Indian Companies<br>Exchange Traded and OTC Derivatives<br>Cash and Cash-Like Investments |
| | Target exposure range | 80-100% Indian Companies |
| | Target number of positions | Between 20 and 50 Indian Companies, however the Fund may hold less than the target number of positions in certain market conditions |
| | Target maximum position exposure | The greater of 10% of Net Asset Value or +5% the weight in the benchmark at the time of investment |
| | Maximum Long exposure | 100% for all asset types (excluding foreign exchange) |
| | Minimum Long exposure | 50% for all asset types |
| Location and Currency | The Fund will invest exclusively in Indian Companies.<br>Because the Fund is primarily unhedged, the currency of denomination of investments will be primarily in Indian Rupee.<br>The Manager intends that the Fund will be predominately unhedged, as is the Benchmark. However, the Manager is aware of currency and cash exposures and will manage them in line with its macroeconomic and market outlook. | |
| Fund Information and Performance | Performance information for the Fund will be displayed at www.ellerstoncapital.com. Prospective investors in the Fund can obtain performance information by telephoning (02) 9021 7701 or by emailing info@ellerstoncapital.com. | |
| Labour, Environmental, Social and Ethical Considerations | The Manager integrates consideration of labour standards or social, environmental or ethical considerations through a unique, proprietary and multi-step approach to ESG embedded through the investment process in the selection, retention or realisation of investments. The Manager does not employ a fixed methodology for taking these considerations into account, other than as described below. | |

The Manager will exclude direct investments in the following sectors:

| Sector | | Permitted Holding |
|---|---|---|
| Tobacco | Companies that generate any direct revenue from the production of tobacco and/or manufacture of nicotine alternatives and tobacco-based products. | 0% |
| Pornography | Companies that generate any direct revenue from the production, sale or advertisement of pornography. | 0% |
| Old Growth Forest Logging | Companies that conduct old growth forest logging. | 0% |

The Manager will also restrict direct investments in companies in the following sectors based on the revenue threshold limits specified:

| Sector | | Permitted Revenue Threshold[1] |
|---|---|---|
| Thermal Coal Production | Companies that generate direct net revenue from the production of thermal coal and have no intention to initiate new thermal coal explorations. | ≤ 10% |

Investments which form part of the Fund's portfolio may become subject to a business sector or activity exclusion post-investment, for example due to market movements or M&A activity. In those circumstances, the Fund will not be obliged to immediately dispose of the investment but will not increase the size of its position where possible. The Manager will then assess the circumstances leading to exclusion and may engage with management of the issuer in order to obtain further information. If the Manager determines that divestment is warranted, the Fund will exit the investment within a reasonable timeframe, giving due consideration to any relevant market conditions and financial impact to the Fund.

Please refer to the Manager's Responsible Investment Policy for further details on our approach to responsible investing.

| | |
|---|---|
| Changes to Fund Terms | Subject to the law and the Constitution, the Manager may change at any time the investment objective and strategy to meet current market conditions. Unit holders will be given 30 days' prior notice if any of these changes are materially adverse changes otherwise these changes will be available on the Manager's website. |

*[1] Revenue is defined as total consolidated revenue for the company, as per the most recent values disclosed to the market.*

It is not intended that the Fund will have any material asset (being over 10% of the Net Asset Value of the Fund or +5% the benchmark weight). The above thresholds in the Portfolio Guidelines apply as at the time of the relevant investment. Where a portfolio guideline would be breached merely because of any market movements, capital restructure, corporate action, cash flow or similar event, the Manager will take action to rebalance relevant positions back to below that threshold within a reasonable timeframe. The above portfolio guidelines incorporate the Delta Exposure obtained through Derivatives.

## 4.2. Asset Types

The table below sets out a sample of the asset types the Fund may invest in and the overall allocation ranges.

| Asset types | Allocation range |
|---|---|
| **Equities** | |
| Securities | 0-100% |
| **Cash and fixed interest** | |
| Cash and Cash-Like Investments | 0-100% |
| **Derivatives** | |
| Exchange-Traded and OTS Derivatives | 0-100% |

With respect to the above table, the allocation range to Derivatives represents the fact that the Manager may access investments through Derivatives.

### Leverage

The Fund does not borrow and there is no Leverage on a net basis. The Fund may invest in Derivatives which can provide Leverage implicitly. Some Derivatives may have the same effect as borrowing as it allows the Fund's assets to have a larger economic exposure. The use of Leverage could enhance returns, although it may also increase losses and the volatility of returns.

The maximum allocation to OTC Derivatives is 100% (for example, currency hedging) and the maximum allocation to Exchange Traded Derivatives is 100% (for example, index options) however the Fund will not use Derivatives to increase the Fund's Long exposure above 100%. Although the gross exposure of the Fund can be higher than 100% (for example, the Fund may invest in index put Options) but not more than 200%, this does not have the effect of leveraging the total assets of the Fund, because the Fund has a maximum Long exposure limit of 100% for all asset types (excluding foreign exchange).

There is typically no other Leverage embedded in the underlying assets of the Fund, other than Leverage embedded in holdings of listed Securities.

### Sources of Leverage

Derivatives are typically sourced from Derivative counterparties such as investment banks and brokers. These counterparties are licensed by their local regulatory authority however may not be typically prudentially regulated. Exchange Traded Derivative transactions are cleared through an exchange, which reduces the counterparty risk that is associated with the use of OTC Derivatives (see Risks in **Section 5** for details of counterparty risk).

### Worked Example

A worked example of the impact of Leverage through the use of Derivatives is set out below.

This example assumes that the Fund is fully invested in accordance with the maximum Long exposure limit of 100% for all asset types (excluding foreign exchange).

In this example for every $100 invested in the Fund, the Fund will have $100 of Long exposure including any implicit leverage from the use of Derivatives. A 10% increase in the value of the Fund's assets (including derivatives, but excluding foreign exchange) would result in a 10% increase in the overall value of the Fund, while a 10% decrease in the value of the Fund's assets would result in a 10% reduction in the overall value of the Fund.

Please note that the above example has been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only.

See **Section 5.1** for risks associated with the use of Leverage.

### Collateral

The Fund may use the assets of the Fund as security or collateral for Derivatives.

With respect to Exchange Traded Derivatives, the exchange does not take similar security however the Fund may be subject to initial and subsequent margin calls which are required to be paid by the Fund. See **Section 5.1** for more details regarding the risks associated with the above.

### Derivatives

The Fund may use Derivatives as part of its overall investment strategy, including but not limited to:

- To increase/decrease overall portfolio and country exposures;
- Investing indirectly where the Manager determines that investing indirectly would, for example, be commercially advantageous, tax efficient or provide a more practicable means of access to the relevant investment;
- To hedge foreign currency exposures or the downside risk for part or all of the Fund's portfolio; and
- Short term portfolio management purposes, for example obtaining economic exposure to the market whilst physical exposures are being bought.

The Fund may utilise any type of currency Derivative, including Exchange Traded Derivatives such as Futures and Options and OTC Derivatives, such as Swaps, Options and forward contracts.

A worked example of the impact of Derivatives on the targeted investment guidelines is set out below.

The Fund targets a minimum Long exposure of 50% for all asset types (excluding foreign exchange) and a Long exposure range of 80-100% to Indian Companies. If, for example, the Fund has 90% exposure to Indian Companies, then the Manager may use

index Derivatives of up to 40% to reduce the overall portfolio exposure from 90% to 50% to fall within the minimum Long exposure limit of 50%. In this example, the Manager may not use more than 40% Derivatives to reduce overall portfolio exposure.

**Derivative Counterparties**

The Manager engages reputable and regulated investment banks and brokerage firms as Derivative counterparties after conducting due diligence on factors such as their regulatory status, past disciplinary actions and compliance systems. The Fund also conducts a detailed legal review of relevant agreements (including with a view to protecting against counterparty risk).

See **Section 5.1** for risks associated with Derivatives. Also see "Collateral" above for information regarding the risk of providing collateral.

**Liquidity**

The Manager reasonably expects 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.

**Key Dependencies**

The key dependency underpinning the investment strategy is the research, analysis, skill and experience of the Manager. With the investment techniques available to the Fund, the Fund aims to generate Alpha on each investment that is, generating a profit which is not dependent on the general movements of the market (e.g. market conditions or interest rates) but rather on the skill of the Manager.

**Key Risks**

See **Section 5.1** for key risks associated with the investment strategy.

## 4.3. Hedging

The Fund may have an exposure to fluctuations in foreign currencies, particularly the Australian Dollar and the Indian Rupee. The Manager may elect to hedge or leave unhedged this foreign currency exposure. Note that the benchmark is unhedged. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant.

See **Section 5.1** for risks associated with hedging.

## 4.4. Risk Management Strategy

The Manager has risk management processes in place including actively monitoring the Fund's exposure, liquidity and undertaking due diligence. The Fund's portfolio is regularly monitored and reviewed. Counterparty risks associated with OTC Derivatives are managed by reviewing the open positions to assess the quantum of exposure and monitoring the credit risk associated with each.

The Manager's risk management process also includes a comprehensive compliance framework. This framework includes compliance policies, training, monitoring and maintaining a compliance plan and a compliance committee. The compliance plan sets out how the Manager will ensure compliance with both the Corporations Act and the Constitution. The compliance committee comprises a majority of independent members with appropriate expertise. It monitors the Fund's adherence with the compliance plan. The independent members of the committee are highly experienced and qualified individuals and are responsible for monitoring all of the Manager's registered schemes. The compliance plan is audited externally on an annual basis. The Manager has a compliance team, the head of which reports directly to the Board. The Manager also segregates the Manager's staff that make investment decisions from those that are responsible for administering the Fund.

The Manager maintains business continuity and disaster recovery plans. The accounting role for the Fund is performed by the Administrator, an independent third party. The financial statements are audited annually.

## 4.5. Changes to the Investment Objective and Strategy

The Manager may change at any time the investment objective and strategy to meet current market conditions. Where a change is not materially adverse to Unit holders the information may be made available at: www.ellerstoncapital.com. Otherwise Unit holders will be given 30 days' prior notice.

## 4.6. Fund Structure

The Fund is an Australian unit trust registered as a managed investment scheme under the Corporations Act. The Fund invests directly and may invest through other managed investment schemes (both registered as such under the Corporations Act and un-registered schemes) of which the Manager is responsible entity/trustee however it currently does not do so. To the extent that it does, the Manager will waive or set off additional management and performance fees payable to it in respect of such investments so that Unit holders only bear the fees set out in **Section 6**. The Manager does not anticipate investing through other schemes of which it is not responsible entity/trustee.

**Investment Structure**

The diagram below indicates how the Fund invests in assets.

**Unit holders**

*Unit holders invest monies into the Fund.*

**Fund** – The Manager also acts as the Responsible Entity

*The Manager invests all of the Fund's assets directly in investments.*

**Investments**

## 4.7. Key Service Providers to the Fund

| Role | Provider | Key Functions |
|---|---|---|
| Responsible entity and Manager | Ellerston Capital Limited | Responsible entity of the Fund.<br>Managing the Fund's investments.<br>See **Section 2**. |
| Administrator and Custodian | State Street Australia Limited | Holds custody of the Fund's assets.<br>Investment accounting, Fund accounting and net asset value calculations. |
| Registrar | Automic Group | Investor services and Fund registry. |
| Auditor | Ernst & Young | Auditing annual financial accounts and the Fund's compliance plan. |

Cash may be held on deposit with one or more Australian banks.

Each Key Service Provider has entered into a service agreement which sets out the Key Service Provider's obligations to the Fund. The Manager monitors the performance of the Key Service Providers on an ongoing basis to determine their compliance with service agreement obligations (e.g. receiving compliance attestations).

There are no related party relationships within the above structure. All arrangements are on an arms' length basis. All the entities described in this section have a registered office in Australia. See **Section 5.1** for risks relating to the above, in particular counterparty risks.

## 4.8. Classes of Units in the Fund

The Fund may issue additional classes of units at a future date.

# 5. Risks

**An investment in the Fund entails risks. There can be no assurance that the Fund's investment objective will be achieved. Investors should consider any investment in the Fund as a supplement to an overall investment portfolio and should invest only if they are willing to undertake the risks involved. Unit holders in the Fund could lose some or all of their investment in the Fund.**

**Investors should consider the following risks in determining whether an investment in the Fund is suitable for them. They should seek professional advice before investing. The summary below is a guide only and not an exhaustive list of all the risks of investing in the Fund.**

## 5.1. Risks Applicable to the Fund

### Manager Risk

The success of the Fund depends upon the ability of the Manager to develop and implement its investment strategy and identify investment opportunities that achieve the Fund's investment objective. The investment performance of the Fund is dependent on the talents, professional networks and efforts of key personnel within the Manager. The Manager may lose key personnel (see **Section 2**) which could impact on its ability to continue to implement the Fund's investment strategy.

### 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.

### Country Risk

Compared with securities in more developed markets and economies, securities exposed to India have unique country specific risks. These risks include (by way of example): (i) the risk of a reduction in Indian growth rates; (ii) the risk of significant macroeconomic or geopolitical events around the world, regionally or locally; (iii) the risk of restrictions on foreign investment by local country authorities; (iv) regulatory, taxation and/or political risks that, for example, slow economic and market reform; (v) risk associated with less liquid and more volatile securities (greater price fluctuations).

### 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.

### Counterparty and Key Service Provider Risk

Default by any of the Fund's counterparties or Key Service Providers may cause losses to the Fund. Counterparties and Key Service Providers may also hold security over the Fund's assets so that they rank ahead of Unit holders in recovering the assets of the Fund. The Manager will seek counterparties and Key Service Providers which have a low risk of defaulting, although these risks cannot be eliminated entirely.

### Derivatives

The Fund may invest in Derivatives (including Futures, foreign exchange contracts and stock and index Options) which are sophisticated financial products. Derivatives may give rise to Leverage and hence have the potential to cause losses that are large in proportion to the money invested in them. Refer to **Section 4.2** for more details about how Derivatives are used and the risks set out in "Leverage" on the following page. The use of Derivatives gives rise to counterparty risks as set out above.

### Past Performance and History

There can be no assurance that the Fund will achieve its investment objective. The Fund's past performance information should not be relied upon as (and is not) an indicator of future performance.

### Leverage

The Fund may invest in Derivatives that have the same effect as borrowing. This could enhance returns, although it may also increase losses. Leverage may produce more volatile returns compared to investing without making use of Leverage. Refer to **Section 4.2** for further details. The amount invested in Derivatives at any point in time may be substantial. If the Fund were forced to liquidate its portfolio by counterparty on short notice this could result in significant losses to Unitholders.

### General Investment Risk

The investment returns on each of the Fund's investments may be subject to economic variables (including interest rates, unemployment, inflation and economic growth), market conditions, factors impacting particular investments and government policy. These factors are generally beyond the control of the Manager. The Fund attempts to reduce the majority of market risk however the Fund may not be successful in this regard. Investments in securities can rise or fall in value due to 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. Any movements in the value of these securities may be magnified through the use of Derivatives.

**Foreign Investment Risk**

The Fund may, through its investments in India have exposure to risks not usually associated with investing in Australia and other developed markets such as political, social and economic instability, difficulty in enforcing legal rights, unforeseen taxes and less stringent regulatory protections, reporting and disclosure. These factors may affect the value of the Fund, volatility of the Fund's returns and liquidity of the Fund's investments.

**Currency Risk**

The Fund will have foreign currency exposure that is primarily unhedged. Foreign exchange fluctuations may have a positive or adverse impact on the investment returns of the Fund. The Fund's foreign currency exposure may be over or under hedged or not hedged at all. It may not always be possible to hedge all foreign currency exposures and there is no guarantee that hedging will be successful. The Fund may also hedge the exposure of the other investments in the Fund against investment loss, but is under no obligation to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant.

**Concentration Risk**

There is potential for volatility due to the lack of diversity with the investment portfolio. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

**Regulation**

Regulation of the Manager, the Fund and its investments may change, which may impact on the investment returns and nature (e.g. ability to trade investments internationally) of the Fund.

**Tax**

The taxation of the Manager, the Fund and its investments is complex and dependent on the taxation laws and the manner in which these are interpreted and administered by the government agencies and courts. The relevant taxation laws and the manner in which they are interpreted and/or administered by the government agencies and courts may change. Such changes may impact on the investment returns and their character. See **Section 8** for further details.

**Redemption and Liquidity Risk**

Redemptions from the Fund may be limited in the situations described in **Section 7.2**. The Fund may not be able to promptly liquidate some of its investments at an amount close to their fair value, or liquidate them at all. This would cause losses to the Fund or reduce the ability of Unit holders to redeem from the Fund.

**Distributions Risk**

The Fund is not designed for Unit holders seeking regular income payments. While the Fund must pay its distributable income each year, there is no guarantee that any income will be generated. In certain circumstances, Unit holders may be liable for tax on distributions even if they have not received any distribution in cash.

**Pandemic Risk**

The impact of pandemics may have adverse implications on the Fund's ability to achieve its investment objectives.

**ESG Risk**

The Manager endeavours to implement the ESG considerations applicable to the Fund to the best of our ability. ESG considerations may be based on company disclosures or ESG information provided to the Manager by screening agents and other third-party service providers which may not prove to be fully accurate, complete or effective. The integration of ESG considerations into the investment process may have a positive or negative impact on the performance of the Fund, particularly where the approach of the Fund leads to the exclusion of certain issuers, industries or sectors for reasons other than investment performance or where the estimated impact of positive or negative ESG factors is miscalculated.

## 5.2. Risk Management

See **Section 4.4** for information about the Manager's risk management strategies.

# 6. Fees and Other Costs

**Consumer Advisory Warning:** The warning below is required by law.

**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 fees. Ask the fund or your financial adviser.

**To Find Out More**

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

This section shows fees and other costs that you may be charged. These fees and costs charged 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 **Section 8** of this PDS.

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

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.

## 6.1. Fees and Other Costs

| Ellerston India Fund | | |
|---|---|---|
| Type of Fee or Cost | Amount[1,2] | How and When Paid |
| Ongoing annual fees and costs | | |
| **Management fees and costs**<br>The fees and costs for managing your investment. | **Management fee**<br>1.10% p.a. of the Net Asset Value of Units. | 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 of this fee may be negotiated with the Manager.<br>Refer to **Section 6.2** for more details. |
| | **Expenses**<br>Estimated to be 0% p.a. | 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.<br>Refer to **Section 6.2** for more details. |
| | **Indirect costs**<br>Estimated to be 0% p.a. | Indirect costs are variable and are deducted from the assets of the Fund. These costs are not charged separately and are not paid to the Manager.<br>Refer to **Section 6.2** for more details. |
| **Performance fees**<br>Amounts deducted from your investment in relation to the performance of the product. | 15% of the relevant class's investment return over the Benchmark return, after recovering any underperformance in past periods.<br>Estimated to be 0.00% p.a. of the Net Asset Value of each Unit. | Calculated and accrued daily and deducted from the assets of the relevant class after 30 June in each year in arrears. The performance fee is reflected in the Unit price.<br>Refer to **Section 6.2** for more details. |
| **Transaction costs**<br>The costs incurred by the scheme when buying or selling assets. | Estimated to be 1.58% p.a. of the Net Asset Value of Units.[3] | Paid out of the Fund's assets when the costs are incurred and reflected in the Unit price. The amount shown is net of any transaction costs recovered from investors via the Buy/Sell Spread.<br>Refer to **Section 6.2** for more details. |
| Member activity related fees and costs (fees for services or when your money moves in or out of the scheme) | | |
| **Establishment fee** | Nil. | Not applicable. |

| | | |
|---|---|---|
| The fee to open your investment. | | |
| **Contribution fee**<br>The fee on each amount contributed to your investment. | Nil. | Not applicable. |
| **Buy-sell spread**<br>An amount deducted from your investment representing<br><br>costs incurred in transactions by the scheme. | 0.25% of the application / redemption amount (as applicable). | The Buy/Sell Spread is deducted from the application amount received from, or the redemption amount to be paid to, applicants and withdrawing Unitholders respectively at the time of the relevant application or redemption. |
| **Withdrawal fee**<br>The fee on each amount you take out of your investment. | Nil. | Not applicable. |
| **Exit fee**<br>The fee to close your investment. | Nil. | Not applicable. |
| **Switching fee**<br>The fee for changing investment options. | Nil. | Not applicable. |

*[1]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.*

*[2]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.*

*[3]Transaction costs are shown net of any amounts recovered by the Fund from the Buy/Sell Spread charged to transacting investors. Refer to **Section 6.2** "Buy/Sell Spread" for more details.*

## 6.2. Additional Explanation of Fees and Costs

### GST

All fees set out in this **Section 6** are inclusive of any applicable Goods and Services Tax (GST) and net of input tax credits (unless otherwise stated). The Fund may not be entitled to claim an input tax credit in all instances.

### Management Fees and Costs

The management fees and costs are comprised of the ongoing Management Fee, indirect costs and expenses.

*Management Fee*

The Management Fee is 1.10% p.a. of the Net Asset Value ($1,100 per $100,000). The Management Fee is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. The Management Fee is payable monthly in arrears. The Management Fee is reflected in the Unit price. The Management Fee may be individually negotiated if you are a 'wholesale client' under the Corporations Act by contacting Ellerston Capital on (02) 9021 7701 or your financial adviser.

*Indirect Costs*

Indirect costs are certain costs which we reasonably estimate will reduce, directly or indirectly, the Fund's return. Indirect costs may include underlying investment manager fees and costs and certain derivative costs. If any indirect costs are incurred, they would be reflected in the Unit price of the Fund and would not be charged to you as a fee nor retained by us.

Based on the information available to us as at the date of the PDS and having regard to the past financial year, the Manager estimates the indirect costs of the Fund to be 0% p.a.

*Expenses*

All costs or general expenses reasonably and properly incurred in the proper performance of its duties by us in connection with the management of the Fund are payable out of the Fund. We are responsible for providing all office personnel, office space and office facilities required for the performance of its services. The Fund bears all other expenses incidental to its operations, including, but not limited to, fees payable to the Fund's Key Service Providers (e.g. administrator and custodian); taxes imposed on the Fund or us (in our capacity as responsible entity of the Fund); governmental charges and duties; the Fund's advisers (e.g. legal, accounting and audit); and printing and distributing the PDS, subscription materials, marketing materials and any reports and notices to Unitholders or prospective Unitholders. The total of these ongoing expenses is estimated to be 0% p.a. The Fund may also incur unanticipated expenses arising from its business, such as litigation and indemnification expenses. Government fees, duties and bank charges may also apply to investments and redemptions and be deducted from application monies or redemption proceeds.

All costs or expenses incurred (or that will be incurred) by us in connection with the offer of Units are payable out of the Fund and we may choose to include in the assets of the Fund deferred establishment costs for Unit pricing purposes.

**Performance Fee**

Ellerston Capital is entitled to a Performance Fee for outperforming the Benchmark. The Performance Fee is a way of providing an incentive for us to strive to continually produce returns above the Benchmark.

The Performance Fee is equal to 15% of the amount by which the accumulated investment return of the relevant class of Units exceeds the accumulated return of the Benchmark during each year to 30 June (Calculation Period). If the relevant class of Units underperforms against the Benchmark during a Calculation Period, a Performance Fee will not be paid. Any underperformance will be carried forward to the following Calculation Period and must be recouped before any Performance Fees can commence to accrue or be paid.

Based on the Fund's average performance fee for the past five financial years, the Manager estimates the Performance Fee to be 0.00% p.a. ($0 per $100,000) of the Net Asset Value of the Units.

The Performance Fee is accrued in the Unit price. The Performance Fee is payable at the end of each Calculation Period. Ellerston Capital may alter the Calculation Period. We will notify you of any change to the Calculation Period.

The investment return is based on the positive or negative change in the Net Asset Value of the relevant class of Units. The investment return is calculated after deducting Management Fees but before any accrued Performance Fees and income or capital distributions. Further adjustments may be made for subscriptions and redemptions and capital restructures.

The investment return and the Benchmark return are calculated at the end of each Business Day and are accumulated.

Ellerston Capital has no obligation to restore to the Fund's Performance Fees previously earned and paid, notwithstanding a loss in a subsequent Calculation Period. Where Units are redeemed during a Calculation Period, any accrued Performance Fees in respect of those Units may become due and payable to us. If we are removed as responsible entity of the Fund before the end of a Calculation Period, then the Performance Fee will be calculated and paid as though the date of removal were the end of the Calculation Period.

The Performance Fee is calculated on the performance of the relevant class of Units and not the performance of an individual Unitholder's investment. As a result, the actual Performance Fee payable on the Unitholder's investment in the Units may be affected by the timing of that person's applications and redemptions or by Unitholders as a whole. The Performance Fee can be individually negotiated if you are a 'wholesale client' under the Corporations Act by contacting Ellerston Capital on (02) 9021 7701 or your financial adviser.

*Worked example of performance fee*

The example that follows is for the purpose of illustrating how Performance Fees may be calculated only.

The example assumes that the investment return of the relevant class of Units and the Benchmark is steady during the course of the Calculation Period. In reality, the investment return of the Fund and the Benchmark will vary during the course of the Calculation Period. The example also assumes that no subscriptions or redemptions are made during the Calculation Period.

Importantly, the example assumes the investment return of the relevant class of Units has exceeded the return on the Benchmark. Note that the investment return of the relevant class of Units and the Benchmark is for illustrative purposes only and is not an indication of future performance. Future performance may differ from that used in this example.

The value of your Units at the beginning of a Calculation Period is $100,000 and at the end of the Calculation Period is $102,680.

The Unit's investment return for the Calculation Period is 2.68%, namely 2.68% x $100,000 = $2,680. The return on the Benchmark is 1.5%, namely 1.5% x $100,000 = $1,500.

The Performance Fee is 15% x ($2,680 - $1,500) = $177.

For each $100,000 that you have invested in Units at the beginning of the Calculation Period, you would have earned $2,680 and been charged $177 in Performance Fees.

**Transaction Costs**

Transaction costs are costs of buying and selling the Fund's assets. Transaction costs such as brokerage, settlement costs and clearing costs may be incurred as a result of changes in a Fund's investment portfolio. Transaction costs may vary year to year as the turnover in the underlying assets may change substantially as investment and market conditions change. Transaction costs are

deducted from the assets of the Fund as they are incurred and reflected in the Unit price. They are not charged to Unitholders as an additional fee.

Based on the past financial year, the Manager estimates the total transaction costs for the Fund to be 1.65 % p.a. of the Net Asset Value of the Units. The Manager estimates that 0.08% to be recouped via the Buy/Sell Spread. The Manager estimates the transaction costs, net of amounts recovered by the Buy/Sell Spread, to be 1.58% p.a. of the Net Asset Value of the Units which is an additional cost to Unitholders deducted from the assets of the Fund.

The transaction costs set out in **Section 6** of the PDS are net of any amount recovered by the Buy/Sell Spread.

#### Buy/Sell Spread

We may charge a Buy/Sell Spread. An amount equal to 0.25% is effectively deducted from the Unitholder's application and redemption monies. For example, if you invested $100,000 in the Fund, the cost of your Buy Spread would be $250. 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. No buy spread is payable on the initial issue of Units. Management fees and costs do not include the Buy/Sell Spread. We may vary the Buy/Sell Spread from time to time and prior notice will not ordinarily be provided. Any changes to the Buy/Sell Spread will be posted on our website www.ellerstoncapital.com.

#### Fee Waiver or Deferral and Issue of Units

Ellerston Capital, in its sole discretion, may waive or defer the payment of all or part of its Management Fee and/or Performance Fee either generally or for certain Unitholders. Ellerston Capital may, where permitted under the law, charge fees on a different basis to certain associates of us and Unitholders that are 'wholesale clients' (as defined under the Corporations Act) or who make a substantial investment in the Fund or other of the Manager's investment products. We may elect to receive part of its Management Fee and/or Performance Fee in the form of Units in the Fund. Any Units issued to us will be at the Application Price for those Units applicable at that time.

#### Fee Maximums and Changes to Fees

Ellerston Capital is entitled under the Constitution to charge a Management Fee of 2% per annum and a Performance Fee of 20% per annum (each exclusive of GST). Ellerston Capital has elected to waive or reduce these fees for the Units to the levels shown on in **Section 6** of the PDS. The Constitution does not provide for Ellerston Capital to charge a switching fee or termination fee. Ellerston Capital may, however, within the bounds of the Constitution, elect to change these fees (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.

#### Distributor Remuneration

The Fund's distributors may receive a commission from the Management Fee. Commissions are incorporated into the Management Fee and are paid by us and are not an extra amount paid from the Fund nor are they an amount the Unitholder pays.

We may provide additional remuneration and other benefits to distributors indirectly by paying them additional amounts (such as marketing support payments) and/or non-monetary benefits (such as business and technical support, professional development services and conferences). If these amounts or benefits are provided, they are payable out of the fees and costs we are entitled to receive and are not an additional cost to you.

#### Adviser Service Fee

You may agree to pay your adviser a fee for any financial advice that they provide to you. However, these are separate any fees we charge in respect of your investment in the Fund, as set out in the table above.

## 6.3. Example of annual fees and costs for the Fund

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

| Example – Ellerston India Fund | | Balance of $50,000 with a contribution of $5,000 during year[1] |
|---|---|---|
| **Contribution fees** | Nil. | For every additional $5,000 you put in, you will be charged $0. |
| **PLUS** Management fees and costs | **Management fee**<br>1.10% p.a.<br>**Estimated expenses**<br>0% p.a. | **And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment **$550** each year. |

| | | |
|---|---|---|
| | **Estimated indirect costs**<br>0% p.a. | |
| **PLUS** Performance fees | 0.00% p.a. | **And**, you will be charged or have deducted from your investment **$0**[2] in performance fees each year. |
| **PLUS** Transaction costs | 1.58% p.a. | **And**, you will be charged or have deducted from your investment **$790** in transaction costs. |
| **EQUALS** Cost of Fund | | If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of:<br>**$1,340**[1]<br><br>**What it costs you will depend on the fees you negotiate with the Fund, your IDPS operator or financial adviser, as applicable.** |

*[1]This example assumes the $5,000 contribution occurs at the end of the first year, therefore all fees and costs are calculated using the $50,000 balance only. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.*

*[2] This example includes a performance fee estimate of 0.00% p.a. 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 fee is not a reliable indicator of future performance fees of the Fund.*

Please note that this is just an example. In practice, your investment balance will vary, as will the Fund's fees and costs. Fee rebates may be individually negotiated with wholesale clients (as defined in the Corporations Act).

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

# 7. How the Fund Works

## 7.1. How to Apply

Units in the Fund are available for issue under the PDS. To invest in the Fund you must complete the Application Form accompanying the PDS.

If the Registry receives a completed Application Form, including all related documents and application monies, by 2:00pm (Sydney time) on a Business Day (or such other time as we may determine), we will process the application using that Business Day's Application Price. We may in our absolute discretion waive this notice requirement.

Application Forms received after the relevant cut-off time will generally be processed for the following Business Day. Incomplete applications will be processed once we have received correct documentation and application monies. We may from time to time allow additional dates for accepting applications.

### Minimum Investments

The minimum initial investment amount is $10,000 and the minimum additional investment amount is $5,000. The Manager may in its absolute discretion waive or vary these minimum requirements.

### Application Price

The Application Price will be the Net Asset Value per Unit as at the relevant Business Day, plus the Buy/Sell Spread.

### Application Acceptance and Interest

To ensure the Fund remains efficient and competitive, the Manager may in its absolute discretion reject or decline to accept applications (in part or in full) and may close the Fund to further investment at any time.

Any interest payable on application amounts will accrue to the benefit of the Fund. Application amounts paid in respect of rejected or any scaled back portion of applications will be returned to applicants without interest.

### Issue of Units

The number of Units issued to an applicant will be equal to the application amount divided by the Application Price.

## 7.2. How to Redeem

You can redeem some or all of your investment by giving the Registry written notice prior by 2:00pm (Sydney time) on a Business Day (or such other time as we may determine).

Redemptions of Units will be processed using the Redemption Price at that Business Day provided the request is received before the relevant redemption cut-off time for that Business Day.

Redemption requests received after the relevant cut-off time will generally be processed for the following Business Day.

Incomplete redemption requests will be processed once we have received correct documentation. We may from time to time allow additional dates for accepting redemptions.

Redemption request forms are available from the Registry (see Corporate Directory in **Section 12** for contact details).

### Minimum Redemption Amount

The minimum redemption amount is $5,000 unless otherwise approved by the Manager. Redemption requests may be restricted or a Unit holder's Units may be redeemed in its entirety if the processing of a redemption request would result in the Unit holder holding less than $10,000 of Units.

### Redemption Price

The redemption price for a Unit will be its Net Asset Value per Unit as at the relevant Business Day, less the Buy/Sell Spread.

The Manager expects that redemptions will be processed and typically paid within five Business Days however the Fund's Constitution provides that it may take up to 21 days from the relevant transaction day until you receive your redemption proceeds. This is because the ability to fund a redemption is generally dependent on the ability of the Fund to realise its investments. In some circumstances, redemptions may also be suspended as set out below.

### Restrictions on Redemptions

If the Fund is "liquid" (as defined in the Corporations Act), no redemptions, or payment of redemption proceeds are permitted where the calculation of the Net Asset Value or redemptions are suspended. Suspensions may occur for up to 120 days including where:

- It is impracticable or impossible for the Manager to calculate the Net Asset Value of the Fund, for example because of financial market disruptions or closures;
- The Manager reasonably considers that if the redemption requests were met immediately, Unit holders who continue to hold Units may bear or suffer a material disadvantage including, but not limited to, bearing a disproportionate burden of tax or other expenses or bearing a material diminution in the value of the Fund;
- The Manager is unable to realise Fund property to satisfy redemption requests;
- The Manager reasonably considers it to be in the interests of Unit holders; or
- It is otherwise legally permitted.

Unit holders will be notified in writing of any material changes to their redemption rights.

### Where the Fund is Not Liquid

The redemption process, including the calculation of the redemption price, described above applies only when the Fund is 'liquid' (as defined in the Corporations Act). If the Fund is no longer liquid, Units may only be redeemed under a redemption offer made to all Unit holders in the Fund, in accordance with the Constitution and the Corporations Act. Unit holders will be notified in writing of any material changes to their redemption rights.

## 7.3. Transfers

You may not sell or transfer (or agree to do so) any Units to another person without our prior written consent. We may impose certain terms and conditions or delay or withhold our consent.

To apply, complete and send to the Registry the transfer document. This is available from the Registry. If you do not obtain our consent, we may compulsorily redeem the relevant Units.

The sale or transfer of Units will have tax consequences. Stamp duty may also be payable unless an exemption applies. You should obtain tax and stamp duty advice before requesting a transfer.

## 7.4. Distributions

The distribution policy of the Fund is to distribute (when available) as soon as practicable after each 30 June and 31 December (or otherwise as determined by the Manager) the net income of the Fund. Distributions from the Fund may comprise income and/or

capital as determined by the Manager under the Fund's Constitution. We may also distribute additional amounts at other times. There is no guarantee that any income will be generated.

Distributions are calculated based on the number of Units held as at the end of the distribution date (e.g. 30 June). Your distribution entitlement is not pro-rated for the duration of your investment during the year.

Distributions will be automatically reinvested in Units unless the investor notifies the Manager otherwise. Reinvestments will be at the Net Asset Value per Unit (with no Buy/Sell Spread).

Unitholders should review their distribution election to ensure that their election accurately reflects their current investment objectives and to avoid any delays in processing of distribution payments. Unitholders may not elect to have a fixed number of Units or a percentage of their distribution reinvested in the Fund.

## 7.5. Net Asset Value of Units

The Net Asset Value for a Unit is the total value of trust property less the trust liabilities (calculated in accordance with the Constitution), divided by the number of Units on issue. The key aspects of the valuation policy applied in valuing the Fund's assets are set out below. We may rely upon the valuations or prices supplied by third parties and/or industry standard pricing models for which we will not or are not able to verify the accuracy. The Manager has appointed the Administrator to calculate the net asset valuations of the Fund.

The Manager has established separate class accounts for each class of Units in the Fund. Amounts which are referable to a class (as determined by the Manager in accordance with the Constitution) will be allocated to the relevant class. The Net Asset Value will be calculated on the basis of each class. Each class of Units will be invested in the same portfolio of assets.

Units will typically be priced each Business Day except where the calculation of the Net Asset Value of the Fund is suspended (refer **Section 7.2** for further details).

Unit prices will be displayed at www.ellerstoncapital.com or can be obtained by telephoning (02) 9021 7701.

The Manager has documented how it intends to exercise unit pricing discretions in a policy document. If a discretion is exercised in a way that departs from the documented policy, a record of this will be kept in an exceptions register. The policy document and any exceptions register will be available to Unit holders free of charge by contacting the Manager.

**Valuation**

The key aspects of the Fund's valuation policy are:

| | |
|---|---|
| Exchange traded assets | Exchange traded Securities that are regularly traded are valued at their last traded price. Other investments traded through a clearing firm or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. |
| Non-exchange traded assets | Non-exchange traded Securities are typically valued at their cost price or the price of the most recent transaction. Other investments that are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty. |
| Currencies | Any non-Australian Dollar value will be converted into Australian Dollars at the rate reasonably determined by the Manager. |

The Manager may utilise an alternative valuation methodology or principle to those described above if it considers that such valuation would better reflect the fair value of the asset.

## 7.6. Cooling Off Rights

Unit holders may have their Units cancelled and monies returned to them where the Manager receives from them a written redemption request within 14 days of the earlier of confirmation by the Manager of that Unitholder's initial investment in Units or the fifth business day after that Unit holder's Units are issued under this PDS. The monies returned will be equal to the price at which Units could be applied for on the day the Manager receives the redemption request (adjusted for market movements, reasonable transaction and administration costs and any applicable fees and taxes). This cooling off right does not apply for investments under the Fund's distribution reinvestment plan or for wholesale clients (as defined in section 761G of the Corporations Act). Indirect Investors should consult their IDPS operator as to which (if any) cooling off rights may apply.

## 7.7. Indirect Investors

You may invest indirectly in the Fund through certain investor directed portfolio services, master funds or other portfolio administration services (**IDPS**). The PDS may be used as disclosure to clients and prospective clients of the IDPS.

An Indirect Investor does not become a Unit holder in the Fund. Accordingly, an Indirect Investor does not acquire the rights of a Unit holder or acquire any direct interest in the Fund. The operator or manager of the IDPS acquires these rights (including the right to vote at meetings) and can exercise them, or decline to exercise them, on behalf of the person according to the arrangements governing the IDPS.

A person who invests in the Fund through an IDPS should ignore information in this PDS that is relevant only for direct investors. This includes to the following:

**Application Form**

A person investing in the Fund through an IDPS should not complete the Application Form attached to, or accompanied by, this PDS. An Indirect Investor should complete the application form supplied by the operator of the IDPS. Refer to your IDPS operator for the minimum investment amount that may apply to an investment in the Fund through an IDPS.

**Information**

An Indirect Investor will not receive statements, tax information or other information directly from the Manager. An Indirect Investor should receive equivalent information from the operator of the IDPS.

**Redemptions**

Provisions which relate to redemptions from the Fund will apply to the operator of the IDPS and not the Indirect Investor.

**Fees and Expenses**

Fees and expenses applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses stated in this PDS.

**Tax**

Taxation consequences of investing in the Fund outlined in **Section 8** do not consider the treatment of Indirect Investors. You should consult your tax adviser in relation to investing through an IDPS.

**Cooling Off Rights**

Indirect Investors should consult their IDPS operator about what cooling off rights (if any) may apply.

**Complaints Handling**

As an Indirect Investor, you will have the same access to the Manager's complaints resolution policy to the same extent as if you were a Direct Investor. See **Section 10.5** for further details.

# 8. Tax Considerations

## 8.1. General Overview

The taxation environment applying to the investments is currently undergoing substantial reform and may change. Any gains from the Fund's investments and from your investment in the Fund may be treated on revenue or capital account depending on the particular circumstances of the Fund and each investor. This may impact the Fund's and an investor's ability to obtain a discount on the capital gains tax applied on any gains. Under Australian tax law, a holding of Units may give rise to taxable distributions even though investors may not receive distributions in cash to fund the tax liability. The transfer or redemption of Units involves a disposal, which may have tax implications. Stamp duty may also be payable on the transfer unless an exemption applies. You are not required by law to quote your Tax File Number (**TFN**). However, without your TFN or appropriate exemption information, we are required to withhold tax at the highest marginal tax rate (plus Medicare Levy) from income distributions and interest payments made to you.

Investors should obtain independent professional advice in relation to their particular circumstances regarding the taxation consequences of an investment in the Fund before investing.

## 8.2. Summary of Tax Implications

A summary of the general Australian taxation implications for the Fund and investors in the Fund is set out below. The summary has been prepared on the basis that investors:

- are tax resident in Australia;
- are subject to Australian tax (that is, are not exempt from Australian tax); and
- hold their investments on capital account.

The summary does not consider the tax implications for other taxpayers who hold their investments on revenue account (e.g. banks, life insurance companies, equity traders, etc.).

These comments are of a general nature only and do not constitute tax advice and should not be relied upon as such. Investors should seek their own independent taxation advice about their specific facts and circumstances.

It is intended that the Fund will qualify as a managed investment trust (**MIT**) for Australian tax purposes. Where possible, the responsible entity of the Fund will elect for the Fund to be an Attribution Managed Investment Trust (**AMIT**). If such election is made, the election will apply for all income years while the Fund continues to meet certain criteria.

### Taxation of the Fund

The responsible entity of the Fund should not generally be subject to tax in respect of the income and gains derived by the Fund in each financial year, provided investors are presently entitled to the income of the trust or, where the Fund is an AMIT, the responsible entity attributes all of the taxable income of the fund to investors in accordance with the AMIT rules and the Constitution each income year. It is noted that, under the AMIT Rules, the cash paid to investors does not need to be equal to amounts attributed to those investors.

Where the Fund qualifies as a MIT, the responsible entity intends to elect for deemed capital gains tax (**CGT**) treatment to apply to the Fund. The election applies to investments in shares, units in a unit trust, land and rights or options to acquire shares, units or land. The election does not apply to other assets or derivatives.

Where the Fund incurs a revenue loss (which may arise where the Fund makes a loss on investments to which the deemed capital account treatment described above does not apply) in a financial year, the Fund may carry this tax loss forward to offset against future taxable income of the Fund, subject to the satisfaction of the trust loss carry forward rules. Any capital losses made by the Fund can be offset against capital gains in the same financial year or carried forward to offset future capital gains. Capital losses are not subject to the tax loss recoupment rules however they cannot offset revenue gains.

### Taxation of distributions from the Fund

Resident taxpaying investors will include in their assessable income, their share of the "taxable income" of the Fund or the amount attributed to them by the responsible entity and this will be advised to investors via the annual distribution statement. Where the Fund is an AMIT during an income year, the amount attributed to investors will represent a fair and reasonable attribution of the Fund's taxable income determined by the responsible entity in accordance with the Constitution. The fair and reasonable attribution may take into account the investor's share of their interests in the Fund and any gains realised by the Fund in order to fund an investor's redemption request.

The responsible entity may be required to withhold tax from distributions in a range of circumstances including for certain payments to non-resident investors.

### Cost base adjustments

The cost base of the investor's units in the Fund will generally be the amount the investor paid for the units (including incidental costs of acquisitions and disposals). However, changes to the cost base will be required to be calculated by each of the investors of the Fund on an annual basis. Where the Fund qualifies as an AMIT, broadly, the cost base will increase where the Fund attributes an amount of assessable income (including grossed up capital gains) or non-assessable non-exempt income and the cost base will decrease for amounts of cash distribution to which an investor becomes entitled to or tax offsets attributed to the investor by the responsible entity.

A reasonable estimate of the AMIT cost base net amount will be provided to members as part of the Attribution MIT Member Annual (**AMMA**) statement.

Similarly, where the Fund does not qualify as an AMIT, investors' cost bases should also be required to be reduced where an investor's cash distribution entitlement exceeds their share of taxable income of the Fund.

Where an investor's cost base is reduced to nil, further reductions in the cost base will be taken to be a capital gain for the investors.

### Disposal or redemption of units

Resident investors will make a capital gain where the capital proceeds from the disposal or redemption of their units exceeds the cost base of the relevant units. Conversely, a capital loss will arise if the capital proceeds are less than the reduced cost base of the relevant units.

Under current law, where the investor is an individual, an entity acting in the capacity of trustee (conditions apply) or is a complying superannuation fund and the units have been held for more than 12 months, any capital gain arising from disposal or redemption of the units may be reduced by the relevant CGT discount (if applicable).

### Annual tax statement

Investors should expect to receive an annual tax statement or, where the Fund qualifies as an AMIT for an income year, an AMMA tax statement for the Fund within (3) months after the end of each financial year. The statement will show the cash distributed and the taxable and non-taxable components and, where the Fund qualifies as an AMIT, a reasonable estimate of any adjustments to the investor's cost base of their units.

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

The responsible entity is authorised under Australian tax laws to collect TFNs and ABNs in connection with investments in the Fund.

It is not compulsory for an investor to provide their TFN, but without a TFN (or ABN in some circumstances) or the appropriate exemption information, the responsible entity must withhold tax from distributions (and undistributed amounts to which they are presently entitled) at the 'top rate', being the highest marginal tax rate (plus Medicare levy) until the TFN or exemption is provided.

Investors may prefer to provide an ABN as an alternative to their TFN if their investment is made as part of an enterprise.

Investors who have not quoted their TFN or ABN (or a relevant exemption) will need to claim a credit in their income tax return for the tax withheld (or, if this is not appropriate, they can apply to the Australian Taxation Office (ATO) for a refund).

#### Indirect Investment in the Fund

A Unitholder may invest indirectly in the Fund through an IDPS. In this case, it is the IDPS and not the investor that will be the Unitholder in the Fund.

The nature of the relationship between investors and an IDPS and of the indirect interest held by investors may differ between IDPS depending on the arrangements and terms governing the IDPS.

Investors should seek their own independent advice regarding the effect that holding their investment in the Fund via a particular IDPS has on the applicable income tax (including capital gains tax) treatment.

#### Reporting

For investors that are considered to be residents of certain countries for tax purposes, we may also be required to obtain additional information and report to the ATO or overseas tax authority each year relevant details relating to their investment, including balance and income received, under rules designed to combat tax evasion in their country of residence for tax purposes.

#### Foreign Account Tax Compliance Act (FATCA)

The Fund is required to comply with FATCA. FATCA enables the U.S Internal Revenue Service to identify and collect tax from US residents that invest in non-US entities. To comply with these requirements, we will collect and disclose information about certain investors such as your US Taxpayer Identification Number to the ATO or IRS. If you do not provide this information, we may be required to withhold tax on any payments made to you.

If the Fund suffers any amount of FATCA tax, neither the Manager nor the Fund will be required to compensate you for any such tax, and the effects of these amounts will be reflected in the returns of the Fund. A credit for such foreign taxes may be available in your jurisdiction of residence. You should seek your own advice in this regard.

# 9. Material Documents

## 9.1. Constitution

The Fund is registered as a managed investment scheme under the Corporations Act. The operation of the Fund is governed under the law and its Constitution which addresses matters such as Unit pricing and redemptions and applications; the issue and transfer of Units; Unitholder meetings; Unitholders' rights to income of the Fund; the Manager's powers, fee entitlement and right to be indemnified from the Fund's assets; and how the responsible entity of the Fund may be changed. The life of the Fund is 80 years less one day, unless the Manager exercises its right to terminate the Fund earlier. The following are some key terms of the Fund's Constitution not explained elsewhere in this PDS.

#### Compulsory Redemption

The Manager may in its absolute discretion, upon a minimum of three days' notice to a Unitholder, redeem all or a portion of Units held by such Unitholder in its absolute discretion if the Manager believes:

- The Units are held in breach of prohibitions contained in the Constitution;
- The Units are held in circumstances which might result in a violation (including by the Manager) of an applicable law or regulation, or subject the Fund to taxation or otherwise adversely affect the Fund in any material respect;
- A Unitholder made a misrepresentation in acquiring its Units;
- The Fund is uneconomical to operate;
- A Unitholder is a registered holder of less than $10,000 of Units; or
- The Manager determines that the continued participation of a Unitholder might cause the Manager or any Unitholder to violate any law or if any litigation is commenced or threatened against the Manager or any Unitholder arising out of the participation by the Unit holder in the Fund.

#### The Manager's Indemnity and Liability

The Manager is indemnified under the Constitution for all amounts incurred by it in the proper performance of its duties. The Manager's liability to Unitholders is limited to the Manager's ability to be indemnified from the Fund subject to the law and the Manager acting without breach of trust, fraud or gross negligence involving a failure to show the degree of care and diligence required of it.

#### Unit Holder Liability

The liability of a Unitholder to the Fund is generally limited to the amount subscribed, or agreed to be subscribed, for Units and any tax payable in respect of their Unit holding. The effectiveness of these provisions has not yet been determined by an Australian Court.

#### Amending the Constitution

The Constitution may be changed by the Manager where it reasonably considers that the change will not adversely affect Unit holders' rights or if the change is approved by Unit holders.

### 9.2. Key Service Providers

The Fund may from time to time change or appoint additional Key Service Providers and enter into agreements with those providers where the Fund indemnifies the Key Service Provider and limits their liability to the Fund similar to that described above in respect of the Manager's indemnity and liability.

## 10. Additional Information

### 10.1. Communication and Reporting

Unit holders will be provided with the communications set out in the table below and in the disclosure benchmarks set out in **Section 3**. Unit holders will also receive confirmations of their Unit applications, redemptions and distributions. Unit holders may ask the Manager for additional information as reasonably required, although the Manager may not always be able to satisfy such requests.

| Statement | Timing |
|---|---|
| Fund newsletter | Monthly |
| Periodic statements | Annually |
| Income distribution statement (including details of income entitlements) | Half yearly (if distributions are made) |
| Tax statement | Annually |
| Annual report (including the Fund's audited accounts) | Annually |

We will not mail a hard copy of the annual report to you unless you elect to receive it in hard copy by completing the relevant part of the Application Form. You can elect to receive the annual report by email. The annual report will be available at www.ellerstoncapital.com. Other information relating to the Units you hold will be provided in hard copy unless you elect to receive it by email by completing the relevant part of the Application Form. If you hold other Classes of Units in the Fund, any election you make with respect to Units will apply to all classes of Units you hold.

Fund related information will be provided through our website at www.ellerstoncapital.com.

### 10.2. Further Information

A non-exhaustive summary of some of the key terms of the Offer and Constitution of the Fund has been set out in this PDS. For further information about the Fund contact your financial adviser. The Constitution may be viewed between 9:00 am and 5:00 pm, Sydney time, on weekdays by contacting the Manager at info@ellerstoncapital.com or (02) 9021 7701.

### 10.3. Offer Changes

The Manager reserves the right to cancel the Offer, reject an application (in full or in part) and return application monies for whatever reason.

## 10.4. Disclosing Entity

At the date of this PDS, the Fund is not currently a disclosing entity under the Corporations Act. If this changes, the Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, any ASIC office.

If and when the Fund becomes a disclosing entity, you may obtain a copy of:

- The Fund's annual financial report most recently lodged with ASIC;
- Any half-year financial reports lodged with ASIC by the Fund after lodgement of that annual report and before the date of this PDS; and
- Any continuous disclosure notices given by the Fund after that date of lodgement of that annual report and before the date of this PDS;

on request from us free of charge.

## 10.5. Complaints Resolution

The Manager has a formal policy in place for dealing with complaints. If you have a complaint, please notify us by telephoning (02) 9021 7701, by emailing info@ellerstoncapital.com or by writing to Ellerston Capital Limited, Level 11, 179 Elizabeth Street, Sydney NSW 2000. We will acknowledge your complaint as soon as practicable, and will investigate your complaint and aim to provide a final response to you within 30 days of receipt of the complaint.

If you are ultimately dissatisfied with the outcome of your complaint you may refer the matter, free of charge, to the Australian Financial Complaints Authority which is an external dispute resolution scheme:

Phone: 1800 931 678

Fax: +61 3 9613 6399

Email: info@afca.org.au

Website: www.afca.org.au

Mail: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

## 10.6. Anti-Money Laundering

The Manager is required to comply with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) (**AML/CTF Law**). The Manager may require you to provide personal information and documentation in relation to your identity when you purchase Units in the Fund. The Manager may need to obtain additional information and documentation from you when undertaking transactions in relation to your investment. The Manager may need to identify:

- A Unit holder (including all investor types noted on the Application Form) prior to purchasing Units in the Fund. The Manager will not issue Units until all relevant information has been received and your identity has been satisfactorily verified;
- Your estate – if you die while you are the owner of Units in the Fund, the Manager may need to identify your legal personal representative prior to redeeming Units or transferring ownership; and
- Anyone acting on your behalf, including your power of attorney.

In some circumstances, the Manager may need to re-verify this information.

By applying to invest in the Fund, you also acknowledge that the Manager may decide to delay or refuse any request or transaction, including by suspending the issue or redemption of Units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under, any AML/CTF Law, and the Manager will incur no liability to you if it does so.

## 10.7. Privacy

The Application Form accompanying this PDS requires you to provide personal information. The Manager and each Key Service Provider to the Manager or Fund may collect, hold and use your personal information in order to assess your application, service your needs as a client or Unit holder, provide facilities and services to you, the Manager or the Fund and for other purposes permitted under the *Privacy Act 1998* (Cth). Tax and company law also require some of the information to be collected in connection with your application. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all. Your information may also be disclosed to members of the Manager's Group, contractors and consultants engaged by the Manager or a Manager Group entity, the Registry, and the Administrator and to their affiliates, delegates, agents and Key Service Providers on

the basis that they deal with such information in accordance with any agreement entered into with the Manager or the Manager's privacy policy. The Manager may need to disclose information about you to government entities and regulators as required by law.

Your information may also be used to inform you about investment opportunities or other matters that the Manager's Group thinks may be of interest to you. Contact the Manager using its contact details in the Corporate Directory in **Section 12** if you do not want your personal information to be used for this purpose or to request a copy of your personal information held by the Manager (or the Registry). See the Registry's privacy policy at https://www.automicgroup.com.au/privacy-policy/ for information regarding how the Registry protects the confidentiality of Unit holder's personal information.

The Managers or the Registry's privacy policy (where applicable) includes further details surrounding:

- How you may complain about a breach of the Australian Privacy Principles and how we will deal with your complaint; and
- The circumstances in which personal information to overseas recipients and which countries such recipients are located if it is practicable to specify those countries.

## 10.8. Key Corporate Governance Policies

### Related Party Transactions

Ellerston Capital has a related party transactions policy which sets out the requirement that related party dealings be on not less than "arm's length terms" or that an exemption applies to the transaction or that the dealings be approved by the members of the entity giving the benefit to the related party or otherwise comply with Corporations Act requirements.

### Conflicts of Interest

Ellerston Capital has established internal policies and procedures to ensure that any conflicts of interest arising in relation to the Fund are adequately identified and appropriately managed.

Where we consider that a particular conflict of interest is likely to have a materially adverse effect on Unitholders we will seek to implement adequate arrangements to mitigate and prevent (where practicable) these adverse effects on Unitholders. In certain cases, we may disclose the conflict of interest to Unitholders and obtain their consent for us (and other persons if relevant) to proceed in the context of that conflict of interest.

### Group Activities

Subject to the Corporations Act and the Manager's compliance policies, each of the Manager and other members of the Manager's Group and their associates may from time to time:

- Invest in the Fund, any such investment will be on the same terms as other Unitholders. The Manager's Group reserves the right to add to or withdraw its investment without further notice;
- Act in various capacities (such as manager and responsible entity) in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be in competition with the interests of Unitholders;
- Deal with each other in relation to the Fund (such as the Fund acquiring investments from the Manager's Group) in which case the dealing will generally be on arm's length terms or approved by Unitholders;
- Invest in and deal in any capacity, with the same investments as that of the Fund, on similar or different terms; and/or
- Recommend that investments be purchased or sold, on behalf of the Fund, regardless of whether at the same time it may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to itself or other clients

### Commission Sharing

The Manager may execute transactions or arrange for the execution of transactions through brokers and other counterparties to the Fund with whom they have "commission sharing" arrangements. The benefits provided under such arrangements will generally assist the Manager in the provision of investment services to the Fund. Specifically, the Manager may receive a benefit based on certain metrics such as the number of trades executed or Leverage obtained through the respective broker or counterparty. Benefits received by the Manager may take the form of, among other things, research services, quotation services, news wire services, portfolio and trade analysis software systems, special execution and clearance capabilities, which are used by the Manager in connection with the Fund and its other activities and clients.

## 10.9. Key Service Provider Appointments

The Manager has appointed:

- Automic Group to provide registry services for the Fund;
- State Street Australia Limited to provide accounting services for the Fund and custody; and
- Ernst & Young as auditors of the Fund.

The Manager may, subject to the law, change these or engage replacement or additional Key Service Providers at any time.

### 10.10. Consents

Each of the Key Service Providers:

- Has not authorised or caused the issue of this PDS; and
- Does not make or purport to make any statement in this PDS.

## 11. Glossary

| | |
|---|---|
| A$ or $ | Australian dollars. |
| Administrator and Custodian | State Street Australia Limited as a provider of accounting services to the Fund. |
| AFSL | Australian Financial Services Licence. |
| Alpha | The excess return of the Fund relative to the return of the Benchmark. |
| American Depositary Receipts | An American depositary receipt (ADR) is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share in a foreign stock traded on a U.S exchange |
| Application Form | The application form accompanying this PDS. |
| Application Price | Has the meaning provided in **Section 7.1**. |
| ASIC | Australian Securities and Investments Commission. |
| Auditor | Ernst & Young as auditor of the Fund's annual financial accounts and compliance plan. |
| Benchmark | MSCI India Net Return Index (AUD). |
| Business Day | Any day that is not a Saturday, Sunday or public holiday in New South Wales, Australia. |
| Buy/Sell Spread | Has the meaning provided in **Section 6.2**. |
| Calculation Period | Has the meaning provided in **Section 6.2**. |
| Cash and Cash-Like Investments | Investments in deposits, cash management trusts, bonds, fixed interest, debentures or similar investments as determined by the Manager. |
| Class | Each Class of units in the Fund. |
| Constitution | The Constitution of the Fund dated 5 April 2017, as amended from time to time. |
| Delta Exposure | Means the exposure obtained to underlying designated assets by means of a Derivative using current market values. |
| 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). |
| Ellerston Capital | Ellerston Capital Limited ACN 110 397 674. |
| Expenses | Has the meaning provided in **Section 6.2**. |
| Fund | Ellerston India Fund ARSN 618 549 796 an Australian domiciled unit trust, constituted by and under its Constitution and registered as a managed investment scheme. |
| Fundamental | Analysing investment factors that can affect the security's value, including macroeconomic factors (for example, the overall economy and industry conditions) and company-specific factors (for example, business model, management and valuation). |
| Futures | An agreement under which the holder of the futures contract is under an obligation to deliver or take delivery of a particular asset (e.g. gold and currency) for a particular price and at a particular time. |
| Global Depositary Receipts | A global depositary receipt or GDR is a bank certificate issued in more than one country for shares in a foreign company. |

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| IDPS | Has the meaning provided in **Section 7.7**. |
| Indian Companies | Securities listed on Indian exchanges (including, but not limited to, the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE)) or Securities included in the Benchmark or that in the Manager's opinion are likely to be included in the Benchmark; Derivatives (for example Swaps); or Indian domiciled companies that trade as American Depositary Receipts, Global Depositary Receipts or trade on other exchanges. |
| Indirect Investor | Has the meaning provided in **Section 7.7**. |
| Key Service Providers | The entities named in **Section 4.7** as such and any additional or replacement Key Service Providers to the Fund from time to time. |
| Leverage | Borrowing money or Securities to invest or investing through Derivatives in order to increase the monies available for investment. |
| Long | The exposure obtained by acquiring an investment. |
| Management Cost | Has the meaning provided in **Section 6.2**. |
| Management Fee | Has the meaning provided in **Section 6.2**. |
| Manager | Ellerston Capital as responsible entity and investment manager of the Fund. |
| Manager's Group | The Manager and each of its related bodies corporate, and each of their associates. |
| Net Asset Value | The net asset value of the relevant class or the Fund, as appropriate, as determined under the Constitution. Refer also **Section 7.5.** |
| Offer | The invitation to subscribe for Units set out in this PDS. |
| Option | An agreement under which the holder has the right but not the obligation to purchase or sell an asset (e.g. a share) at a particular price at or by a particular time. |
| OTC Derivative | A Derivative that is not an Exchange Traded Derivative. |
| PDS | This product disclosure statement. |
| Performance Fee | Has the meaning provided in **Section 6.2**. |
| Redemption Price | Has the meaning in **Section 7.2** |
| Registry or Registrar | Automic Group as a provider of registry services to the Fund. |
| Securities | Any type of shares or other equity interests in a company, exchange traded fund (listed or targeting a listing on an exchange within 6 months), or managed investment scheme. |
| Short Selling | Selling an investment (which has been borrowed from another party) with the intention of buying it back at a later date |
| Swap | A derivative contract in which one party exchanges or swaps the values or cash flows of one asset for another. |
| Units | Units representing a beneficial interest in the Fund issued pursuant to this PDS. |
| Unit Holder | A person entered on the register of the Fund as a holder of Units pursuant to this PDS. |
| US Persons | Has the meaning given to the term in Regulation S of the U.S. Securities Act 1933 (as amended). |

## 12. Corporate Directory

| Manager | Registry |
| --- | --- |
| **Ellerston Capital Limited** | **Automic Group** |
| Phone: 02 9021 7701<br>Email: info@ellerstoncapital.com<br>Website: www.ellerstoncapital.com | GPO Box 5193,<br>Sydney NSW 2001<br>Phone: 1300 101 595<br>International: +61 2 9068 1928<br>Email: ellerstonfunds@automicgroup.com.au |
| **Auditors** | **Administrator and Custodian** |
| **Ernst & Young** | **State Street Australia Limited** |
| 200 George Street<br>Sydney NSW 2000 | 420 George Street<br>Sydney NSW 2000 |