

ARCO Absolute Trust

INFORMATION MEMORANDUM

October 2017

IMPORTANT NOTICE AND DISCLAIMER

This Information Memorandum (“IM”) contains details of an offer of units (“Units”) in the ARCO Absolute Trust (the “Fund”) and is issued by ARCO Investment Management Pty Limited (ABN 48 129 937 837), AFSL No 325159 (“ARCO Investment Management”). ARCO Investment Management is the trustee and investment manager of the Fund.

An offer of Units under this IM is only open to Australian residents who are “wholesale” clients under section 761G of the Corporations Act 2001 (Cth) (“Corporations Act”). Each recipient of this IM represents and warrants that it is and at all times will be a “wholesale” client for the purposes of the Corporations Act.

This is not a product disclosure statement under the Corporations Act. The fundraising disclosure requirements of the Corporations Act do not apply to the offer of Units under this IM.

It is important that you read this IM before making a decision about whether to invest in the Fund. However, the information in this IM is general information only and does not take into account your individual objectives, financial situation, needs or circumstances, nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund. Prospective investors should conduct their own independent review, investigations and analysis of the Fund and of the information contained in or referred to in this IM. In particular, potential investors should consider the risk factors that could affect the performance of the Fund outlined in section 5 “Risks” of this IM, the possible tax consequences and the legal requirements which might be relevant to the subscription, holding or disposal of Units. Potential investors should assess whether this investment is appropriate for them and consider seeking expert advice before making an investment decision.

The IM should be read in conjunction with the trust deed for the Fund dated on or about 1 September 2008 (and as amended from time to time) (“Trust Deed”).

Statements made in this IM are made only as of the date of this IM, unless otherwise stated. If there is any material change to or omission from the information contained in this IM, that information will be updated and provided to you.

ARCO Investment Management, its related bodies corporate and associates, directors, officers and employees do not guarantee or make any representation or warranty (whether express or implied) as to the success of the Fund, the repayment of capital invested in the Fund or any particular rate of return on investment in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income or principal invested.

To the best of the knowledge and belief of ARCO Investment Management (who has taken all reasonable care to ensure that such is the case), the information contained in this IM is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent permitted by law, ARCO Investment Management, its related bodies corporate and associates disclaim all liability that may otherwise arise due to any information contained in this IM being inaccurate, or due to information being omitted from this document, whether by way of negligence or otherwise. However, nothing in this IM excludes, restricts or modifies the operation of section 12ED of the Australian Securities and Investments Commission Act 2001 (Cth).

Any information given or representation made by any dealer, salesman or other person and not contained in this IM should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this IM nor the offer, issue or sale of Units shall, under any circumstances, constitute a representation that the information contained in this IM is correct at any time subsequent to the date of this IM.

This IM is intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Fund and is provided to each recipient on the condition that it is strictly confidential and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this IM).

To the extent that this IM contains forecasts or other forward looking statements they are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective investor as a guarantee, an assurance, a prediction or a definite statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. These statements may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. There can be no assurance that any particular forward looking statement will be realised.

The offer of Units to which this IM relates is only available to persons receiving a printed or electronic copy of this IM in Australia. This IM does not constitute an offer or invitation in any place where, or to any person to whom it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Units or offer or otherwise permit a public offering of the Units in any jurisdiction outside Australia. Accordingly, the distribution of this IM in jurisdictions outside Australia is limited and may be restricted by law. In particular, the Units have not been and will not be registered in the United States of America (US) under the Securities Act of 1933 as amended (US Securities Act), and may not be offered or sold in the US to or for the account or benefit of US persons (as defined in the US Securities Act) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

Terms used in this IM are defined in the “Glossary” contained in Section 9 of this IM.

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1. Key Features of the Fund

Nature of the Fund

Type of Fund	Long/short equity investments, absolute return focus
Legal structure	Unit trust established for 'wholesale' investors
Base currency	Australian dollars

Investment Objective and Fund Strategy [Refer Section 2](#)

Objective	Above average gains in Net Asset Value in absolute terms, subject to the overarching objective of capital preservation
Strategy	Low but variable net equity exposure strategy concentrating on stock selection; strong risk management disciplines
Leverage	The Fund may use leverage by short selling and borrowing amounts up to 100% of the NAV of the Fund

Investment Manager [Refer Section 3](#)

Manager and Trustee	ARCO Investment Management
Ownership	ARCO Investment Management is an Australian private company owned by its management

Investing in the Fund [Refer Section 4 and Application Form](#)

Initial minimum investment	\$500,000 minimum. The Fund may accept lower amounts, where an investor meets one of the 'wholesale client' tests under the Corporations Act
Additional investment	\$100,000 minimum
Subscription Price	Gross NAV per Unit (i.e. before performance fee accrual) of the relevant Reference Series. No entry fee loading.
Investment window	Applications and cleared funds by the last business day of the month
Documentation	AML/KYC documentation required before redeeming funds

Redemption and Minimum Holding [Refer Section 4](#)

Minimum redemption	No minimum redemption amount
Minimum holding	\$100,000, or such other value as specified by ARCO Investment Management from time to time
Redemption window	Normally monthly, with one month's notice
Redemption Price	Net NAV per unit of the relevant series (i.e. after performance fee accrual). No exit fee.
Gate	None
Redemption suspension	ARCO Investment Management has the right to suspend redemptions in certain circumstances

Risks [Refer Section 5](#)

Loss of Capital	The Fund's strategy means there is a risk of loss of capital
Leverage	The Fund will use leverage, which has the potential to increase returns or losses
Key Persons	The Fund's investment performance will depend principally on the skills and continuous involvement of its management principals

Fees and Costs [Refer Section 6](#)

Entry and exit	None
Management fee	1% per annum of Gross NAV of all series, payable monthly
Performance fee	20% of the gain in Gross NAV per unit in the relevant series over the High Water Mark, payable annually
Expense recovery	Launch costs will be paid by the Fund over five years

Taxation [Refer Section 7](#)

Distribution Policy, Other Information [Refer Section 8](#)

Distributions	All Distributable Income will be distributed to Unitholders
Timing	ARCO Investment Management may make distributions at any time. However, distributions are expected to be made at least annually, within two months of the end of the financial year.
Reinvestment	Yes

2. Investment Process

Investment Objective

The investment objective of the Fund is to seek to achieve above average returns in absolute terms, through investing in listed securities in Australia and New Zealand, subject to the overarching requirement of capital preservation. Investments will predominantly be in equity securities but may include fixed interest instruments, money market instruments, derivatives and foreign exchange contracts.

Investment Strategy

The Fund's core strategy is to construct a portfolio of listed equity securities priced at levels that do not adequately reflect their underlying values, and to hedge its 'long' portfolio against adverse market price movements risk through selling short equity securities that are priced well above underlying values, and by using financial derivatives. Accordingly, the Fund's overall gross asset position and net equity exposure will vary over time

The Investment Manager has a strong fundamental research orientation, and places great emphasis on stock selection. The Investment Manager views the typical pricing of large-capitalisation stocks traded on the equity markets in Australia and New Zealand as highly efficient. As such, the Investment Manager's belief is that most high-liquidity, large-capitalisation stocks have a calculable 'fair value' range, based on set of fundamental information known to investors at any point in time.

The Investment Manager's process is to combine intensive fundamental research with active consideration of non-fundamental factors, in order to identify and analyse variances in stock prices away from the Investment Manager's perceived 'fair value' range, in either direction. The Investment Manager's process attempts to determine why such variances are occurring, at both the fundamental (typically earnings, industry economics, or peer valuation dynamics) and market (typically liquidity or sponsorship changes) levels. If such variances can be explained to the Investment Manager's satisfaction, and the perceived mispricing offers an attractive return after giving full consideration to risk factors, this may provide a basis for initiating an investment.

The Investment Manager's view is that alpha generation in an efficient equity market is hard work, requiring a deep insight into industry economics and underlying company fundamentals, a willingness to assume out-of-consensus risk based on that work, and active position management in response to stock price and valuation changes. As a result, the Fund intends to actively manage its long and short position sizes in response to price movements within its target 'fair value' range for its core group of stocks, and to actively manage its overall market exposure levels.

Leverage

The Fund may use leverage, by borrowing money against equity securities owned 'long' through margin loans and/or to fund redemption requests; or through the implementation of short sale strategies that, in combination with the Fund long positions, effectively increase exposure to price changes in markets.

Short Selling

The Fund may engage in 'short sales', that is, the practice of selling securities which are borrowed from a third party. The Fund will be required to return, at the lender's demand, securities equivalent to those borrowed for the short sale. Pending the return of such securities, the Fund will be required to deposit with the lender, as collateral, the proceeds of the short sale plus additional cash or securities. The amount of the required deposit will be adjusted to reflect any change in the market price of the security.

Financial Derivatives

The Fund will use financial derivatives, primarily in the form of index futures contracts, typically to protect capital from the downside price risk of the broader market. If the index futures fall, the Fund may close the futures contract at a lower price and a profit. The profit from futures contracts may offset the loss suffered by the Fund's 'long' stock portfolio. However, the Fund will incur a loss from this strategy if the index futures price increases.

The Investment Manager will infrequently use exchange-traded options, usually in order to increase the Fund's exposure to an expected price movement. The Fund is unlikely to be short option volatility — that is, the Fund will typically only be long call options or long put options.

The use of derivatives will be continually monitored in accordance with the Fund's risk policies.

Foreign Currencies

The Fund will invest almost exclusively in its functional currency unit, being Australian Dollars. The Investment Manager does not intend to trade in foreign exchange markets. The Company will invest in securities denominated in New Zealand dollars from time to time, which will not typically be hedged back into Australian Dollars.

Risk Management

Preservation of investor's capital is a key objective. The Fund's bias is to be net long invested under normal market conditions, but will seek to reduce the risk of loss by raising liquidity and by increasing hedging if a decline in overall market price levels is expected.

The Fund will invest only in securities listed on established stock exchanges in Australia and New Zealand, or which are dealt in on established Over-the-Counter markets. A very high proportion of the Fund's equity investments are expected to be in large-capitalisation companies, which typically feature high traded liquidity. It is expected that over 70% of the Fund's long and short equity positions will be in stocks that are members of the S&P ASX 100 Index.

The Investment Manager will generally observe a stop-loss limit on short sales, in the event that there is an adverse movement in the price of the underlying security resulting in a 50 basis point (0.5%) reduction in the Net Asset Value. While no stop-loss limit exists for long positions, the Investment Manager will generally apply a symmetrical 'soft' limit policy in practice.

Investment Restrictions

The following investment restrictions shall be applied in managing the Fund:

i) **Leverage limited to 100% of Net Asset Value**

The Fund may borrow up to 100 percent of the latest available Net Asset Value, prior to the effect of the borrowing. In practice, the Fund is expected to operate with relatively low levels of leverage, with gross assets likely to be managed in a range of 50 to 150 percent of Net Asset Value.

ii) **Net exposure limited to 60% of Net Asset Value**

The Fund will limit its net equity exposure (long market value less short market value) to 60 percent of Net Asset Value, with typical net equity exposure likely to be managed in a range of -20 to +40 percent of Net Asset Value.

iii) Single company concentration limitations

The Fund's net exposure (long or short) to the securities issued by a single issuer will be subject to the following concentration limits:

- (a) For companies included in the S&P ASX 200 Index, the Fund will be limited to exposure of fifteen percent of Net Asset Value.
- (b) For all other companies, the Fund will be limited to exposure of 10% of Net Asset Value.

In practice, the Fund's single stock position size is expected to average between one and five percent of Net Asset Value for S&P ASX 100 Index issuers, and between 0.5 and 2.5 percent of Net Asset Value for all other issuers. To exceed those levels, the Investment Manager will typically require an unusual combination of a large variance to fair value, a high confidence level in (and good visibility as to the key fundamental factors that drive) that value, and a clear understanding of the non-fundamental factors at play.

iv) Ownership and control limitation

The Fund will not hold more than 10 percent of any class of security issued by a single issuer or take legal or management control of any investee company.

vi) New Zealand exposure limitation

The Fund's net exposure (long or short) to the securities issued by companies with a primary stock market listing in New Zealand will be limited to 10% of Net Asset Value at cost.

vi) Real property and physical commodity restrictions

The Fund will not invest in real property and physical commodities.

The above restrictions shall be measured at the time of acquisition of an investment by the Fund. The limits shall not be treated as being breached if they are exceeded as a result of movements in the relative value of investments of the Fund after their acquisition or the exercise of rights arising in respect of such investments. These investment restrictions may be changed by ARCO Investment Management on giving three months' notice to Unitholders. If there is a breach of any of the investment restrictions ARCO Investment Management shall as soon as reasonably practicable take such steps to remedy the breach as it considers appropriate, having regard to the interests of Unitholders, but to the extent permitted by law, will be under no further liability in respect of the breach.

3. About ARCO Investment Management

ARCO Investment Management, (rebranded from Optimal Fund Management Australia in July 2017) is the trustee and investment manager of the Fund.

ARCO Investment Management is a company incorporated in Victoria, Australia in 2008 and holds an Australian Financial Services Licence. It is majority-owned by its management. ARCO Investment Management is a dedicated investment manager of absolute return investment funds, with no other business interests except incidental activities such as its role as trustee of the Fund.

As investment manager, ARCO Investment Management is responsible for managing the investment, sale and reinvestment of the Fund's assets.

As trustee, ARCO Investment Management will hold the assets of the Fund, and may use the services of its Prime Brokers and Custodians, and other duly-appointed nominees, agents or delegates to hold the assets of the Fund. As trustee, ARCO Investment Management is also responsible for arranging the issue, redemption and valuation of Units and for the preparation of audited financial statements and will utilise the services of an independent fund administrator for this purpose.

The key investment and administrative professionals who provide services to the Investment Manager are:

George Colman – Principal. Mr. Colman commenced his career in the Australian investment and securities markets in 1984. He was formerly a Managing Director in the Equity Research Division of Citigroup Australia from 1998 to 2007. He was a career equities analyst from 1984 to 2007, with wide experience in fundamental research across a variety of industry sectors over that time. Mr. Colman was previously a director of research and an executive committee member of Citigroup's Australian predecessor firm (NatWest Securities), which he joined in 1986. He was a non-executive director of ASX-listed company A.P. Eagers Limited (APE.ASX) for ten years to 1999, a period of substantial restructuring and growth for that company. Mr. Colman graduated from the University of Melbourne with a first-class Honours Degree in Commerce, and holds various professional qualifications: ASIA, NYSE/NASDAQ Series 7 and ASIC RG146.

Peter Whiting – Principal. Mr. Whiting commenced his career in the Australian investment and securities markets in 1983. He was formerly a Managing Director of the Equities Division of Citigroup Australia from 1998 to 2008. He was a Citigroup Equities Division Executive Committee member, and had management responsibility for the Equities Sales Trading division. In this position, Mr. Whiting had responsibility for assessment, pricing and management of all equity client risk, while he also maintained sales and account management responsibilities at the portfolio manager level for a number of the largest Australian investment funds. Mr. Whiting chaired the Securities and Derivatives Industry Association (SDIA) Equity Trading Advisory Group from 2001 to 2004. He commenced at Citigroup's Australian predecessor firm (NatWest Securities) in 1988. His original industry background was on the ASX trading floor, and then in equity trading risk. Mr. Whiting holds a Diploma of Financial Markets (SIA) and various professional qualifications: NYSE/NASDAQ Series 7 and ASIC RG146.

Stephen Nicholls – Senior Investment Analyst. Mr. Nicholls commenced his career in the Australian investment and securities markets in 1984, initially in foreign exchange risk management with Rio Tinto Plc. Mr. Nicholls then served as an investment analyst and Portfolio Manager with BHP and RACV, prior to joining the Equities Division of Citigroup Australia in 1998, where he was appointed a divisional Director. He holds B.Comm and Masters (Applied Finance) Degrees from the University of Melbourne; and various professional qualifications: ASIC RG146.

Jason Huddy – Executive Director. Mr Huddy joined ARCO Investment Management in 2016 with responsibility for the distribution and marketing functions of the business. He commenced his career in the Australian financial services market in 1988, initially with the National Mutual Group before moving to Macquarie Group in 1994 where he worked across Australia, New Zealand and the UK. During this time, his responsibilities included developing and growing investor markets for Macquarie’s range of investment funds and platforms and also developing distribution partnerships with select investment managers external to the group. In 2011, he joined National Australia Bank, initially in its Debt Markets business before moving to lead the distribution function for NAB Asset Management in 2014. Mr Huddy holds a Bachelor of Arts from the University of Western Australia and is a graduate of the Securities Institute of Australia (F.Fin) and the Australian Institute of Company Directors (GAICD).

Sook Fun Chan – Chief Administration Officer. Ms Chan oversees all middle- and back-office functions for ARCO Investment Management. Prior to relocating to Australia for family reasons in 2008, Ms Chan had a long career in the finance industry in Singapore, primarily with ABN Amro Asia Securities, where she served as Director of Finance and Operations, and then as Chief Operating Officer. Ms. Chan graduated from the National University of Singapore with a Bachelor Degree in Accountancy, and holds CPA registration in both Australia and Singapore.

4. Investing in the Fund

4.1 How to Make an Investment in the Fund

If you wish to make an investment in the Fund, you must complete the Application Form attached to this IM in Section 10. The completed Application Form must then be sent to HSBC at the address contained in the Application Form.

Applications may be sent initially by facsimile to the number contained in the Application Form, provided that the original follows promptly. Investors should note that ARCO Investment Management or HSBC do not accept responsibility for any loss incurred as a result of non-receipt or illegibility of any application sent by facsimile or for any loss caused in respect of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorised persons.

It is the responsibility of ARCO Investment Management to comply with anti-money laundering provisions of relevant Australian laws. As such, information as to an investor's identity and the source of payment of the application monies must be collected and verified. See Section 8.10 and the Application Form for details.

Applications for Units must be to the value of at least \$500,000 unless the applicant can demonstrate that it is otherwise a 'wholesale client' under section 716G of the Corporations Act. The minimum additional investment in the Fund is \$100,000, or such other amount as determined by ARCO Investment Management. Fractions of less than one-thousandth of a Unit will not be issued, and application monies representing smaller fractions of a Unit will be retained by the trustee for the benefit of the Fund.

Units will be issued by ARCO Investment Management on the first Business Day of a calendar month or such other Business Day as ARCO Investment Management may prescribe and provide notification to the investors ("Dealing Day") in respect of applications and cleared funds which are received by 4pm (Sydney time) on the Business Day prior to a Dealing Day, or such other time and/or day as determined by ARCO Investment Management ("Dealing Deadline"). Applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day, unless withdrawn.

Units will not be issued unless and until the relevant monies have been received in cleared funds. Application monies must be made in Australian dollars by telegraphic transfer to the bank and sub-account details of which are contained in the Application Form, quoting as reference the full name of the applicant and advice to HSBC that such application relates to investment in the Fund.

In the event that payment in cleared funds is not received on the Business Day immediately prior to any relevant Dealing Day, ARCO Investment Management may consider the application void and cancelled. No third party payment will be permitted.

ARCO Investment Management may reject any application for Units in whole or part. If any application is not accepted in whole or in part, the application monies or (where an application is accepted in part only) the balance of such application monies will be returned (without interest and net of bank charges) in Australian dollars by telegraphic transfer to the bank account from which the application monies were received.

Unit Certificates will not be issued. A confirmation notice will be sent as soon as practicable to successful applicants on acceptance of their application and receipt in cleared funds of their applications monies.

4.2 Subscription Price

The Subscription Price of any New Units for any relevant Dealing Day shall be calculated by dividing the Gross NAV of the relevant Reference Series of the Fund by the number of Units on issue in the relevant Reference Series, rounded to three decimal places (0.0005 being rounded up).

4.3 Classes of Units

ARCO Investment Management may from time to time issue different Classes of Units in the Fund which have differing rights, liabilities, obligations or restrictions.

4.4 Series of Units

In order to ensure that Unitholders bear the performance fee according to the actual performance of their Units, a new series of Units in the relevant Class will be issued on each Dealing Day. Units of each series in a Class will carry identical rights save that the interests in the Fund represented by Units of each series in a Class will differ to reflect their respective Net NAV per Unit. This system has been adopted to facilitate the calculation and allocation of the performance fee by reference to the performance of Units, having regard to the different times and prices at which such Units were acquired.

A detailed description of the method of calculating Net NAV per Unit for a series of Units is contained in Section 8.13.

4.5 Consolidation of Units

As soon as practicable after the last Valuation Point in June in each year, all issued series in a Class in respect of which a performance fee was paid for that financial year will be consolidated into a single series of the relevant Class, being the oldest series to have borne a performance fee in respect of the relevant year. If a performance fee was not paid in respect of a particular series of Units, that series will retain its identity as a separate and distinct series.

4.6 Redemptions

In normal circumstances, Unitholders may redeem their Units on any Dealing Day by giving notice (a "Redemption Notice") to the Fund Administrator no later than 4:00 pm Sydney time on the Business Day which is one month before the relevant Dealing Day, or such other time and/or day as determined by ARCO Investment Management ("Redemption Deadline"). Any Redemption Notice received after the Redemption Deadline will be held over until the next Dealing Day and Units may then be redeemed at the Redemption Price applicable on that day. A Redemption Notice cannot be withdrawn except in the event of redemption suspension as described in Section 8.14.

Redemption Notices must be in writing to the Fund Administrator (and, if sent by facsimile, the original must follow promptly by mail), must state the number of Units to be redeemed and give payment instructions for the redemption proceeds.

Units will be redeemed in Australian dollars at the Redemption Price calculated for the relevant Dealing Day in the manner described below.

Partial redemptions of a holding of Units may be made, provided that such redemptions will not result in the Unitholder holding Units to the value less than \$100,000 or such minimum value as may from time to time be specified by ARCO Investment Management ("Minimum Holding").

Unitholders should note that if they choose to send Redemption Notices by facsimile, they bear their own risk of such notices not being received. Neither ARCO Investment Management or the Fund Administrator accept any responsibility for any loss incurred by the Unitholder as a result of non-receipt of any facsimile notice or illegibility of any application sent by facsimile or for any loss caused in respect

of any action taken as a consequence of such facsimile believed in good faith to have originated from properly authorised persons.

Where a Unitholder has acquired Units at different times and subsequently redeems part of its holding, unless the Unitholder has issued instruction to the contrary, such Unitholder will be deemed to have redeemed such Units on a 'first acquired, first redeemed' basis.

Subject to the postponement and suspension procedures outlined below and in section 8.14, redemption proceeds will be paid as soon as practicable following receipt by the Fund Administrator of complete and original redemption documentation, either by transfer to the pre-designated bank account or by cheque posted to the Unitholder (at its risk and expense) at their registered address. Redemption proceeds will not be paid to a party other than the registered Unitholder. ARCO Investment Management may satisfy redemption requests by transferring assets in specie to the redeeming Unitholder.

The right of any Unitholder to require the redemption of Units will be suspended during any period when the calculation of the Net NAV is suspended by ARCO Investment Management. Please see Section 8.14 for additional information on redemption suspension.

ARCO Investment Management has the right to redeem compulsorily:

- any outstanding Units if the Net NAV falls below \$5,000,000;
- Units of any Unitholder where:
 - the value or number held by such Unitholder falls below the Minimum Holding;
 - Units are held in breach of law or any requirement of government authority; or
 - Units are held by such Unitholder which might result in the Fund or ARCO Investment Management incurring taxation liability or suffering any other pecuniary, fiscal or regulatory disadvantage in the opinion of ARCO Investment Management.

4.7 Redemption Price

The Redemption Price of Units of each series for any relevant Dealing Day will, subject as provided below, be determined by:

1. determining the Gross NAV for each series in the relevant Class of Units as at the relevant Valuation Point;
2. apportioning the resulting amount between each series in the relevant Class pro rata in accordance with the relevant Gross NAV of each series prior to the relevant Valuation Point;
3. deducting the performance fee attributable to the relevant series from this amount; and
4. dividing the resulting amount by the number of Units of the relevant series, the resulting amount being rounded to three decimal places (0.0005 being rounded up).

5. Risks

Prospective investors should be aware of the following risk factors, when deciding whether to invest in the Fund. The following discussion of risk factors does not purport to be a complete explanation of the risks involved in investing in the Fund. Potential investors should read the entire Information Memorandum and should consult their own professional advisors before deciding to invest in the Fund.

Investment Objective

There is no guarantee that in any time period, particularly in the short term, the Fund's portfolio will achieve any particular level of return and investors should be aware that the value of Units may fall as well as rise.

Investment in the Fund involves significant risks. Whilst it is the intention of ARCO Investment Management to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Fund. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Fund.

Leverage

The Fund may be leveraged by borrowing and, as outlined earlier, ARCO Investment Management may also engage in investment strategies that constitute leverage should ARCO Investment Management consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities (see below) and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options (see below).

Whilst leveraging creates an opportunity for greater total returns it also exposes the Fund to a greater risk of loss arising from adverse price changes.

Repurchase Agreements

ARCO Investment Management may enter into repurchase agreements with respect to securities for the account of the Fund. Repurchase agreements involve credit risk to the extent that ARCO Investment Management's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Fund to unanticipated losses. The amount of credit risk incurred with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of ARCO Investment Management's counterparty is secured by sufficient collateral.

Stock Borrowing

ARCO Investment Management may borrow securities for the account of the Fund on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, ARCO Investment Management may be required to unwind a strategy early, which may result in losses. ARCO Investment Management will endeavour to borrow non-recallable stock where possible.

Liquidity of Investment Portfolio

The market for some securities in which ARCO Investment Management may invest may be relatively illiquid. Liquidity relates to the ability of ARCO Investment Management to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of the Fund's assets in relatively illiquid securities and loans may restrict ARCO Investment Management's ability to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

Foreign Currency

The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than Australian dollars. This will apply directly to New Zealand companies and NZX-listed securities and, indirectly, to ASX-listed securities that conduct their primary economic activities in countries other than Australia. ARCO Investment Management will not typically seek to offset (or hedge) the risks associated with such exposure through foreign exchange transactions, but will instead make an assessment of the possible changes in direct or indirect currency relationships as part of establishing the overall expected return for any such investment.

Derivatives

Derivatives include instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested.

The Fund will apply limits to individual aspects of derivative exposure, such as delta.

Custody Risks

In relation to the Fund's rights to the return of assets equivalent to those of the Fund's investments which have been transferred to the Prime Broker as collateral or margin, the Fund will rank as one of the Prime Broker's unsecured creditors and, in the event of the insolvency of the Prime Broker and custodian, the Fund might not be able to recover such equivalent assets in full. See section 8.7 for more details.

At least 75% of the free cash (unencumbered by the Prime Broker as collateral) will be held on deposit with a Bank rated at least BB.

The Fund has also made provision to transfer equity securities from the Prime Broker to the Administrator at short notice should the need arise, providing a mechanism for further protection of Fund assets.

Short Selling

ARCO Investment Management may sell securities short. If the price of the securities sold short declines, ARCO Investment Management may then cover the short position with securities purchased in the market. The profit realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security. The former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by ASX and NZX, which could limit the investment activities of ARCO Investment Management.

Key Persons Risk

The investment performance of the Fund will depend in large part on the skills and expertise of ARCO Investment Management's principals, George Colman and Peter Whiting. As such, investors in the Fund are exposed to risk that George Colman and Peter Whiting may cease to be involved in managing the Fund.

Conflicts of Interest

There will be no limitation with respect to any other activities and investments on the part of ARCO Investment Management, or with respect to the activities of other investment portfolios managed by ARCO Investment Management. Accordingly, conflicts of interest may occur. While it has procedures in place to manage the conflict of interest, investors should also note that ARCO Investment Management acts as both the trustee and investment manager of the Fund.

6. Fees and Costs of the Fund

Management Fee

Amount	1.0% per annum of Gross NAV (i.e. before any performance fee accrual) as at the Fund's monthly Valuation Point
Payable	Monthly in arrears

Performance Fee

Amount	20% of the increase in Gross NAV per Unit over the High Water Mark
High Water Mark	<p>The highest Net Asset Value per Unit of the relevant series (i.e. after any performance fee) as at the last Valuation Point in any previous financial year (and after any series consolidation in respect of that financial year) or, if the unit has never been subject to series consolidation, the Subscription Price per Unit paid for that Unit</p> <p>The High Water Mark for a Unit is reduced to reflect all distributions on the Unit since a performance fee was last paid in respect of the Unit, or, if no performance fee has been paid in respect of the Unit, since its issue.</p>
Payable	Annually for each full (or part) financial year in arrears or upon redemption of Units part way through a year
Series Accounting	In order to ensure that Unitholders bear the performance fee according to the actual performance of their investment, a separate series of Units in the relevant Class will be issued on each Dealing Day and the performance fee payable will be calculated by reference to the increase in the per Unit value of the relevant series.

Operating Expenses

Launch costs	Certain (principally legal and accounting) costs associated with the launch of the Fund will initially be paid by ARCO Investment Management. The Fund will reimburse ARCO Investment Management from the proceeds of subscriptions over a period of five years from inception.
Operating costs	<p>The Fund will bear usual investment expenses, such as brokerage on investments purchased or sold and interest on borrowings; as well as normal business costs such as fees of the auditors and legal advisers to ARCO Investment Management as trustee of the Fund, costs of printing and distributing reports to investors, and other administrative costs.</p> <p>Certain other portfolio management system and other data costs directly relevant to the management of the Fund will be borne by the Fund, subject to an annual limit of 0.15% of the Net Asset Value.</p>
Fund Administrator and Cash Custodian	The Fund Administrator and Cash Custodian will receive fees at commercial rates as agreed with ARCO Investment Management
Prime Broker	The Prime Broker is entitled to interest on stock loans or other financing that it may provide to the Fund, and to other fees from time to time.

7. Taxation

The taxation information provided below is general in nature and is intended to provide a brief overview of the taxation implications arising for Australian resident individual, company or complying superannuation fund investors who hold their Units on capital account (i.e. who will be subject to the capital gains tax ("CGT") provisions in relation to their Units). Accordingly, the information may not apply to Investors who are not Australian residents at all times, are not individuals, companies or complying superannuation funds or who hold their Units on revenue account. Individual circumstances of investors may affect the tax implications for that investor. Therefore, investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or redeeming Units under the laws of Australia and (if different) of their country of citizenship, domicile or residence.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Fund is made will endure indefinitely. The following is based on the law and practice currently in force in Australia and, accordingly, is subject to changes therein.

Taxation of the Fund

The Fund has been established as an Australian resident unit trust. ARCO Investment Management's intention is that the Fund's investments will conform with Australian tax law requirements so that the Fund should not be taxed as a public trading trust. It is further intended that Unitholders will be presently entitled to all of the income of the Fund in each year such that no taxation liability is expected to accrue to ARCO Investment Management.

In the event that the Fund makes a net capital or revenue loss for tax purposes in a financial year, the loss will be quarantined within the Fund and may be carried forward in the Fund, subject to the satisfaction of certain tests. Carried forward capital losses will only be available to offset future capital gains, whilst revenue losses can be offset against future assessable income derived by the Fund subject to the tests mentioned.

Under current Australian tax legislation, ARCO Investment Management may be liable to withhold tax on certain taxable income to which non-resident investors are presently entitled.

Sources of Income

The Fund may derive income from different sources, some of which may be foreign source and may be subject to foreign tax. In particular, dividends derived from foreign companies should comprise foreign source income.

Foreign Investments

It is intended that investments by the Fund in foreign shares will be classified as interests in foreign investment funds ("FIFs"). Under the FIF tax regime, unrealised gains in the value of certain FIFs held by the Fund at the end of a year of income may be included in the assessable income of the Fund. ARCO Investment Management proposes to monitor the investments of the Fund with the aim of ensuring that any FIFs held by the Fund at year end will be exempt from attribution under the FIF regime.

Taxation of Unitholders

Unitholders are liable to pay tax on the full amount of their share of the taxable income of the Fund. For income tax purposes, a Unitholder's share of the taxable income is assessable to the Unitholder in the year of entitlement to such share of the taxable income and not the year the income is physically paid or reinvested in further Units.

Income of the Fund may include various components such as dividends, interest and capital gains. The taxation treatment of these various components may differ in the hands of Investors.

Unitholders will receive from the Fund the relevant information for their own income tax reporting at the expense of the Fund.

Foreign Tax Credits

To the extent that foreign tax (such as a withholding tax on dividends) is paid on income derived by the Fund, the foreign tax should generally flow through to Unitholders, and a Unitholder may be allowed a tax offset against any Australian tax payable by that Unitholder on his or her share of the taxable foreign income of the Fund.

Franking Credits

To the extent that franked dividends are derived by the Fund, attached franking credits may be available where certain tests are satisfied. These franking credits should generally flow through to Unitholders and a Unitholder may be allowed a tax offset against any Australian tax payable by that Unitholder on his or her share of the taxable income of the Fund, or where there is no Australian tax payable, the Unitholder may be entitled to a refund of excess franking credits.

Tax File Number

Unitholders are not obliged to supply their tax file number or an exemption certificate to ARCO Investment Management. However, if a Unitholder does not do so, ARCO Investment Management may be required to deduct tax from any income paid to a Unitholder at the highest marginal rate plus the Medicare Levy.

Goods and Services Tax

The Investment Manager fees are stated exclusive of the 10% Goods and Services Tax ("GST") which currently applies to supply or provision of goods and services within Australia or imported into Australia. The issue or redemption of Units in the Fund and receipt of distributions are unlikely to be subject to GST. ARCO Investment Management's management and performance fees paid by the Fund will be subject to GST (which the Fund will pay) but the Fund should be able to claim a reduced input tax credit calculated as 75% of the GST paid. We recommend that you seek your own professional advice on how GST will impact your investment in the Fund.

Capital Gains Tax

It is expected that CGT will apply on the disposal of Units by a Unitholder. However, this will depend on the individual investor's facts. For example, some Unitholders may hold their Units on revenue account or as trading stock. Unitholders should consult their own tax advisers as to the status of their Unitholdings.

Where a Unitholder holds their Units on capital account, a capital gain or loss arising upon disposal of Units is broadly calculated by deducting the cost base or reduced costs base of those Units from the capital proceeds received for the disposal of those Units. If the Units have been held for at least 12 months and a gain is realised, a discounting factor may be available for certain investors. An individual investor may reduce that capital gain by the 50% CGT discount, and a complying superannuation fund may reduce the capital gain by the 33 ¹/₃% CGT discount; whilst no discount is currently available to companies.

8. Additional Information

8.1 Distribution Policy

ARCO Investment Management will distribute the Fund's Distributable Income to Unitholders for each Distribution Period. ARCO Investment Management will determine the proportion of the Distributable Income of the Fund that is attributable to each Class and whether an item is income or capital and the extent to which reserve provisions need to be made. Each Unitholder's entitlement to Distributable Income for a Distribution Period will be based on the Distributable Income of the Class in which they hold Units, and the number of Units held in the relevant Class by that Unitholder in proportion to the overall Units in the relevant Class on issue in the Fund.

ARCO Investment Management must cause distributions to be made to Unitholders within two calendar months of the end of the Distribution Period. ARCO Investment Management has the power under the Trust Deed to declare additional distributions from time to time. As a minimum each financial year ending June 30 will be a Distribution Period. A Unitholder may elect by written notice to ARCO Investment Management to reinvest its distribution by subscribing for further Units.

8.2 Accounts and NAV Information

The Fund's financial year end is 30th June, with the first financial year being the period ending 30th June 2009. Copies of the audited accounts of the Fund will be sent to Unitholders within three months of the end of each financial year. Copies of the unaudited interim accounts made up to the last Valuation Point in December will be sent to Unitholders within two months of the period to which they relate.

The estimated Net NAV per Unit of each series in issue will be available from the Fund Administrator on a weekly basis, and the final Net NAV per Unit of each series will be available on a monthly basis. Summary management reports commenting on the Fund's performance will be issued monthly.

8.3 Trust Deed

The Trust Deed governs the relationship between ARCO Investment Management as trustee of the Fund and the Unitholders. It provides that ARCO Investment Management has all the powers that it is possible to confer on a trustee and has all the powers that are incidental to ownership of the assets of the Fund as though it were the absolute and beneficial owner of those assets.

ARCO Investment Management as trustee is entitled to be indemnified out of the assets of the Fund from and against any and all liabilities arising in connection with the performance of its duties, other than those liabilities arising from its proven fraud, negligence or breach of trust or that of any agent, delegate or delegated custodian (other than a Prime Broker) appointed by it. However, ARCO Investment Management will not be liable for the acts or omissions of any agent, delegate or delegated custodian (other than an associate of ARCO Investment Management) nor shall it be liable for any loss suffered by the Fund as a result of the liquidation, bankruptcy or insolvency of any agent, delegate or delegated custodian (other than an associate of ARCO Investment Management) appointed by it unless ARCO Investment Management failed to exercise reasonable care in the selection of such third party.

The Trust Deed provides the Fund may be terminated:

- (a) by ARCO Investment Management upon giving notice to the Unitholders specifying the termination date which shall be not less than 1 month after the service of the notice;
- (b) if required by the Trust Deed or by law; or

- (c) if ARCO Investment Management wishes to retire as trustee of the Fund and has been unable to secure the appointment of a new trustee after 90 days.

On a winding up, ARCO Investment Management will sell and realise all realisable assets of the Fund and distribute all net cash proceeds derived from the realisation which are available for distribution and any other cash of the Fund attributable to each Class to the Unitholders holding Units in that Class, in proportion to the number of Units they hold in that Class at that time.

The trustee may by supplemental deed amend the Trust Deed.

The Unitholders may require (by way of a special resolution) the trustee to retire if:

- (a) the trustee is in breach of its obligations under the Trust Deed and such breach cannot be remedied within 30 days of written notice from the Unitholders required it to be remedied; or
- (b) the trustee goes into liquidation or provisional liquidation, is placed in official management, has a receiver of receiver or manager appointed or ceases to carry on business.

The trustee may retire at any time by giving 30 days' notice to Unitholders. However, the Trustee's retirement will not take effect until a New Trustee is appointed. The Trustee must retire when required to do so by law or the Trust Deed.

8.4 Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by ARCO Investment Management as trustee of the Fund:

- (a) Prime Brokerage Agreement, dated September, 2008 between ARCO Investment Management and GSI pursuant to which GSI was appointed to act as prime broker and securities custodian in relation to the Fund;
- (b) Cash Custody Agreement dated September, 2008 between ARCO Investment Management and HSBC pursuant to which HSBC was appointed to act as Cash Custodian of the uninvested cash of the Fund;
- (c) Administration Agreement dated September, 2008 between ARCO Investment Management and HSBC pursuant to which HSBC was appointed to act as Fund Administrator;
- (d) Prime Brokerage Agreement between ARCO Investment Management and UBS AG, Australia Branch pursuant to which UBS was appointed to act as prime broker, and a Custodian Agreement between ARCO Investment Management and UBS Nominees Pty Ltd, both dated May, 2014 and in relation to the Fund.

8.5 Fund Administrator

Pursuant to the Administration Agreement, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch has been appointed as the Administrator of the Fund. The Administrator is responsible for the general administration of the Fund, which includes keeping the register of Unitholders, arranging for the issue and redemption of units and calculating net asset valuations and fees.

The Fund Administrator is entitled to be indemnified by the Fund against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, gross negligence or willful default on the part of the Fund Administrator) which may be imposed on, incurred by or asserted against the Fund Administrator in performing its obligations or duties.

The Fund Administrator shall be entitled, without verification, further enquiry or liability on the Fund Administrator's part, to rely on pricing information in relation to specified investments held by the Fund on which the Fund Administrator may choose to rely. Without prejudice to the generality of the foregoing, the Fund Administrator shall not be responsible or liable to any person for the valuation or pricing of any assets or liabilities of the Fund (save as provided in the services set out in the Administration Agreement) or for any inaccuracy, error or delay in pricing information supplied to the Fund Administrator.

The Fund Administrator will use reasonable endeavour to independently verify the price of any such assets or liabilities of the Fund using its network of automated pricing services, brokers, market makers, intermediaries or other third parties.

In the absence of readily available independent pricing sources, the Fund Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the Fund which is provided to it by: (i) the Fund, (ii) the Trustee or the Investment Manager; and/or (iii) any valuer, third party valuation agent, intermediary or other third party which in each such case is appointed or authorised by the Fund, or the Investment Manager to provide valuations or pricing information of the Fund's assets or liabilities to the Fund Administrator.

The Fund Administrator in no way acts as guarantor or offeror of the units or any underlying investment. The Fund Administrator is a service provider to the Fund and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Fund. The Fund Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by the Fund or any investors in the Fund as a result of any failure by the Fund or the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines. The Fund Administrator will not participate in transactions or activities or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions of the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury.

The Fund Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of (i) any act or omission of any person prior to the commencement date of the Administration Agreement, (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Fund Administrator by any third party service provider, and (iii) any inaccuracy, error or delay in information provided to the Fund Administrator by or for the Fund or Investment Manager (including any broker, market maker or intermediary). The Fund Administrator shall not otherwise be liable for any loss to the Fund or any other person unless direct loss is sustained as a result of its fraud, gross negligence or wilful default.

Under the terms of the Administration Agreement, the Fund Administrator is able to delegate certain of its functions and duties to the Fund Administrator's affiliates.

The appointment of the Fund Administrator may be terminated without cause by not less than 90 days' notice in writing.

The Fund Administrator is not responsible for the preparation or issue of this document other than with respect to the description above in respect of the Fund Administrator.

8.6 Cash Custodian

The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch has been appointed as Cash Custodian.

The Cash Custodian is entitled to be indemnified by the trustee from and against any and all losses (as defined in the Cash Custody Agreement) suffered or incurred by the Cash Custodian under or in connection with services provided under the Cash Custody Agreement except to the extent the losses directly results from the fraud, wilful default or gross negligence on the part of the Cash Custodian.

The Cash Custodian will not be responsible for any cash, securities and/or other assets of the Fund which are not deposited with or held to the Cash Custodian's order. In particular, the Cash Custodian will not be responsible for any cash, securities and/or other assets placed with the Prime Broker, co-custodians, brokers or any other party outside the Cash Custodian's global custodian network.

The Cash Custodian is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines of the Fund.

The appointment of the Cash Custodian may be terminated by not less than 60 days' notice in writing. Neither the Fund Administrator or the Cash Custodian, their delegates, employees or agents are directly involved in the business affairs, organisation, sponsorship or investment management of the Fund; nor responsible for the preparation or issue of this IM other than the description above.

8.7 Prime Brokers and Securities Custodians

Goldman Sachs International ("GSI" or "the Prime Broker")

Goldman Sachs International ("GSI") was appointed as a prime broker and securities custodian to the Fund pursuant to a prime brokerage agreement and a number of product specific supplemental documents (together "the Prime Brokerage Agreement"). GSI is authorised and regulated in the conduct of its investment business by the Financial Services Authority ("FSA") of the United Kingdom. It has financial resources in excess of US\$200 million and its ultimate parent, The Goldman Sachs Group, Inc., has a Specified Credit Rating. In its capacity as Prime Broker, GSI may execute purchase and sale orders for the Fund, and clear and settle such orders and orders executed by other brokers. In addition, the GSI may enter into off-exchange contracts with the Fund as principal. GSI will also provide the Fund with financing lines, and short selling facilities.

As Custodian, GSI will be responsible for the safekeeping of all the investments and other assets of the Fund delivered to it (the "Custody Assets") other than those transferred to the Prime Broker as collateral or margin. The Prime Broker will identify, record and hold the Custody Assets in such a manner that the identity and location thereof can be identified at any time and so that the Custody Assets shall be readily identifiable as property belonging to, and held for the benefit of, the Fund and as separate from any of the Prime Broker's own property.

The Prime Broker may hold the Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with the Prime Broker (each a "sub-custodian") in a single account that is identified as belonging to customers of the Prime Broker. The Prime Broker will identify in its own books and records that part of the Custody Assets held by a sub-custodian as being held for the Fund. The Custody Assets should thus be unavailable to the creditors of the Prime Broker in the event of its insolvency. However, in the event of an unreconcilable shortfall following the default of any sub-custodian, the Fund may share in that shortfall proportionately with the Prime Broker's other customers. Assets of the Fund held as collateral or margin are not required to be segregated and in the event of the Prime Broker's insolvency may not be recoverable in full.

In accordance with the FSA's Custody Rules, the Prime Broker will exercise reasonable skill, care and diligence in the selection of any sub-custodian and will be responsible to the Fund for the duration of any sub-custody agreement for satisfying itself as to the ongoing suitability of such sub-custodian, for the maintenance of an appropriate level of supervision over such sub-custodian and for confirming by

means of appropriate periodic enquiries that the obligations of sub-custodian continue to be competently discharged.

The Prime Broker will only be responsible for losses suffered by the Fund as a direct result of its negligence or bad faith in the appointment and monitoring of any non-affiliated sub-custodian or nominee. Otherwise the Prime Broker shall not be liable for any act or omission, or for the solvency, of any non-affiliated sub-custodian or nominee. Notwithstanding the foregoing, the Prime Broker accepts the same level of responsibility as it does for itself for companies controlled by the Prime Broker whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the FSA's Custody Rules. In the case of any act or omission on the part of a sub-custodian or its agent which the Fund considers to involve the negligence, fraud or wilful default on the part of such sub-custodian or agent, the Prime Broker shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, assign to the Fund any rights it may have in respect of such act or omission. In the event that the Fund obtains legal advice that such assignment would be ineffective to enable the Fund to pursue its claim, then the Prime Broker shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, at the Fund's expense, claim and pursue the appropriate damages or compensation from the sub-custodian or agent on the Fund's behalf.

The Prime Broker shall be liable for damage or loss only to the Fund's account(s) and only to the extent arising directly from any act or omission by the Prime Broker that constitutes negligence, fraud or wilful default. The Prime Broker shall not be liable under or in connection with the Prime Brokerage Agreement for loss (whether direct or indirect) of business profits, revenue or of data or any indirect, consequential or incidental damages, liabilities, claims, losses, expenses, awards, proceedings and costs, in each case, regardless of whether the possibility of such damages, liabilities, claims, losses, expenses, awards, proceedings and costs was disclosed to, or could reasonable have been foreseen by, GSI and whether arising in contract, in tort or otherwise.

The Fund will indemnify the Prime Broker for any and all expenses, losses, damages, liabilities, demands, charges, actions and claims arising out of any act or omission on the part of the Fund or that result from the proper performance of the Prime Broker's obligations under the Prime Brokerage Agreement, except to the extent that the same is due to the negligence, fraud or wilful default of the Prime Broker.

The Fund's obligations to the Prime Broker will be secured by way of a first fixed charge over the Custody Assets. In addition, the Fund's obligations to the Prime Broker in respect of any financing lines and short selling facilities will be secured by transferring to the Prime Broker all rights, title and interest in and to certain of the Custody Assets identified for such purposes by the Prime Broker as collateral. Collateral shall pass from the Fund to the Prime Broker free and clear of any liens, claims, charges or encumbrances or any other interest of the Fund or any third party and accordingly the Prime Broker may deal with, lend, dispose of, pledge, charge or otherwise use all collateral for its own purposes and shall be obliged to redeliver equivalent collateral to the Fund on satisfaction by the Fund of all its obligations to the Prime Broker and its affiliates. The Fund will not be required to post collateral (excluding cash) with a market value in excess of 140% of the value of the Fund's obligations to the Prime Broker.

The Custody Assets may be borrowed, lent, charged or otherwise used by GSI for its own purposes, whereupon such Custody Assets will become the property of GSI or become subject to a charge in favour of GSI, as the case may be. The Fund will have a right against GSI for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. In the event of the insolvency of GSI, the Fund may not be able to recover such equivalent assets in full.

Cash held or received for the Fund by or on behalf of the Prime Broker and subject to the first fixed charge would not ordinarily be treated as client money. Accordingly the Fund's cash will not be subject to the client money protections conferred by the FSA Client Money Rules. As a consequence such cash may be used by the Prime Broker in the course of its business and the Fund will rank as a general creditor of the Prime Broker in the event of the Prime Broker's insolvency.

The Prime Broker will have no decision-making discretion relating to the Fund's investments. Further the Prime Broker shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Fund's offering document(s). The Prime Broker is a service provider to the Fund and is not responsible for the preparation of this IM or the activities of the Fund and therefore accepts no responsibility for any information contained in this document.

UBS AG, Australia Branch ("UBS" or "the Prime Broker")

The Fund has appointed UBS AG, Australia Branch to be Prime Broker and UBS Nominees Pty Limited as Custodian for the Fund. Both are members of the UBS Group of companies. The appointments were made pursuant to the prime brokerage customer documents (the "**Customer Documents**") entered into between the Trustee for the Fund and the Prime Broker (for itself and as agent for certain other members of the UBS Group of companies (the "**UBS Companies**")) and the Custodian. These services may include the provision to the Fund of margin financing, clearing, settlement, securities lending, and foreign exchange facilities. The Fund may also utilise the Prime Broker, other members of the UBS Group of companies and other brokers and dealers for the purposes of executing transactions for the Fund.

The fees of the Prime Broker and the Custodian are payable by the Fund. The Prime Broker has no decision making discretion relating to the investment of the Assets of the Fund and makes no representation in respect of the Fund or the investment of the Assets.

Certain Assets of the Fund will, subject to the following paragraph, be held by the Custodian in segregated accounts together with assets deposited by it on behalf of other customers of the Custodian or the Prime Broker.

Such Assets will not be mixed with the property of the Custodian or the Prime Broker and should not be available to third party creditors of the Custodian or the Prime Broker in the event of insolvency of the Custodian or the Prime Broker (as the case may be). However, the Assets of the Fund held by a Custodian will be subject to a charge to secure the Fund's obligations to the Prime Broker.

The obligations of the Fund to the Prime Broker in respect of any transactions will be secured by transferring to the Prime Broker by way of security title to certain investments, cash or other Assets of the Fund (together referred to as "Collateral"). The Prime Broker is entitled to sell, lend or otherwise use any Collateral for their own purposes, subject to an obligation to return equivalent securities or cash value. Such Collateral is not segregated from the Prime Broker's own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.

Under the Customer Documents, the Prime Broker is not responsible for and is not liable for any loss on settlement of a transaction, any acts or omission of the executing broker, its employees or agents, non-compliance with any regulatory requirements to report transactions, refusing to settle a transaction or failing to notify the Fund of its failure to settle a transaction (except where the Prime Broker performs such functions in its own capacity).

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

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

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

The Fund may remove UBS AG, Australia Branch as the Prime Broker and UBS Nominees Pty Limited as the Custodian and appoint another prime broker and custodian in their respective place at any time without notice to investors.

Neither the Prime Broker, the Custodian nor any UBS Company will be liable for any loss to the Fund resulting from any act or omission in relation to the services provided under the terms of the Customer Documents unless such loss results directly from the gross negligence, wilful default breach of contract or fraud of the indemnified person.

The Prime Broker and the Custodian are providers to the Fund and are not responsible for the preparation of this document, or the activities of the Fund, and therefore accepts no responsibility for any information contained therein. Neither the Prime Broker nor the Custodian will participate in the investment decision-making process for the Fund.

The Prime Broker and the Custodian maintain adequate financial resources in relation to the financial services that they provide.

General

The Fund reserves the right, in its discretion, to change the prime brokerage and securities custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and securities custodian(s).

8.8 Inspection of Documents

Copies of the following documents are available for inspection free of charge at any time during normal business hours on any Business Day at the offices of ARCO Investment Management:

- a) the Trust Deed; and
- b) the Agreements referred to in paragraph 8.4 above.

8.9 Conflicts of Interest

ARCO Investment Management, the Cash Custodian, HSBC and the Prime Broker may from time to time act as registrar, secretary, manager, custodian, prime broker or investment manager or carry out other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly.

In addition, any of the foregoing may deal, as principal or agent, with the Fund provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Where ARCO Investment Management is managing or advising other funds or accounts with similar investment policies to the Fund, it will ensure that appropriate investment opportunities are allocated on a fair and equitable basis between the Fund and such other funds or accounts.

ARCO Investment Management may share with any other person (including, but not limited to, any investor or any person introducing investors) any fees and other benefits to which it may be entitled out of the Fund. ARCO Investment Management and any person connected with it, including any employee of ARCO Investment Management or its associated companies, may invest in the Fund, and ARCO Investment Management may allow to any such person a reduction in the initial charge and/or a rebate of any fees to which ARCO Investment Management may be entitled out of the Fund.

ARCO Investment Management is entitled to be indemnified out of the assets of the Fund for any liability incurred by ARCO Investment Management in properly performing or exercising any of its powers or duties in relation to the Fund, except for liabilities arising from fraud, breach of trust or negligence by ARCO Investment Management.

8.10 Anti-Money Laundering Regulations

It is the responsibility of ARCO Investment Management to comply with anti-money laundering provisions of relevant Australian and international laws. As such, ARCO Investment Management must collect information from which to verify an investor's identity and the source of payment of the application monies. ARCO Investment Management and the Fund Administrator reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. The Application Form provides details of the identification documents that are required.

8.11 Privacy

ARCO Investment Management collects, uses and discloses personal information about investors for the purposes of processing an investor's subscription and investment, completing information on the Register of Unitholders of the Fund, administering and reporting on the investment, carrying out an investor's instructions, responding to an investor's enquiry, dealing in any other matters relating to an investor's holding of units (including the mailing of reports or notices) and for any other purposes permitted under the *Privacy Act* (Cth). In most circumstances a third party will collect personal information on behalf of ARCO Investment Management, for example when the Fund Administrator collects information in connection with your initial investment.

In certain circumstances, ARCO Investment Management may be required by the *Anti-Money Laundering and Counter-Terrorism Financing Act* (Cth), the *Financial Sector (Collection of Data) Act* (Cth), the *Corporations Act* (Cth), the *Taxation Administration Act* (Cth), the *Income Tax Assessment Act* (Cth) and other taxation laws to collect certain personal information about investors. ARCO Investment Management may also collect, use and disclose an investor's personal information to the extent required or permitted by any applicable law, rule or regulation which mandates reporting and/or retention of information or to the extent required by any order or directive regarding reporting and/or retention of information issued by any authority or body or agency in accordance with which ARCO Investment Management is required or accustomed to act and for other purposes as listed in ARCO Investment Management's Privacy Policy.

If an investor provides incomplete or inaccurate information, ARCO Investment Management may not be able to process the investor's application form.

As well as internally using an investor's personal information, ARCO Investment Management may disclose the personal information to other persons to enable ARCO Investment Management to provide services to the investor. Such people include:

- (a) the Fund Administrator;
- (b) auditors and/or the prime broker including any of their employees, officers, directors and agents and/or affiliates;

- (c) tax agents;
- (d) the ultimate holding company of the trustee and the Fund Administrator and/or their subsidiaries and/or affiliates;
- (e) custodians, legal advisers and/or affiliates;
- (f) any third party employed to provide administrative, computer or other services or facilities;
- (g) any government or regulatory agency, body or authority;
- (h) third parties an investor authorises to act on its behalf in relation to the investment; and
- (i) other persons and entities as permitted under the *Privacy Act* (Cth).

Some of the recipients to whom ARCO Investment Management discloses an investor's personal information may be based overseas. It is not practicable to list every country in which such recipients might be located.

A copy of ARCO Investment Management's Privacy Policy is available at www.arcoim.com. The Privacy Policy states how ARCO Investment Management manages personal information and includes information about how a request to access and seek correction of the personal information held by ARCO Investment Management can be made. The Privacy Policy also contains information about how an investor can complain about a breach by ARCO Investment Management of the *Privacy Act* (Cth) and how ARCO Investment Management will deal with such a complaint. Requests to access personal information, seek correction to personal information or make a complaint can be made by contacting 61 (3) 9660 9500 or by mail at:

Privacy Officer
ARCO Investment Management Pty Limited
Level 2, 121 Flinders Lane
Melbourne VIC 3000
Australia

ARCO Investment Management may use an investor's personal information to offer the investor information about products and services (including third party products and services) that ARCO Investment Management thinks may be of interest to the investor. Consent is given to ARCO Investment Management to send the investor marketing communications (including by phone, electronic message or any other method) for this purpose. An investor may request that ARCO Investment Management stop sending marketing communications by contacting ARCO Investment Management on the details listed above.

8.12 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

FATCA (a US regulatory requirement) and the CRS (a regulatory requirement developed by the Organisation for Economic Co-operation and Development) aim to deter tax evasion. The Australian Government has entered into an Intergovernmental Agreement (IGA) with the US Government for the exchange of US tax payer information and has signed up to the CRS and enacted domestic law to implement the CRS. Under the IGA and domestic laws, Australian financial institutions (including managed investment schemes) must identify all of its account holders (eg. Unitholders) and report account information of foreign tax residents to the ATO. The ATO may then exchange this information with the foreign jurisdiction of which the account holder is a tax resident (if that jurisdiction is the US or is otherwise participating in the CRS). To meet these obligations, each Unitholder must complete the Tax

Status Form included within the application form or provided by the registry. Failure to provide the requested information may result in withholding tax being deducted or penalties imposed by the tax authorities. Neither ARCO Investment Management nor the Fund Administrator are able to provide you with any tax or professional advice in respect of FATCA, the IGA, the CRS or domestic tax legislation and encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

8.13 Soft Commissions

ARCO Investment Management and/or any company associated with it reserve the right to effect transactions by or through the agency of another person with whom ARCO Investment Management and/or any company associated with it has an arrangement under which that party will from time to time provide to or procure for ARCO Investment Management and/or any company associated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures). The nature of these arrangements is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund or of ARCO Investment Management and/or any company associated with it in providing services to the Fund. However, no direct payment is made for the services, but instead ARCO Investment Management and/or any company associated with it undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. A maximum of 10% of total commissions paid or received will be in soft commissions of this type.

8.14 Calculation of Net Asset Value of the Fund

The value of the net assets of the Fund will be determined as at each Valuation Point in accordance with the Trust Deed and with International Financial Reporting Standards and the following guidelines:

- (i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless ARCO Investment Management shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as ARCO Investment Management shall deem to be the reasonable value thereof;
- (ii) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or other similar open-ended investment vehicle (a "managed fund") to which paragraph (iii) applies and subject as provided in paragraphs (iv) and (v) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the last traded price on the principal stock exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made; and where there is no such principal stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as ARCO Investment Management may designate) shall be made by reference to the mean of the latest bid and asked price quoted thereon; provided always that if ARCO Investment Management in its discretion considers that the prices ruling on a stock

exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices;

- (iii) subject as provided in paragraphs (iv) and (v) below, the value of each interest in any managed fund which is valued as at the same day as the Fund shall be the net asset value per share, unit or other interest in such managed fund calculated as at that day or, if ARCO Investment Management so determines, or if such managed fund is not valued as at the same day as the Fund, the value of such interest shall be the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;
- (iv) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (ii) or (iii) above, the value of the relevant asset shall be determined from time to time in such manner as ARCO Investment Management shall determine;
- (v) notwithstanding the foregoing, ARCO Investment Management may, at its absolute discretion, permit some other method of valuation to be used if it considers that such valuation better reflects the fair value; and
- (vi) any value (whether of a security or cash) otherwise than in AUD shall be converted into AUD at the rate (whether official or otherwise) which ARCO Investment Management shall in its absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

The term “last traded price” referred to above, refers to the last traded price reported on the exchange for the day, commonly referred to in the market as the “settlement” or “exchange price”, and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded then the last traded price will represent the “exchange close” price as calculated and published by that exchange in accordance with its local rules and customs.

8.15 Calculation of Gross NAV and Net NAV for a Unit in a Series

The Gross NAV for a Unit in a series on a Dealing Day shall be determined in accordance with the Trust Deed (except when determination of the Gross NAV has been suspended). The Gross NAV of a Unit shall be determined by apportioning the Gross NAV for all series in the relevant Class of Units between each series in that Class, having regard to the relevant Gross NAV of each series prior to the relevant Valuation Point. That amount is then adjusted to reflect, amongst other things, the assets and liabilities referable to the particular series as at that time, divided by the total number of Units in the series at the relevant Valuation Point, the resulting amount being rounded to three decimal places (0.0005 being rounded up).

The Net NAV for a Unit in a series is determined by (i) determining the Gross NAV of all series in the relevant Class of Units as at the relevant Valuation Point; (ii) apportioning the resulting amount between each series in that Class pro rata in accordance with the relevant Gross NAV of each series prior to the relevant Valuation Point; (iii) deducting the performance fee attributable to the relevant series from this amount; and (iv) dividing the resulting amount by the number of Units of the relevant series, the resulting amount being rounded to three decimal places (0.0005 of a cent being rounded up).

8.16 Suspension of Calculation of Net NAV

In order to protect the interests of the Unitholders, the Trust Deed provides that ARCO Investment Management may declare a suspension of the determination of the Net NAV and/or redemptions of Units for the whole or any part of any period during which:

- (i) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Fund is normally traded or a breakdown in any of the means normally employed by ARCO Investment Management in ascertaining the prices of investments or the Net NAV or in determining the subscription price or redemption price of a Unit; or
- (ii) for any other reason, the prices of investments held or contracted for by ARCO Investment Management for the account of the Fund, or Net NAV, cannot, in the opinion of ARCO Investment Management, reasonably be ascertained; or
- (iii) circumstances exist as a result of which, in the opinion of ARCO Investment Management, it is not reasonably practicable to realise any investments held or contracted for the account of the Fund; or
- (iv) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the Fund or the subscription realisation of Units is delayed or cannot, in the opinion of ARCO Investment Management, be carried out promptly at normal rates of exchange; or
- (v) the business operations of the trustee, the Fund Administrator or the Fund Administrator's delegate in respect of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, revolution, civil unrest, riot, strikes, or acts of God.

Such suspension shall take effect immediately upon the declaration by ARCO Investment Management of such suspension and thereafter there shall be no determination of the Net NAV and/or redemptions of Units until ARCO Investment Management declares the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which:

- (i) the condition giving rise to the suspension shall have ceased to exist; and
- (ii) no other condition under which suspension is authorised shall exist.

Whenever ARCO Investment Management declares such a suspension of the determination of the Net NAV and/or redemptions of Units it shall, as soon as may be practicable after any such declaration, and at least once a month during the period of such suspension, give a notice to the Unitholders, and to all those whose applications to subscribe for, or redeem Units, shall have been affected by such suspension, stating that such declaration has been made.

No Units may be issued or redeemed during such a period of suspension. All reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

9. Glossary

"\$" or "dollar"	means Australian dollar unless otherwise stated
"Administration Agreement"	the agreement between ARCO Investment Management and HSBC dated September 2008 pursuant to which ARCO Investment Management has appointed HSBC to act as the Fund Administrator
"Application Form"	means the application form in Section 10
"ARCO Investment Management"	ARCO Investment Management Pty Ltd (ACN 129 937 837) (Formerly, Optimal Fund Management Australia)
"ASX"	ASX Limited
"ATO"	Australian Tax Office
"Business Day"	any day other than a Saturday on which banks in Sydney, Australia are open for normal banking business, or such other day as determined by ARCO Investment Management
"Cash Custodian"	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
"Class"	means a class of Units
"Corporations Act"	Corporations Act 2001 (Cth) (as amended from time to time)
"CRS"	means the Common Reporting Standards
"Dealing Day"	the first Business Day in each calendar month or such other Business Day as ARCO Investment Management may from time to time prescribe and notify the investors
"Dealing Deadline"	4.00 p.m. Sydney time on the Business Day prior to a Dealing Day, or such other time and/or day as determined by ARCO Investment Management
"Distribution Period"	a financial year (or part thereof) in respect of which a distribution arises
"Distributable Income"	the distributable income of the Fund as determined in accordance with the Trust Deed
"Eligible Investor"	a "wholesale" client as defined in section 761G of the Corporations Act, other than (i) any person, corporation or entity which cannot acquire or hold Units without violating laws or regulations applicable to it or would cause the Fund to be in breach of the laws or regulations which apply to it, or (ii) a custodian, nominee, or trustee for any person described in (i).
"Expenses"	includes any costs, liabilities, expenses, commissions, brokerage fees, taxes and duties
"FATCA"	means the U.S. Foreign Account Tax Compliance Act
"Fund"	ARCO Absolute Trust, a unit trust constituted by the Trust Deed

"Fund Administrator"	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
"Gross NAV"	the value of all of the assets of the Fund less the liabilities (including the Management Fee) other than any performance fee payable to the trustee attributable to a particular series
"High Water Mark"	<p>means in relation to each Unit:</p> <p>(i) the highest Net NAV per Unit of the relevant series (i.e. after any performance fee) as at the last Valuation Point in any previous financial year (and after any series consolidation in respect of that financial year), or</p> <p>(ii) if the Unit has never been subject to series consolidation, the Subscription Price per Unit paid for that Unit.</p> <p>The High Water Mark for a Unit is reduced to reflect all distributions on the Unit since a performance fee was last paid in respect of the Unit, or, if no performance fee has been paid in respect of the Unit, since its issue.</p>
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
"IGA"	means the Agreement between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA signed on 28 April 2014, together with any Australian implementing legislation and any associated regulations and guidance
"Initial Unit"	a unit issued on the initial launch of a Class
"Minimum Holding"	a Unitholder may not hold Units to the value of less than \$100,000 or such minimum value as may from time to time be specified by ARCO Investment Management
"Net Asset Value"	means the value of the net assets of the Fund determined in accordance with the Trust Deed and with International Financial Reporting Standards and the guidelines set out in section 8.12 of this IM
"Net NAV"	the Gross NAV less any performance fee payable to the trustee attributable to a particular series
"New Unit"	any Unit issued that is not an Initial Unit
"NZX"	New Zealand Exchange Limited
"Prime Broker"	Goldman Sachs International in its capacity as Prime Broker and Securities Custodian, and UBS AG, Australia Branch in its capacity as Prime Broker and Securities Custodian, in relation to the Fund
"Prime Brokerage Agreement"	the agreements between ARCO Investment Management and Goldman Sachs International, and between ARCO Investment Management and UBS AG, Australia Branch, pursuant to which Goldman Sachs International and UBS AG, Australia Branch have

	been appointed Prime Broker and Securities Custodian in relation to the Fund
"Redemption Deadline"	4:00 p.m. Sydney time on the Business Day which is one month prior to the relevant Dealing Day, or such other time and/or day as determined by ARCO Investment Management
"Redemption Price"	the price at which Units are redeemed, being the Net NAV per unit attributable to a particular series
"Reference Series"	means for each Class, the Initial Units for the Class, then after consolidation at the end of each financial year, the consolidated series of that Class or such other series of Units in such Class as ARCO Investment Management determines
"Subscription Price"	the price at which Units are issued, being the Gross NAV per Unit of the relevant Reference Series
"Trust Deed"	the deed poll constituting the Fund, dated September 2008 (as amended from time to time)
"Unit"	a unit in the Fund
"Unitholders"	persons registered as holders of Units
"Valuation Point"	close of business in the last relevant market to close: (a) for weekly valuations, on the last Business Day in each week; (b) for each Dealing Day, the last Business Day in the preceding calendar month; and such other time on such day or days as ARCO Investment Management may from time to time prescribe.

DIRECTORY

Trustee and Investment Manager:	ARCO Investment Management Pty Limited Level 2, 121 Flinders Lane Melbourne, VIC 3000 Australia Email: info@arcoim.com	
Fund Administrator and Cash Custodian:	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch Level 36, Tower 1, International Towers Sydney 100 Barangaroo Avenue Sydney NSW 2000 Australia	
Prime Brokers and Securities Custodians	UBS AG, Australia Branch Chifley Tower, 2 Chifley Square Sydney NSW 2000 Australia	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
Auditors:	Ernst & Young 8 Exhibition Street, Melbourne, VIC 3000 Australia	
Legal Advisors:	King & Wood Mallesons Level 61, Governor Phillip Tower 1 Farrer Place Sydney , NSW 2000 Australia	