

# Global Small Mid Cap Fund



## REFERENCE GUIDE

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### INVESTMENT MANAGER:

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### RESPONSIBLE ENTITY:

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### About this Reference Guide

This Paradice Reference Guide ('Reference Guide') has been prepared and issued by Equity Trustees Limited ('Equity Trustees'). The information in this document forms part of the Paradice Global Small Mid Cap Fund ('Fund') Product Disclosure Statement ('PDS') dated 25 September 2017. The PDS and this Reference Guide are available at [www.eqt.com.au/insto](http://www.eqt.com.au/insto) or you may request a copy by calling Equity Trustees on 03 8623 5000 or Paradice on (02) 8227 7400.

The information provided in this Reference Guide is for general information only and does not take into account your individual objectives, financial situation or needs. You should obtain financial advice tailored to your circumstances.

### Updated information

Information in the PDS and Reference Guide is subject to change. Before making an investment in the Fund, you should ensure that you read the PDS and Reference Guide current as at the date of your investment.

An up-to-date Reference Guide is available at [www.eqt.com.au/insto](http://www.eqt.com.au/insto). You can also request a copy by calling Equity Trustees on 03 8623 5000. A paper copy of the updated information can also be provided free of charge, on request 1300 555 378. A paper copy of the updated information can also be provided free of charge, on request.

## 1. Investing in the Paradice Global Small Mid Cap Fund

### How to invest

To invest in the Fund, please complete the Application Form attached to the PDS and make payment via electronic bank transfer\* (see details in the Application Form).

\*The transferring party must be Real Time Gross Settlement (RTGS) compliant.

Completed Application Forms should be sent along with your identification documents (if applicable) to:

Registry Services  
GPO Box 1406, Melbourne VIC 3001  
Fax: 1300 365 601

Units will not be issued until original forms are received by post. **Please note that cash cannot be accepted. You should read the PDS, as it contains important information about the Fund. The Fund is only open in Australia to Wholesale Clients.**

No interest is earned on application monies.

### Application cut-off times

If we receive a correctly completed Application Form, identification documents (if applicable) and cleared application money:

- by 3 pm Sydney time on any Business Day, your application will generally be processed on that Business Day. This means you will generally receive the application price calculated for that Business Day provided that the Fund's administrator confirms your application money has cleared; and
- after 3 pm Sydney time on a Business Day, your application will generally be processed on the next Business Day. This means you will generally receive the application price calculated for the next Business Day provided that the Fund's administrator confirms your application money has cleared.

## 1. Investing in the Paradise Global Small Mid Cap Fund (continued)

We will only start processing an application if:

- we consider that you have correctly completed the Application Form;
- you have provided us with the relevant identification documents; and
- we have received the application money (in cleared funds) stated in your Application Form. The time it takes for application money to clear varies depending on how you transfer the money and your bank (it may take up to four Business Days).

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Fund's investors.

### Cooling-off rights

As the Fund is only available in Australia to Wholesale Clients, no cooling-off rights apply.

Indirect Investors should seek advice from their IDPS Operator as to whether cooling-off rights apply to an investment in the Fund by the IDPS. The right to cool off in relation to the Fund is not directly available to an Indirect Investor. This is because an Indirect Investor does not acquire the rights of a unit holder in the Fund. Rather, an Indirect Investor directs the IDPS Operator to arrange for their monies to be invested in the Fund on their behalf. The terms and conditions of the IDPS guide or similar type document will govern an Indirect Investor's investment in relation to a Fund and any rights an Indirect Investor may have in this regard.

### Unit price and valuations

Your investment is represented by the number of units you are allocated at the time of investment.

The net asset value ('NAV') of units in the Fund is calculated each Business Day and is calculated by deducting the value of the liabilities of the Fund from the value of its gross assets in accordance with the Fund's Constitution. The unit price may rise or fall.

The Application Price of a unit in the Fund is based on the NAV divided by the number of units on issue, and adjusted for the Buy Spread.

### Attribution Managed Investment Trusts ('AMITs')

The Constitution allows, where separate classes of units are on issue in respect of the Fund, for income allocation to take into account any impact of the currency overlay that may be in place for the respective classes. The quantum of the distribution is sought to be determined on a standalone basis. Prior to the AMIT multi-class election being made (as described below), the Fund is treated as a single taxpayer. As any separate classes of units would not currently be

treated as separate taxpayers, it is possible under the current taxation regime that the tax character of distributions made to a particular class may be impacted by transactions associated with another class. The Constitution provides a mechanism to seek to minimise this outcome. Insofar as possible, where separate classes of units are on issue, the Constitution seeks to quarantine the income associated with a particular class to that class.

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for AMITs. Trusts that meet the eligibility criteria to be an AMIT may elect into the AMIT rules. Equity Trustees is intending that an election into AMIT be made in respect of the Fund and thereafter the following will apply:

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

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

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

**Large withdrawals:** In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large withdrawal being attributed to the withdrawing investor.

**Multi-class AMITs:** A choice is available to elect to treat separate classes of units as separate AMITs. Equity Trustees is intending that the AMIT multi-class election be made in respect of the Fund.

**Penalties:** In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed. The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors.

## 2. Managing your investment

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### Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- redeeming all or part of your investment;
- changing bank account details; and
- enquiring and obtaining copies of the status of your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;

- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, claims and demands arising from instructions received from your authorised signatory; and
- you agree that our compliance with any instructions received from your authorised signatory shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

### Reports

We will make the following statements available to all investors in the Fund:

- A transaction confirmation statement, showing a change in the investor's holding.
- The Fund's half-yearly financial accounts (if applicable).
- The Fund's annual audited accounts for the relevant financial year.
- Annual tax and confirmation of holdings statements for the relevant financial year.
- Distribution statement.

## 3. Withdrawing your investment

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### Withdrawal cut-off times

A withdrawal request should be received by 3 pm Sydney time on a Business Day for processing that day. Any withdrawal request received after that time will generally be treated as having been received the following Business Day.

We reserve the right to accept or reject withdrawal requests in whole or in part at our discretion. We have the discretion to delay processing withdrawal requests where we believe this to be in the best interest of the Fund investors.

Please see the PDS for information regarding how to request a withdrawal.

### Payment of withdrawals

Generally, we will instruct that your withdrawal proceeds be transferred to your nominated bank account within seven days from the time we receive your withdrawal request.

However, the Constitution allows Equity Trustees to delay payment up to 30 days after receipt of a request (which may be extended in certain circumstances).

We may contact you to check your details before processing your withdrawal request. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

We are not responsible or liable if you do not receive or are late in receiving, any withdrawal money that is paid according to your instructions.

At Equity Trustees' discretion, withdrawals may be paid via a transfer of assets instead of a cash payment.

### Withdrawal request terms

Once we receive your withdrawal request, we may act on your instruction without further enquiry, if the instruction bears

your account number or investor details and your (apparent) signature(s) or your authorised signatory's (apparent) signature(s).

When you are withdrawing, you should take note of the following:

- We reserve the right to fully withdraw your investment upon 30 days' notice if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set in the PDS.
- If we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier, or fax shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms you and any person claiming on your behalf, shall have no claim against us with regards to such payment.

### Withdrawal restrictions

Under the Corporations Act, you do not have a right to withdraw from the Fund if the Fund is illiquid. In such circumstances, you will only be able to withdraw your investment if Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

A fund will be deemed liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, should Equity Trustees be unable to realise sufficient assets to meet withdrawal, it may suspend the calculation of the NAV and withhold withdrawal proceeds.

## 4. Additional information on fees and costs of the Paradise Global Small Mid Cap Fund

Paradice will be paid a performance fee equal to 15% (inclusive of GST and net of any RITC) of the dollar value of the outperformance of the Fund, calculated daily and payable monthly ('Performance Fee Period') in arrears. Outperformance is the difference between the Fund's return (after deduction of management fees, but excluding any performance fee accrual) and the Benchmark return. The Benchmark is the S&P Global BMI (US\$1bn \$5bn Market Cap Range) Index in AUD.

If the Fund does not outperform the Benchmark, after deduction of management fees, no performance fee is payable in respect of that period, and no performance fee will begin to accrue in subsequent periods until the prior underperformance ('Performance Deficit') has been made up.

To ensure that the proportionality between the Performance Deficit and the value of the Fund remains consistent where an application or a withdrawal occurs, at a time when the Fund has a Performance Deficit, the Performance Deficit will generally be reduced by the proportion of the Fund's gross asset value that the application/withdrawal represents.

The example below is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

The following is an example of the performance fee expense for a Performance Fee Period payable on units of the Paradise

Global Small Mid Cap Fund. Terms referred below have the same meaning as detailed in section 6 of the PDS.

### Assumptions:

- The percentage movement in the S&P Global BMI (US\$1bn - \$5bn Market Cap Range) Index in AUD to the end of the Performance Fee Period is 5%.
- The Fund's investment return, after deduction of management fees but before deducting any performance fee accrual, for the Performance Period is 10%.
- No Performance Deficit (negative performance fee amounts for previous Performance Fee Periods) exists to carry forward into this Performance Fee Period.

On the basis of the above assumptions, if the Fund's NAV (after deduction of management costs, but excluding any performance fee accrual) attributable to an investor's units was \$100,000, the performance fee expense in respect of those units for that Performance Fee Period would be approximately \$750 (10% Fund net return less 5% benchmark return = 5% outperformance x 15%).

Please note that the 'investment return' specified in this example:

- is only an example to assist investors to understand the effect of the performance fee expenses on the investment return of the Fund; and
- is not a forecast of the expected investment return for the Fund.

## 5. Enquiries and complaints

### Keeping in touch

If you have an enquiry regarding the management of the Fund, please visit [www.paradice.com.au](http://www.paradice.com.au).

### Making a formal complaint

If you are not satisfied with any aspect of our services, please contact Equity Trustees. Equity Trustees seeks to resolve complaints to the satisfaction of investors. If an investor wishes to lodge a formal complaint please write to:

Compliance Team  
Equity Trustees Limited  
GPO Box 2307  
Melbourne VIC 3001  
Email: [compliance@eqt.com.au](mailto:compliance@eqt.com.au)

Equity Trustees will seek to respond as soon as possible and in any case will respond within 14 days of receiving your letter. We will seek to resolve your complaint as soon as practicable, but not longer than 45 days after receiving the complaint.

### Financial Ombudsman Service (FOS)

If we are unable to resolve your complaint, you may be able to seek assistance from the Financial Ombudsman Service ('FOS').

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1800 367 287  
Email: [info@fos.org.au](mailto:info@fos.org.au)

Please include the Equity Trustees FOS membership number with your enquiry. It is 10395.

FOS can assist you if Equity Trustees cannot. FOS may not consider a dispute where the value of a person's claim exceeds \$500,000. FOS is only able to make a determination of up to \$309,000 per managed investment claim (excluding compensation for costs and interest payments).

## 6. Other important information

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### Your privacy

The Privacy Act 1988 ('Privacy Act') and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, the administrator, custodian, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or Paradise may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to 'opt out' by contacting Equity Trustees.

Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees' Privacy Policy is available at [www.eqt.com.au](http://www.eqt.com.au). You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email [privacy@eqt.com.au](mailto:privacy@eqt.com.au) to request a copy.

### The Constitution

The Fund is governed by a constitution that sets out the Fund's operation ('Constitution'). The Constitution, together with the Fund's PDS, this Reference Guide, the Corporations Act and other laws, regulate our legal relationship with investors in this Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund's PDS, this Reference Guide and the Fund's Constitution. You can request a copy of the Constitution, free of charge by contacting Equity Trustees on 03 8623 5000. Please consider these documents before investing in the Fund.

We may amend the Constitution from time to time in accordance with the provisions in the Constitution and the Corporations Act.

### Anti-Money Laundering and Counter-Terrorism Financing laws ('AML/CTF')

Australia's Anti-Money Laundering and Counter-Terrorism Financing laws ('AML/CTF') require Equity Trustees to adopt and maintain an AML/CTF compliance program. A fundamental part of the AML/CTF program is that Equity Trustees knows certain information about investors in the Fund.

To meet this legal requirement, we need to collect certain identification information and documentation ('KYC Documents') from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications or withdrawals will be delayed or refused if investors do not provide the applicable KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

Equity Trustees shall not be liable for any loss you may suffer because of compliance with the AML/CTF laws.

### Indirect Investors

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator. This will mean that you are an Indirect Investor in the Fund and not a unit holder or member of the Fund. Indirect Investors do not acquire the rights of a unit holder, as such rights are acquired by the IDPS Operator, who may exercise or decline to exercise these rights on your behalf.

Indirect Investors do not receive reports or statements from us. In addition, the IDPS Operator's application and withdrawal conditions determine when you can apply or redeem, as well as the minimum investment, balance and withdrawal amounts. You should also take into account the fees and charges of the IDPS Operator, as these will be in addition to the fees paid in connection with an investment in the Fund.

Your rights as an Indirect Investor should be set out in the disclosure document issued by the IDPS Operator. However, you can still rely on the information in the PDS and Reference Guide.

Neither Equity Trustees nor Paradise is responsible for the operation of any IDPS through which you invest.

### Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

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

In April 2014, the Australian Government signed an intergovernmental agreement ('IGA') with the United States of America ('U.S. '), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ('ATO'). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being

subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate unitholders for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

### Common Reporting Standard ('CRS')

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. From 1 July 2017, Australian financial institutions will need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

## 7. Glossary

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### AML/CTF

Anti-Money Laundering and Counter-Terrorism Financing.

### Application Form

The Application Form attached to the PDS.

### ATO

Australian Taxation Office.

### AUSTRAC

Australian Transaction Reports and Analysis Centre.

### Business Day

A day other than a Saturday, Sunday or public holiday on which banks are open for general banking business in Sydney.

### Constitution

The trust deed which governs the Fund, as amended from time to time.

### Corporations Act

The Australian Corporations Act 2001 (Cth), as amended from time to time.

### IDPS

An Investor Directed Portfolio Service, Investor Direct Portfolio-like service offered through a registered managed investment scheme or a nominee or custodial service.

An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers, with the IDPS Operator providing the investor with consolidated and streamlined transaction statements and other reporting.

### IDPS Operator

The operator of an IDPS.

### Indirect Investors

Individuals who invest in the Fund through an IDPS.

### KYC Documents

Documents required under AML/CTF laws to identify a potential or existing investor in the Fund.

### Net Asset Value (NAV)

The value of the assets of the Fund less the value of the liabilities of the Fund calculated in accordance with the Fund's Constitution.

**RITC**

Reduced input tax credit(s).

**We, us**

Refers to Equity Trustees.

**Wholesale Client and Retail Client**

Persons or entities defined as such under sections 761G and 761GA of the Corporations Act.

**US Person**

A person so classified under securities or tax law in the United States of America ('US') including, in broad terms, the following persons:

- (a) any citizen of, or natural person resident in, the US, its territories or possessions; or
- (b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or
- (c) any agency or branch of a foreign entity located in the US; or
- (d) a pension plan primarily for US employees of a US Person; or
- (e) a US collective investment vehicle unless not offered to US Persons; or
- (f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax;
- (g) any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or
- (h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or
- (i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.