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# **Frazis Fund**

## **Information Memorandum**

Date issued 18 October 2021

Frazis Capital Partners Pty Limited (ABN 16 625 521 986) – Trustee and Investment Manager

Authorised Representative (Car No. 1263393) of Frazis Capital Management Pty Ltd (ABN 16 625 521 986, AFSL 521445)

Mainstream Fund Services Pty Ltd (ABN 81 118 902 891) - Fund Administrator

## Important Information

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This is the Information Memorandum ('IM') for Units in the Frazis Fund (referred to as the 'Fund') and is dated 18 October 2021. This IM has been issued by Frazis Capital Partners Pty Limited (ABN 16 625 521 986) as the Trustee of the Fund (referred to in this IM as the 'Trustee', 'Investment Manager', 'Manager' 'Frazis Capital Partners', 'FCP', 'us' or 'we'). Frazis Capital Partners is also the Investment Manager of the Fund.

Frazis Capital Partners is an authorised representative (Car No. 1263393) of Frazis Capital Management Pty Ltd (ABN 16 625 521 986, AFSL 521445) (FCM) so that it can perform the roles described above. Frazis Capital Partners has also entered into an Authorised intermediary arrangement with FCM under s911A(2)(b) of the Corporations Act.

No other person (whether or not related to the Trustee) is responsible for any information contained in this IM.

This IM is for an offer of Units in the Fund (the 'Offer') to investors who qualify as Wholesale Clients under sections 761G or 761GA of the Corporations Act or to any other person who is not required to be given a regulated disclosure document under the Corporations Act. This IM has not been and will not be lodged with the Australian Securities and Investments Commission (ASIC). It does not constitute a product disclosure statement, prospectus or other disclosure document within the meaning of the Corporations Act.

This IM is prepared for your general information only. It is not intended to be a recommendation by the Trustee or any officer, associate, employee or agent of the Trustee or any other person to invest in the Fund. This IM does not take into account the objectives, financial situation or needs of any particular investor. You should consider the suitability of the Fund in view of your financial position and investment objectives and needs and you may want to seek professional advice before making an investment decision.

No guarantee of performance, return of capital or payment of a particular rate of Distribution is given for the Fund.

The Offer is available to Wholesale Clients receiving the IM within Australia and New Zealand. The Offer may be made available to select persons in other jurisdictions at the Trustee's discretion, provided the Offer is in accordance with applicable laws in those jurisdictions. Neither the Trustee nor any of its officers, associates employees or agents, represent that this IM may be lawfully offered, in compliance with any applicable legislation in any jurisdiction outside of Australia or assume any responsibility for facilitating any such distribution or offering.

New Zealand Wholesale Clients must read the "Information for New Zealand Investors" section of this IM on page 15 before investing in the Fund.

All references to dollars or '\$' in this IM are to Australian dollars.

Certain information in this IM concerning the Fund is subject to change.

The IM including any updates is available on our website at [www.fraziscapitalpartners.com](http://www.fraziscapitalpartners.com).

If you received this IM electronically, a paper copy will be provided free upon request by emailing us at [investors@fraziscapitalpartners.com](mailto:investors@fraziscapitalpartners.com).

Unless otherwise stated: all fees quoted in the IM are inclusive of GST; all amounts are in Australian dollars; and all references to legislation are to Australian law.

A Dictionary of important terms used in this IM can be found on page 17.

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## Fund at a Glance

About the Fund	
<b>Name of Fund</b>	Frazis Fund
<b>Trustee and Investment Manager</b>	Frazis Capital Partners Pty Limited (ABN 16 625 521 986), a corporate authorised representative (CAR No.1263393) of Frazis Capital Management Pty Ltd (AFSL 521445)
<b>Investment philosophy</b>	The Fund invests in the fastest growing and most loved companies around the world, with a keen focus on technology and the life sciences.
<b>Benchmark</b>	The Fund is benchmark unaware.
<b>Investment objective</b>	To generate return to Unitholders of 15% per annum net of fees and costs. This is a target only and may not be achieved.
<b>Investments</b>	The Fund will invest mainly in a portfolio of listed global equities, cash, and government Securities. Options and other derivatives may also be used.
<b>Minimum initial investment (AUD)<sup>1</sup></b>	\$100,000. Lesser amounts may be received at the Trustee's discretion. Additional investments of \$5,000 or more may be made.
<b>Investor eligibility</b>	Wholesale Clients
<b>Investing</b>	Units may be accepted daily at the Trustee's discretion (or otherwise weekly) and the Issue Price will be based on the NAV most recently calculated by the Trustee on the Valuation Date occurring immediately prior the issue of Units.
<b>Unit and Fund Valuations</b>	Daily or weekly at the Trustee's discretion. Applications and redemptions are at the Issue Price and Redemption Prices based on the Fund's NAV.
<b>Redemptions</b>	The Trustee requires 30 days' prior notice for redemptions or lesser period as determined by the Trustee.
<b>Income distribution</b>	Distributions will be paid annually subject to available distributable income or at the discretion of the Trustee, with a reinvestment option available.
<b>Management costs<sup>2</sup></b>	1.5% per annum of GAV, paid monthly.
<b>Performance Fee<sup>2</sup></b>	20% of the Unit Return in the relevant calculation period and subject to the applicable High Water Mark. The Performance Fee is calculated daily and is payable quarterly in arrears.
<b>Hurdle and Catch-up Rates</b>	Below the Hurdle Rate of 10% p.a., the Manager will not receive a Performance Fee. The Manager will receive a Performance Fee equal to the Fund outperformance up to the Catch-up Rate of 12.5% p.a., and then 20% of any Fund outperformance in excess of the Catch-up Rate.
<b>Fund expenses</b>	Expenses of the Fund such as custody, administration, legal and audit fees, subscription materials, due diligence and other ordinary expenses for the establishment and operation of the Fund may be reimbursed from the Fund.
<b>Buy/Sell Spread</b>	0.25% payable to the Fund.
<b>Recommended minimum investment time frame</b>	Suggested minimum investment time frame is 5 years.

1. The Trustee may alter the minimum amounts specified at any time without prior notice to Unit Holders.

2. All fees are inclusive of GST, net of RITC unless otherwise noted.

## About Frazis Capital Partners and the Main Service Providers

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Frazis Capital Partners Pty Ltd is a specialist investment manager providing innovative benchmark independent investment strategies.

The principal of Frazis Capital Partners managed a USD-denominated global investment fund from June 2016 to June 2018. Frazis Capital Partners was founded by the principal to offer a similar strategy to Australian investors in an Australian - domiciled investment vehicle.

Frazis Capital Partners Pty Ltd (ABN 16 625 521 986) is the Fund's Trustee and is also the Fund's Investment Manager.

The Investment Manager is a Corporate Authorised Representative (CAR No. 1263393) of Frazis Capital Management Pty Ltd (AFSL No. 521445).

### Fund Administrator

We have appointed Mainstream Fund Services Pty Ltd ABN 81 118 902 891 (Mainstream, or Administrator) as the Fund's Administrator.

Mainstream is a specialist fund administrator for the financial services industry, with over \$130 billion of assets under administration. Mainstream's ultimate holding company, Mainstream Group Holdings Limited, is listed on the Australian Stock Exchange (ASX code: MAI).

Frazis Capital Partners has entered into an Administration Agreement with which governs the services that will be provided by to the Fund.

### Fund Registry

From 25 October 2021, Boardroom will be appointed to maintain the unit registry of the Fund.

Boardroom provides an extensive range of services for listed entities on the ASX, NSX and SSX, as well as unlisted entities including proprietary companies, unlisted property trusts, equity funds and organisations considering an IPO.

## About the Fund

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The Fund is a wholesale fund, or an unregistered managed investment scheme. In this structure, money invested in the scheme by all investors is pooled and used to buy investments which are managed on behalf of all investors. The Trustee has day to day control over the management and operation of the Fund. By investing in the Fund, investors can access the specialist knowledge and skills of Frazis Capital Partners.

### Fund Overview

The Investment Manager conducts detailed research into areas of high innovation, and identifies the industries driving global growth, such as software, the life sciences, renewable energy, and the technology more broadly.

The Investment Manager then undertakes deep analysis to identify the market leaders and category creators with the strongest industry tailwinds, and the most robust competitive positioning.

Frazis Capital Partners seeks to invest the Fund in a portfolio of the fast-growing companies and most loved companies with a keen focus on innovation, technology and the life sciences. In the life sciences, the Investment Manager focuses on economic and scientific first principles to identify the highest quality companies commercializing valuable research.

Frazis Capital Partners takes an active, research-driven, benchmark independent approach to investing. The Fund provides you with access to experienced investment specialists for your investment, with regular updates including reports, investment statements and an annual tax statement to keep you up-to-date on your investment.

### Investment Objective

The Fund's investment objective is to generate capital growth exceeding the Hurdle through building a growth-oriented portfolio comprised primarily of technology and life science investments. Returns reaching this target are not guaranteed.

### Investment Strategy

The Frazis Fund invests in leading innovative growth companies around the world, specifically those with intense customer love, exponential revenue growth, and genuine market leadership. The Fund has broad discretion to invest across various liquid asset classes.

### Investment Process for Global Equities

The Manager believes leading innovative companies with explosive growth and devoted customers will structurally outperform market indices, and will take market share from larger industry incumbents. Typically, such companies screen poorly on traditional value metrics like cash flow, EBITDA or net profits, as they invest heavily in growth. The Investment Manager specializes in these kinds of investments.

The median market capitalization of the Fund's holdings is typically well in excess of \$1 billion.

The Manager will not limit Fund investments to any category of the global market and the Fund may therefore have exposure to developed markets and developing markets.

Companies in technology and the life sciences are expected to be more volatile than equity market indices. The Fund will be substantially more concentrated than major equity market indices, and is expected to be correspondingly more volatile. The Manager may invest excess cash in government Securities and use options and other derivatives to manage risk. The Manager has full discretion to utilize leverage and opportunistically invest across the full range of listed securities.

This adds significant additional risk factors to the Fund, particularly when compared to typical equity managers. In addition, the Manager intends to deploy a broad and opportunistic approach to investing across various global markets (including developing or non-developed markets). The Manager's investment approach will increase the risk profile of the Fund. Prospective investors should carefully consider the key risk factors set out in the next section of this IM.

### Investment Universe

Securities listed on global exchanges as determined by the Manager.

### Gearing

Typically, the Fund will not employ gearing.

### Cash Policies

The Investment Manager aims to have cash close to fully invested. Cash will usually be held in bank-backed and similar deposit products held on behalf of the Fund with Australian ADIs or overseas banks.

### Derivatives and Foreign Exchange Contracts

Derivates will not be core to the Fund's investment strategy but may be employed to hedge against foreign exchange currency risk. For example, the Investment Manager may use FX futures to hedge currency of USD position

# Managing Risks

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Funds of this nature involve a higher degree of risk. Only Wholesale Clients who understand these risks are suited to investing with the Fund.

The risks listed below should be considered in light of your risk profile when determining whether to invest in the fund. Factors that may impact your risk profile include your age, the investment time frame, your other investments or assets, and your risk tolerance. The Fund's risk factors listed under this section are not exhaustive.

The Trustee does not guarantee the liquidity of the Fund's investments, the repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments and level of Fund returns will vary.

The structure and administration of the Fund is subject to change.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances.

## Key Risks

Listed below is a non-exhaustive list of risks that may cause the Fund's value to move up and down. They are organised in no particular order.

### General Investment Risks

#### Investment return risk

As FCP is an active manager, there is a risk that the Fund may underperform compared with its investment objectives or with the market.

#### Market risk

Returns of the Fund will be affected by the performance of the investments chosen for the Fund, which may in turn, be affected by the performance of investment markets generally. This risk, related to market performance, includes demand and supply in the market and economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental and technological issues and consumer demands.

Losses incurred by the Fund may be more or less than the losses incurred by the overall market due to the make-up of the Fund's investments.

#### Currency risk

Where underlying investments are invested in jurisdictions outside of Australia such as the U.S., Fund returns may be affected by movements between the other currencies and the Australian dollar.

#### Entity risk

The Fund's investment in a Security may be affected by unexpected changes in the company or entity issuing the Security's operations or business

environment, including the risk that it may become insolvent. If this occurs, the Fund may receive a smaller or no return from, or it may lose, its investment in the Security.

### Other Risks

#### Service provider risk

You could be adversely affected if any of the various parties involved in the operation of the Fund fail to perform their obligations. This could impact your returns or the ability to withdraw your funds. We actively monitor and review the performance of all key service providers in performing their agreed contractual arrangements.

#### Leverage risk

The Investment Manager may exercise its discretion to invest in companies with significant levels of leverage. Should the Fund's investee companies have leveraged capital structures, investors will face heightened exposure to interest rate risk and refinancing risk. Further, investors will be more sensitive to losses during bear markets or if the company's financial performance suffers.

#### Operational risk

This is the risk of technological or process failure or impacts from wider financial markets in general. This could impact your returns or the ability to withdraw your funds.

#### Personnel risk

Despite the investment strategy being applied as outlined, there is no certainty that the Investment Manager will produce the intended result for investors. There is the additional risk of departure by the Fund's key personnel. Any departures of key staff may negatively affect the Manager's ability to implement the investment strategy.

#### Productivity Risk

The Fund may periodically experience difficulty sourcing deals with favourable terms. The Fund may also at times experience a period of low deal volume due to suboptimal economic or market conditions. Both of these circumstances may negatively impact the Fund's strategy execution and ability to reach its return objective.

#### Diversification risk

The Manager will diversify the Fund's investments in a manner that is aligned with the Fund's strategy and objective. However, naturally, the Fund is less diversified than a broad market portfolio. This exposes investors to the idiosyncratic risks of each investee company, and to the economic, political, and regulatory developments which would not otherwise impact a broad market portfolio. This lower level of diversification naturally leads to higher risk and potentially greater levels of volatility.



# Managing Risks

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## Regulatory and tax risk

Fund performance may be affected by regulatory changes and changes to tax legislation in Australia or overseas which could have an impact on the value of your investment.

## Liquidity and redemption risk

If the Trustee accepts a Redemption Request and it determines it is impractical to calculate the NAV due to, for example, market events reducing the liquidity of a Security or asset class, the Trustee may defer the redemption until the NAV can be calculated. Where a Unit Holder makes a Redemption Request which is accepted by the Trustee, selling assets to meet the Redemption Request may result in a detrimental impact on the price received by the Fund for those assets.

## Counterparty risk

A counterparty to a contract may fail to meet their obligations under it, causing loss to the Fund. This potentially arises with various investments, including derivatives.

## Emerging market risk

The Fund may be exposed to emerging markets. These markets are generally considered riskier than developed markets due to factors such as lower liquidity than more mature markets, the likelihood or potential for political unrest, the increased likelihood of sovereign intervention in the economy (including default and currency intervention), currency volatility, and increased legal risk. Accordingly, the Fund's investments in these markets may be subject to increased asset price volatility, and face higher currency, default and liquidity risk.

Equities in these countries may be exposed to more volatile risk factors than developed market equities.

## Interest rate risk

Changes in interest rates can also have a positive or negative impact on investment values or returns. For example, hybrid securities, cash and other interest-bearing securities are very sensitive to fluctuations in interest rates.

## Volatility risk

Changes in volatility can have a positive or negative effect on the Fund's investments.

## Exchange Traded Fund risk

The Fund will utilise exchange traded funds. The mandate and terms of these funds can change with little notice, negatively affecting the value of the Fund's holdings.

## Focused investment risk

Focusing investments in countries, regions, sectors or

companies or in industries with high positive correlations to one another, creates more risk than if the Fund's investments were less correlated.

## Smaller company risk

The Fund may hold securities with small market capitalisation that are often less widely held and traded less frequently and in lesser quantities, and their market prices often fluctuate more than the securities of companies with larger market capitalisations.

## Derivative risk

The Fund may use derivatives. The use of derivatives can lead to higher gains or losses than a portfolio that does not use derivatives. A derivative may involve gearing, that is, liability for a loss from a change in price of a security, currency or index which exceeds the amount of cash or assets initially required to establish the derivative. The Investment Manager seeks to mitigate this risk through a careful selection of financial instruments.

## Investee performance risk

Investee companies may require additional funding rounds which will have the effect of diluting the Fund's investment stake.

## Speculation risk

Funds of this nature face inherent difficulties accurately valuing companies that fall within their mandate. Investment decisions based on potential undervaluation are subject to higher levels of uncertainty. IPOs, unlisted securities, and pre-IPO investments may involve higher degrees of speculation risk.

## Due diligence risk

Investors may be subject to higher levels of investment risk than the Manager anticipates as due diligence processes may not uncover an exhaustive list of potential loss-incurring events.

## Pandemic and other unforeseen event risk

Health crises, such as pandemics such as the COVID 19 virus, or catastrophes such as natural disasters, war, or civil disturbance, acts of terrorism or other unforeseeable events, may have an adverse effect on economies or financial markets and on the Fund's investments. Fund operations could be disrupted or suspended in these cases.

Many assets, including some to which the Fund may have exposure, may be reliant to a greater or lesser extent on counterparties in countries which have been economically affected by COVID-19.

The future of any economic impact caused directly or indirectly by COVID-19 is uncertain and may affect the ability of borrowers to repay debts, companies to pay dividends and the ability of the Fund to exit investments.



## Investing in the Fund

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The Fund will only accept investments from Wholesale Clients.

The minimum initial application is \$100,000 with minimum additional investments of \$5,000. We may waive or increase the minimum application amounts at our discretion.

### Making an Application

To invest in the Fund, please contact [frazis@fraziscapitalpartners.com](mailto:frazis@fraziscapitalpartners.com) for the URL of the online application portal.

Alternatively, complete and sign the Application Form accompanying this IM. The duly completed Application Form, together with the relevant certified identification documents can be emailed to:

- [frazis@boardroomlimited.com.au](mailto:frazis@boardroomlimited.com.au)

Correctly completed Application Forms accompanied by cleared funds must be received by Boardroom before an application can be processed. Please note cash cannot be accepted.

### Investment Method

Your initial investment amount may be made by:

- Electronic Funds Transfer; or
- Direct Deposit to the application account details provided in the application form or the BPAY code advised via your online application.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until this has been provided. As a result, delays in processing your application may occur.

We reserve the right to refuse any application without

giving a reason. If for any reason we refuse or are unable to process your application to invest in the Fund, we will return your application money to you, less any taxes or bank fees in connection with the application. You are not entitled to any interest on your application money in this circumstance.

Following acceptance of an application by the Trustee, application money will be held in an account maintained by the Trustee pending its investment in the Fund.

### Issue Price and Valuation of the Fund

The Issue Price is determined by dividing the Fund Net Asset Value for the Valuation Date applying on the date of calculation by the number of Units on issue, adjusted for the Buy Spread of 0.25%.

The Fund will be generally valued daily (or at the discretion of the Trustee, weekly on the last Business Day of the week). The Trustee has the discretion to value Units more frequently where it so decides.

Listed Securities usually are valued at the most recent closing price on the Securities exchange on which they are listed relating to the Valuation Date. Unlisted Securities are held at cost and revalued at the latest market price or every 12 months,

Any income entitlement or cash held for the Fund and any amount of Goods and Services Tax (GST) recoverable by the Fund from the Australian Taxation Office (ATO) are also included in the value of Fund's assets. Generally, the Fund's liabilities are valued at cost.

### Classes of Units

Under the Trust Deed, we may issue additional classes of Units including to the Investment Manager for payment of fees.

# Redeeming from the Fund

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## Redemptions

Investors may redeem their Units only at the Trustee's discretion.

Where redemptions are not suspended, you may redeem Units by giving the Fund Registry 30 days' prior notice of your redemption, which period may be reduced at the discretion of the Trustee. The redemption request must be in the form approved by the Fund Registry (Redemption Request).

Unit Holders may redeem Units by completing the online redemption process. Please contact [investors@fraziscapitalpartners.com](mailto:investors@fraziscapitalpartners.com) for the URL of the online portal.

Alternatively, please send a Redemption Request to Boardroom in the form required by the Trustee emailed to:

- [frazis@boardroomlimited.com.au](mailto:frazis@boardroomlimited.com.au).

A Redemption Request should include: investor name and number; whether the redemption is for a full or partial redemption; and if it is for a specific dollar or unit amount.

Where a Redemption Request is received before 3.00 pm on a Business Day, the Units which are the subject of the request will be redeemed on the Redemption Date, being 30 days after its receipt (or if that day is not a Business Day, on the next occurring Business Day) or earlier period determined by the Trustee in its discretion.

Redemptions will be processed at the relevant valuation for that Redemption Date. The Trustee expects to pay redemption proceeds within 9 Business Days of a Redemption Date.

## Redemption Price

The Redemption Price of a Unit is based on the NAV divided by the number of Units on issue on the Valuation Date occurring most recently immediately before a Redemption Date.

The NAV per Unit can be reduced by the Trustee to make an allowance for the transaction costs required for selling investments relating to the redemptions which is known as the Sell Spread. At the date of this

IM, the Sell Spread is 0.25%. An exit fee may also be payable. Refer to 'Fees and other costs' on page 12 for additional information on the Sell Spread.

The Trustee may determine that it will satisfy all or part of a Redemption Request by an in-specie transfers of Fund. The redeeming Unit Holder will be liable for any Sell Spread relating to the transfer. In specie transfers will be valued on the date Units are redeemed. Any taxable income arising as a result of this transfer, including capital gains, will be allocated to the redeeming Unit Holder.

The Trust Deed also allows the Trustee to delay making payments for a Redemption Requests in unusual circumstances once accepted, such as when the Trustee is unable to satisfy a Redemption Request due to suspended trading in the market.

The Trustee will refuse to comply with any Redemption Request if the requesting party does not satisfactorily identify themselves as the Unit Holder.

Redemption payments will not be made to third parties (including authorised representatives) and will only be paid directly to the Unit Holder's bank account held in the name of the Unit Holder at a branch of an Australian or New Zealand domiciled bank (or otherwise by arrangement).

## Email Requests

By lodging an email Redemption Request, the Unit Holder releases, discharges and agrees to indemnify the Trustee and the Fund Registry from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any emailed Redemption Request.

The Unit Holder also agrees that any payment made in accordance with an emailed Redemption Request is in complete satisfaction of the obligations of the Trustee and the Fund Registry, notwithstanding any fact or circumstance, including that the payment was made without the Unit Holder's knowledge or authority.

The Unit Holder agrees that if payment is made in accordance with an emailed Redemption Request, the Unit Holder or any person claiming through or under them will have no claim against the Trustee or Fund Registry for the payment.

## Other Investor Information

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### Distributions

A Distribution is a Unit Holder's share of any distributable income earned by the Fund. A Unit Holder's share of any distributable income is generally based on the number of Units held by the Unit Holder at the end of a distribution period.

Generally, the income entitlements of Unit Holders of the Fund are distributed within 30 days after the date they are determined, although the distribution may take longer.

As a Unit Holder in the Fund, you may elect to have your cash distribution directly credited to your nominated bank account.

Distributions will be paid annually or at the discretion of the Trustee. The Fund may not generate any income for distribution in a particular year, given its focus on capital growth.

If the Trustee determines that distributions may be reinvested, Units will be issued at the Issue Price calculated at that time of reinvestment (less any buy spread).

### Appointment of Authorised Representative to Operate Account

Unit Holders may elect to appoint an authorised representative to operate their account. The relevant sections on the Application Form needs to be completed, including the name and signature of the authorised representative, the signature of the Unit Holder and the date. If you appoint an authorised representative, we suggest you ensure that:

- they cannot appoint another nominee; and
- the appointment lasts until cancelled by you in writing or by the Trustee.

If the Trustee determines that the circumstances require, the Trustee may cancel an appointment by giving the Unit Holder 14 days' notice in writing. If an appointment is cancelled, the Trustee will not be obliged to act on the instructions of the authorised representative. If the instructions are varied, the Trustee will act only in accordance with the varied instructions.

By completing and lodging the relevant sections on authorised representatives on the Application Form you release, discharge and agree to indemnify the Trustee from and against any and all losses, liabilities, actions,

proceedings, account claims and demands arising from the Trustee acting on the instructions of your authorised representative.

You agree that if the authorised representative's instructions are followed by the Trustee, you and any person claiming through or under you have no claim against the Trustee for the instructions.

### Powers of an Authorised Representative

An authorised representative can, among other things:

- apply for additional Units;
- request distribution instructions be altered;
- change bank account details,
- withdraw all or part of your investment; and
- enquire as to the status of your investment and obtain copies of statements.

Redemption payments will not be made to third parties.

If a company is appointed as an authorised representative, its powers will extend to any director or authorised officer of the company. If a partnership, the powers will extend to all partners.

### Reports to Unit Holders

Regular reports are provided to Unit Holders. These reports are:

- **Distribution Statements** – issued in line with distribution frequency, notifying you of the value of your investment, amount of Distribution and confirming reinvestment or payment to your nominated account.
- **Tax Statements** - issued annually, providing Unit Holders with taxation information, including a detailed summary of the components of any Distribution.

You can contact the Investment Manager for updated information on performance, Unit prices and other general information about the Fund by emailing us at: [investors@fraziscapitalpartners.com](mailto:investors@fraziscapitalpartners.com).

### Enquiries and complaints

The Trustee seeks to resolve complaints over the management of the Fund to the satisfaction of Unit Holders. If a Unit Holder wishes to lodge a formal complaint, please contact us by emailing us at: [compliance@fraziscapitalpartners.com](mailto:compliance@fraziscapitalpartners.com).

The Trustee will seek to resolve any complaint and will respond within 14 days of receiving the complaint.

# Fees and Costs

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## Management Costs

The management costs are inclusive of the investment management fees of the Investment Manager and the Trustee fees.

The management costs are calculated and accrued monthly and paid in arrears based on the GAV of the Fund and are reflected in the Issue and Redemption Prices. The management costs do not include expenses or transaction costs.

The management costs applicable to Units in the Fund are 1.50% p.a. of the Gross Asset Value (including GST net of RITC), payable in arrears.

## Performance Fees

Below the Hurdle Rate of 10% p.a., the Manager will not receive a Performance Fee. The Manager will receive a Performance Fee equal to the Fund outperformance up to the Catch-up Rate of 12.5% p.a., and then 20% of any Fund outperformance in excess of the Catch-up Rate. The Hurdle and Catch-up Rates are calculated net of management fees and costs but gross of Performance Fees.

A High Water Mark applies to the Performance Fee based on the previous highest NAV per Unit after payment of a Performance Fee (or if none has been paid, the initial Issue Price of Units) adjusted for distribution.

The Performance Fee is calculated daily and is payable quarterly in arrears.

## Issue of Units to the Investment Manager

Where it so determines, the Investment Manager may be paid its management cost or performance fee as Units issued under the Trust Deed.

## Fund Expenses

The Trustee has the right to recover all proper expenses incurred in managing the Fund.

These expenses include the management costs, custody and administration fees, due diligence, data subscriptions and platforms, audit fees and other ordinary expenses related to the establishment and operation of the Fund.

We may also recover abnormal expenses (such as the costs of Unit Holders' meetings, legal advice for the proceedings and other irregular expenses). The Trust Deed does not place any limit on the amount of the expenses that can be paid from the Fund.

## GST and Taxes

All government taxes such as stamp duty and GST will be deducted from the Fund as appropriate. Relevant tax information is provided in the 'Taxation' section. RITCs will also be claimed by the Fund where appropriate to reduce the cost of GST to the Fund.

## Buy/Sell Spread

The Fund may incur transaction costs. These transaction costs include brokerage, settlement costs (including custody costs), clearing costs and stamp duty.

The Buy/Sell Spread reflects the estimated transaction costs associated with buying or selling the assets of the Fund when investors invest in, or redeem from the Fund. The Buy/Sell Spread is an additional cost to the investor but is included in the Issue or Redemption Price and is incurred when an investor invests in, or redeems, from the Fund. The Buy/Sell Spread is paid into the Fund and is not retained by the Trustee.

At the date of this IM, the Buy/Sell Spread for the Fund is 0.25% which equates to \$250 for an investment or redemption of \$100,000. For in-specie transfers of assets to satisfy a Redemption Request, the Sell Spread may reflect the actual cost of the transaction.

## Can the Fees Change?

All fees can change without Unit Holder consent, subject to the maximum fee amounts specified in the Trust Deed of the Fund. Reasons might include (without limitation) changing economic conditions and changes in regulation.

We will generally provide Unit Holders with at least 30 days' notice of any proposed change to the management costs.

Expense recoveries and Buy/Sell Spreads may change without notice, for example, when it is necessary to protect the interests of existing Unit Holders. The Trust Deed allows the Trustee to charge a maximum management fee of 1.5% p.a. of the Gross Asset Value excluding GST, but unless the Trustee otherwise advises, the Trustee will charge the lower amount as described.

## Differential fees

The Investment Manager may from time to time negotiate a different fee arrangement with investors depending on amounts invested in the Fund.

# Taxation

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The taxation information in this IM is of a general nature and is current as at its date. This information provides a general overview of the tax implications for Australian tax resident Investors that hold their Units on capital account. The application of these laws depends on the individual circumstances of the Investor. The following comments should not be regarded as tax advice and it is recommended that Investors should obtain independent professional tax advice about their specific circumstances.

## Taxation of the Fund

The Fund is an Australian resident trust estate for Australian tax purposes. Under the Trust Deed, where Unit Holders are entitled to all of the distributable income of the Fund for a Financial Year, the Fund itself should not be liable for income tax. The taxation liability for the taxable income of the Fund will rest with the Unit Holders. However, if for any reason there is taxable income to which no Unit Holder is presently entitled, the Fund will be taxed at the highest marginal tax rate for that income.

If the Fund makes a loss for Australian tax purposes, the Fund cannot distribute the loss to Unit Holders. However, subject to the Fund meeting certain conditions, the Fund may be able to take into account the losses (including to the extent the Fund has carried forward capital losses) to offset against income or capital gains (as appropriate) in subsequent years.

## Distributions

Where a Unit Holder is presently entitled to a share of the Fund's income for a Financial Year, the Unit Holder will be liable to tax on their proportional share of the taxable income of the Fund. Investors will be assessed on their proportionate share of the Fund's net taxable income in the Financial Year for which their entitlement to the distributable income arises, even though it may not have been received in that Financial Year.

Distributions from the Fund may comprise different components including interest, dividends, net capital gains, other income, franking credits, foreign income, foreign income tax offsets and tax-deferred amounts.

For Unit Holders who hold their Units on capital account, the tax-deferred income should not form part of their assessable income in the year that the tax-deferred distribution is paid. Instead, the Investor's cost base in the Units will be reduced by the tax-deferred amount and may affect the CGT position of the investment. However, for those Unit Holders who have a zero-cost base for their Units, or where the tax-deferred distribution exceeds the cost base of their investment, any tax-deferred amounts received should be treated as a capital gain of the Unit Holder. Investors should maintain records of their adjustments.

Distributions of income reinvested in further Units are treated the same way as cash distributions.

## Franking Credits

Where the Fund receives franked dividends, the taxable net income of the Fund includes franked dividends and related franking credits. A credit for these amounts may be available in calculating Unit Holders' tax liabilities, depending on their specific circumstances and subject to various integrity rules, including the 45-day holding period rule. Excess franking credits may be refundable to certain resident individuals and complying superannuation entities and in certain cases may generate tax losses for corporate entities.

## Disposal or Redemption of Units

Unit Holders must include any realised capital gain or loss on disposal or redemption of their Units (together with any capital gain distributed by the Fund) in calculating their net capital gain or loss for a Financial Year. The Fund may determine that part of the Redemption Price of a Unit represents a distribution of income for tax purposes for the Financial Year.

Where the Redemption Price includes a distribution of income, any capital gain made is reduced by the taxable income amount included in the Investor's assessable income. A net capital gain will be included in a Unit Holder's assessable income. A net capital loss may be carried forward for offset against capital gains of the Unit Holder in subsequent years but may not be offset against ordinary income.

In calculating the taxable amount of a capital gain, a discount of one-half for individuals and trusts or one-third for superannuation entities may be allowed where the Units have been held for 12 months or more.

## Other Matters

If the Fund qualifies as a MIT, it may make an irrevocable election to apply the AMIT tax legislation. The AMIT legislation applies an attribution model whereby the Trustee attributes amounts of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the AMIT's Trust Deed.

The Goods and Services tax (GST) is not applied to the application for, or redemption of, Units. However, GST generally applies to Fund's management fees and expense costs. The Fund is entitled to claim RITC at the prescribed percentage from the ATO for part of the GST paid.

An Investor is not required to quote their Tax File Number ('TFN') or Australian Business Number ('ABN'). However, if the Unit Holder is an Australian resident for taxation purposes and a TFN or ABN is not provided or an exemption is not claimed, we are required to withhold tax at the highest marginal rate, plus the Medicare levy, from Fund distributions (even where in the case of joint Unit Holders, only one holder does not provide their TFN).



## Other Important Information

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### Cooling Off Period

No cooling off period applies to Units offered under this IM, as you must be a Wholesale Client to invest in the Fund.

### Unit Holder Liability

In general, the liability of a Unit Holder is limited under the Trust Deed to the amount (if any) which remains unpaid for their subscription for Units in the Fund. As a result, it is expected that Unit Holders will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested in court and so it is not possible to give an absolute assurance on this point.

### Termination of the Fund

The Trustee may resolve at any time to terminate, liquidate and wind up the Fund under the Trust Deed. The Fund may otherwise terminate if required by law. Notice will be provided to Unit Holders advising of the Fund's termination. Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata amongst all Unit Holders according to the number of Units they hold in the Fund.

### Our Legal Relationship with You

You will receive Units in the Fund when you invest. Subject to the rights, obligations and liabilities of any Unit class, each Unit represents an equal proportionate beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give you an interest in any particular assets or property of the Fund.

The Trustee's responsibilities and obligations, as trustee of the Fund, are governed by the Trust Deed, as well as under general trust law, which generally requires that the Trustee:

- acts in the best interests of Unit Holders and, if there is a conflict between Unit Holders' interests and our own, give priority to Unit Holders;
- ensures the property of the Fund is clearly identified, held separately from other funds and our assets, and is valued regularly; and
- ensures payments from the Fund's property are made in accordance with the Trust Deed.

The Trust Deed contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the Trustee and Unit Holders.

These include:

- a Unit Holder's right to share in any Distribution, and how the Trustee calculates it;
- a Unit Holder's right to redeem from the Fund;
- what you are entitled to receive if the Fund is wound up;
- the nature of the Units - identical rights attach to

all Units within a class; and

- Unit Holders rights to attend and vote at meetings.

There are also provisions governing the Trustee's powers and duties, including:

- how the Trustee calculates Unit prices;
- when the Trustee can retire or be removed as the trustee of the Fund; and
- the Trustee's broad powers to invest, borrow money and generally manage the Fund.

Copies of the Trust Deed are available free of charge on request from the Trustee.

### Indemnity

Frazis Capital Partners, as the Trustee of the Fund, is indemnified out of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers or duties for the Fund. To the extent permitted by the law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Trustee. The Trustee may retain and pay out any monies in its hands all sums necessary to affect this indemnity.

We are not liable for acting in reliance and good faith on professional advice.

### Related Party Transactions

The Trustee and its associates are entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arms-length commercial terms. The Trustee and its associates are also permitted to hold Units in the Fund in any capacity.

The Fund may invest through underlying funds, including funds managed by us or a related entity which have a substantially similar investment objective, philosophy and universe to the Fund, provided the investment falls within the investment restrictions of the Fund. Any management or performance fees payable in funds managed by us or a related entity will be rebated or refunded to the Fund.

In addition, the purchase and sale of securities may be effected between the Fund and other funds managed by the Trustee or its associates for cash consideration. Any potential conflicts of interest which may arise will be managed by the application of the investment guidelines for the Fund and our internal compliance policies and will be effected at the current market price as would be paid by an arms-length entity.

### Privacy Statement

The *Privacy Act 1988* ('Privacy Act') and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. We may collect personal information about you and individuals

## Other Important Information

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associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation).

You must ensure that all personal information which you provide to us is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise us of the changes in writing. If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

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

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

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the custodian or those that provide mailing or printing services;

- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA, AUSTRAC.

Details of the Privacy Policies applying to the collection of data by us is available by emailing us at: [compliance@fraziscapitalpartners.com](mailto:compliance@fraziscapitalpartners.com).

### Information for New Zealand Investors

New Zealand Eligible Investors can acquire Units by following the instructions outlined in the Application Form. All applications must be in Australian dollars.

Redemption amounts are calculated in Australian dollars. Redemption requests received by a New Zealand investor must state:

- the redemption amount in Australian dollars; or
- the number of Units to be redeemed.

Redemptions will be paid directly to an investor's bank account held in the name of the investor with an Australian or New Zealand domiciled bank.

Redemption payments will not be made to third parties.

If a New Zealand resident wishes to invest in Australia, we strongly recommend you seek independent tax advice. New Zealand resident investors will be taxed on their Units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances. Australian tax will be withheld at prescribed rates from distribution to non-residents to the extent that the distributions comprise relevant Australian sourced income or gains.



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

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

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

To comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate Unit Holders for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

### Common Reporting Standard ('CRS')

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

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

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

# Dictionary

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**Application Form** - the application form used by investors wishing to subscribe for Units and accompanying this IM.

**Administrator or Fund Administrator** – Mainstream Fund Services Pty Ltd (ABN 81 118 902 891).

**ASIC** - Australian Securities and Investments Commission.

**Business Day** - a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney.

**Buy/Sell Spread** - the buy spread is the difference between NAV price and the Issue Price and reflects the transaction cost of buying and selling assets of the Fund, including brokerage and stamp duty. The sell spread is the difference between the NAV price and the Redemption Price. Collectively this is known as the Buy/Sell Spread. The Buy/Sell Spread for the Fund is 0.25% per application or redemption.

**Catch-up Rate** - Fund outperformance of 12.5% p.a.

**Class** means a class of Units.

**Corporations Act** - the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001* (Cth), as amended from time to time.

**Distribution** - an amount that is paid to Unit Holders after the end of a distribution period. This generally includes any income and realised capital gains. The distribution period for the Fund is annual or as the Trustee otherwise determines.

**Financial Year** - means a year commencing on 1 July and ending on 30 June, both inclusive.

**Frazis Capital Partners or FCP** – Frazis Capital Partners Pty Ltd (ABN 16 625 521 986).

**Fund** - the Frazis Fund.

**Gross Asset Value or GAV** - the total value of assets of the Fund.

**Gross Distribution** - the amount of a Distribution plus any amount of performance fee payable to the Investment Manager.

**GST** - Goods and Services Tax.

**High Water Mark** - the previous highest NAV per Unit of the Fund immediately after payment of a Performance Fee (or if none has been paid, the initial Issue Price of the Units), adjusted for distributions.

**Hurdle Rate** - 10% p.a.

**Investment Manager or Trustee** - Frazis Capital Partners Pty Ltd (ABN 16 625 521 986).

**Issue Price** - the NAV of the Fund as calculated, and divided by the number of Units on issue, on the Valuation Date plus any Buy Spread.

**Month** - a calendar month.

**Net Asset Value or NAV** - the value of assets of the Fund less the value of the liabilities of the Fund.

**Outperformance** - means the change in the NAV per Unit less any distributions paid or payable to Unit Holders.

**Performance Fee** - 20% of the Outperformance in a calculation period, subject to the High Water Mark. The performance fee is payable to the Manager in the circumstances set out on page 12 of this IM.

**Portfolio** - all assets held by the Fund, including Securities and cash.

**Redemption Date** – the date on which a redemption of Units is effected, being 30 days' after receipt of a valid request from a Unit Holder.

**Redemption Price** - the NAV of the Fund as calculated, and divided by the number of Units on issue, on the Valuation Date less the Sell Spread.

**Redemption Request** - a written request by the Investors for redemption of some or all of the investors' Units.

**RITC** - Reduced Input Tax Credit. The Trustee will apply for reduced input tax credits on behalf of the Fund, where applicable, to reduce the GST cost to the Fund.

**Securities** - securities which may be listed on a securities exchange or unlisted (of any kind, whether equity or debt in nature).

**Trust Deed** - the trust deed of the Fund which sets out the rights, responsibilities and beneficial interest.

of both Unit Holders and the Trustee for the Fund.

**Unit** - a beneficial interest in the Fund.

**Unit Holder** - a holder of Units in the Fund.

**Valuation Date** - a Business Day on which the Trustee determines the Fund GAV and NAV.

**Wholesale Client** - persons or entities defined as such sections 761G or 761GA of the Corporations Act. For New Zealand investors, the investor must also be a NZ Eligible Investor.