



**Australian Eagle**  
Asset Management

Australian Eagle Trust

# Product Disclosure Statement

*11 April 2019*

Responsible Entity: The Trust Company (RE Services) Limited  
ABN 45 003 278 831 AFSL No. 235150

Investment Manager: Australian Eagle Asset Management Pty Limited ABN 89 629 484 840,  
a Corporate Authorised Representative of Alleron Investment Management Pty Limited  
ABN 71 109 874 160 AFSL No. 278856



## Important information

This Product Disclosure Statement ('PDS') in respect of the Australian Eagle Trust ARSN 632 568 846 ('Fund') has been prepared and is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 ('Perpetual', 'Responsible Entity', 'we', 'us', and 'our') as Responsible Entity of the Fund.

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment by the recipient in the units described in it and is not to be reproduced or distributed to any other person (other than professional advisers of the prospective investors so receiving it). This PDS can only be used by investors receiving it (electronically or otherwise) in Australia or New Zealand. Applications from outside Australia or New Zealand will not be accepted.

The information in this PDS is general information only and is not a recommendation to invest. It does not take into account your individual objectives, tax and financial situation or particular needs or circumstances. Prospective investors should read and understand this PDS in its entirety, rely upon their own enquiries and take their own financial and taxation advice in deciding whether to invest. This PDS should be read in conjunction with the constitution of the Fund, which is available from us.

No person is authorised to give any information or to make any representations in connection with the Fund that are not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised in connection with this investment.

Information in this PDS is subject to change from time to time. Information regarding the Fund that is not materially adverse may be updated without issuing a new or supplementary PDS. Such updated information may be obtained from the Fund's website at [www.austeagle.com](http://www.austeagle.com). A paper copy of any updated information will be provided on request free of charge on request from the Responsible Entity.

An investment in the Fund is an interest in a registered managed investment scheme, and is not a bank deposit, bank security or other bank liability. In considering whether to invest in the Fund, prospective investors should consider the risks that could affect the financial performance of the Fund. Some of the risks affecting the Fund are summarised in Section 8 of this PDS.

An investment in the Fund is not a deposit with, or liability of, Perpetual or any other company of the Perpetual group. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of Perpetual, the Investment Manager, the Custodian, the Administrator or their related entities, shareholders, directors or officers guarantees the performance of the Fund, the return of an investor's capital or any specific rate of return.

Certain information contained in this PDS may constitute "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," "target," "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this PDS, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those set out under risks affecting the Fund summarised in Section 8 of this PDS, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. The forward-looking statements included in this PDS involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Responsible Entity and Investment Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, investors are cautioned to not place undue reliance on such forward-looking statements. Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are forward-looking statements and subject to this disclaimer.

Perpetual Limited is a member of the Financial Services Council (**FSC**). The standards of the FSC (**FSC Standards**) apply to relevant activities conducted by Perpetual Limited as well as certain other entities related to the FSC member, including Perpetual. Perpetual complies with FSC Standards including FSC Standard No. 1: Code of Ethics & Code of Conduct. However, it has appointed service providers to provide certain services in relation to the Fund, some of which may not be members of the FSC. Where a service provider is a member of the FSC, Perpetual has taken reasonable steps to ensure that the service provider will comply with all FSC Standards in providing the services in relation to the Fund. Where a service provider is not a member of the FSC, prior to the appointment of the service provider, Perpetual has undertaken all appropriate and reasonable due diligence, establishes and maintains compliance monitoring, and complies with all applicable laws in relation to the appointment. Accordingly, you may not receive the full benefit or protection of the FSC Standards in relation to any services which are delegated to or provided by a service provider.

Any photographs, images, charts and diagrams in this PDS are for illustrative purposes only and may not represent any current or proposed investments of the Fund.

Capitalised terms have the meaning given to those terms in Section 14 of this PDS, unless the context otherwise requires.

## **Notice to New Zealand investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

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## 1. The Fund at a glance

Key features of the Fund		Section
Name of the Fund	Australian Eagle Trust	
ARSN	632 568 846	
Responsible entity	The Trust Company (RE Services) Limited (a subsidiary of Perpetual Limited)	3
Investment manager	Australian Eagle Asset Management Pty Limited	4
Fund type	A unit trust that is a managed investment scheme which is registered with ASIC.	
Investment objective	The Fund aims to provide capital growth over the longer term through a leveraged investment in Australian securities. Commensurate with this, the objective of the Fund is to outperform the S&P/ASX 100 Accumulation Index over a period of 5 years.	6.1
Investment strategy	In managing the Fund, Australian Eagle Asset Management's strategy is to buy a leveraged exposure to superior quality stocks identified by Australian Eagle Asset Management's bottom-up research process, funded by short selling lower quality stocks that the research process has historically identified as underperformers. These superior companies can be characterised by great management who are committed to shareholders, operate in a growing market, and have a long-term competitive advantage.	6.4

Key product features		Section
<b>Fees and other costs of the Fund</b>		<b>10</b>
Entry fee	Nil	
Management fees	1.5375% p.a. (inclusive of GST net of RITC) of the net asset value of the Fund per annum and payable monthly in arrears	
Recoverable expenses	0.1568% pa (inclusive of GST net of RITC)	
Performance fee	20.5% (inclusive of GST) of the out-performance of the net asset value of the unit over the benchmark (the S&P/ASX 100 Accumulation Index) calculated whenever the net asset value is calculated, but not more frequently than daily, and payable quarterly in arrears, subject to a high-water mark.	
Exit fee	Nil	
Buy/sell spread	±0.30%	
Minimum investment requirements		11.1
Minimum initial investment	\$25,000	
Minimum additional investment	\$10,000	
Minimum redemption	\$10,000	
Minimum balance	\$25,000	

<b>Distributions and pricing</b>		
Frequency	Annually (as at 30 June)	9.3
Payment method	Distributions may be automatically reinvested into additional units in the Fund or paid into Australian bank account nominated by you.	9.3
Unit pricing	Daily rounded to 4 decimal places	9.1
Unit pricing frequency	Daily	9.1
Application price	The NAV plus the buy spread divided by the number of units on issue	9.1
Redemption price	The NAV less the sell spread divided by the number of units on issue	9.1
<b>Making and withdrawing your investment</b>		
Applications	Valid application requests, with cleared funds and relevant identity documents, must be received by 12pm (noon) Sydney time.	11.1
Withdrawals	Valid withdrawal requests must be received by 12pm (noon) Sydney time.	11.2

## 2. Disclosure benchmarks and disclosure principles

### 2.1. Disclosure benchmarks

In ASIC Regulatory Guide RG 240 *Hedge funds: Improving disclosure* ('RG 240'), ASIC has developed two benchmarks for funds that meet ASIC's definition of a 'hedge fund' and expects issuers of products of such funds to disclose in a Product Disclosure Statement whether the responsible entity meets the benchmark on an 'if not, why not' basis.

The following table provides a summary of the benchmarks set out in RG 240 and a summary of information about how we meet the benchmarks.

The information in this section about the RG 240 benchmarks will be updated periodically. This updated information is available on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com) and a paper copy will be given to you, without charge, upon request by contacting Australian Eagle or Mainstream.

<b>Benchmark</b>	<b>Summary</b>	<b>Is the benchmark satisfied?</b>	<b>Further information (Section)</b>
The Responsible Entity implements a policy requiring valuations of the hedge fund assets that are not exchange traded to be provided by independent third-party administrators or an independent valuation service provider	<p>Perpetual has and implements a policy that requires valuation of the Fund's assets that are not exchange traded to be provided by an independent administrator. The valuation of all Fund assets is provided by Mainstream Fund Services Pty Ltd, who has been appointed as the administrator and registrar of the Fund. The Administrator is unrelated to both Perpetual and Australian Eagle. The valuation of the assets of the Fund is conducted by the Administrator following the close of business each Business Day.</p> <p>For those unlisted securities where the market values are not available (or where Perpetual reasonably believes that the market values do not represent a fair value), then Perpetual may require the Administrator to use another valuation method provided that it is in line with market practice and can be independently verified.</p> <p>For those exchange traded assets held in the Fund, the Administrator will obtain the closing market prices from the relevant exchange for use in the valuation.</p>	Yes	9.2

<p>The Responsible Entity of the hedge fund has and implements a policy to provide periodic reports on certain key information.</p>	<p>Perpetual has and implements a policy to provide periodic reports on certain key information, as set out below.</p>	<p>Yes</p>	<p>11.3</p>
	<p><b>Monthly updates</b></p> <p>The following information will be provided to investors on a monthly basis:</p> <ul style="list-style-type: none"> <li>(i) current total net asset value of the Fund and the withdrawal value of a unit;</li> <li>(ii) net return on the Fund's assets after fees, costs and taxes;</li> <li>(iii) changes to key service providers, including any change in related party status;</li> <li>(iv) any material changes to the Fund's risk profile or investment strategy; and</li> <li>(v) any changes in individuals playing a key role in investment decisions for the Fund.</li> </ul> <p><b>Quarterly reports</b></p> <p>Investors will receive a report each calendar quarter on the investments of the Fund, which may include a general market outlook.</p> <p><b>Annual reporting</b></p> <p>As soon as practicable after the end of the relevant period, we will provide the:</p> <ul style="list-style-type: none"> <li>(i) actual allocation to each asset type;</li> <li>(ii) liquidity profile of the Fund's assets;</li> <li>(iii) maturity profile of the liabilities of the Fund;</li> <li>(iv) Fund's leverage ratio;</li> <li>(v) derivative counterparties engaged;</li> <li>(vi) monthly or annual investment returns since inception;</li> <li>(vii) changes to key service providers;</li> <li>(viii) account balance and transaction information as at the end of the reporting period;</li> <li>(ix) distribution information; and</li> <li>(x) annual tax statement.</li> </ul> <p>Additionally, you will receive the audited financial statements of the Fund which are issued annually for each year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia to the extent that the Fund is required to comply with those standards by the Corporations Act or under the constitution. The audited financial statements are made available to investors online at <a href="http://www.austeagle.com">www.austeagle.com</a>.</p> <p><b>Transaction reporting</b></p> <p>Additionally, we will confirm all applications, redemptions and distributions on your account, where applicable.</p>		

## 2.2. Summary of disclosure principles

In RG 240, ASIC has developed nine disclosure principles for funds that meet ASIC's definition of a 'hedge fund', and expects issuers of products of such funds to apply the disclosure principles in the Product Disclosure Statement for the hedge fund.

The following table sets out the disclosure principle in RG 240 and a summary of information about the disclosure principle. You should consider this information together with detailed explanation of the cross-referenced information set out in this PDS and the key risks of investing in the Fund highlighted in Section 8 of this PDS.

The information in this section about the RG 240 disclosure principles will be updated periodically. This updated information is available on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com) and a paper copy will be given to you, without charge, upon request by calling us.

Principle	Summary	Further information (Section)
Investment strategy	<p>The Fund aims to provide capital growth over the longer term through a leverage investment in Australian shares. Commensurate with this, the objective of the Fund is to outperform the S&amp;P/ASX 100 Accumulation Index over a period of 5 years.</p> <p>Australian Eagle seeks to buy superior quality stocks with a sensible risk buffer and hold those investments so that the longer-term advantages of those companies manifest in a superior rate of return. The Australian Eagle investment process is designed to identify those stocks that have the most characteristics of a superior company, whilst also offering a valuation edge.</p> <p>On the short side, Australian Eagle seeks to sell companies that do not display these characteristics or rank poorly on such characteristics compared to the superior companies and exhibit poorer technical characteristics.</p> <p>The process of finding companies is derived from a fundamental, bottom up-up research process, which Australian Eagle has consistently applied since its founding in 2004.</p> <p>The Fund typically invests cash and cash equivalent instruments, Australian listed shares and other equity like securities and may invest in derivatives.</p> <p>The Fund is suitable for investors with an investment horizon of five years or more.</p>	6.4
Investment manager	<p>The investment manager for the Fund is Australian Eagle Asset Management Pty Limited. The Chief Investment Officer is Sean Sequeira, who is supported by an experienced team of four fundamental and quantitative portfolio managers and analysts.</p> <p>Biographies of the investment team are available on Australian Eagle's website at <a href="http://www.austeagle.com">www.austeagle.com</a>.</p> <p>No significant adverse regulatory findings have been attributed to Australian Eagle Asset Management Pty Limited, its parent Alleron Investment Management Pty Limited or their staff.</p>	4

Fund structure	<p>The Fund is a managed investment scheme registered in Australia. Perpetual is the responsible entity of, and issuer of units in, the Fund. Perpetual is responsible for the day to day operations of the Fund and has appointed key service providers which are involved in the Fund's ongoing operation.</p> <p>Australian Eagle Asset Management is responsible for implementing the investment strategy of the Fund.</p>	3, 5 & 6.3
Valuation, location and custody of assets	<p>The Fund's assets are valued every Business Day. The Fund's unit prices are generally available within 1 Business Day of a valid pricing day.</p> <p>All assets will be located in Australia.</p> <p>Mainstream Fund Services Pty Ltd has been appointed as an independent custodian to hold the assets of the Fund.</p>	5, 6.4, 9.1 & 9.2
Liquidity	<p>The Fund accepts applications and redemptions on a daily basis.</p> <p>Valid application requests, with cleared funds and relevant identity documents, must be received by 12pm (noon) Sydney time.</p> <p>Valid withdrawal requests must be received by 12pm (noon) Sydney time.</p> <p>Australian Eagle Asset Management reasonably expects that at least 80% of the Fund's assets are capable of being realised within 10 days (subject to any relevant transaction costs).</p>	8 & 11.2
Leverage	<p>The Fund is permitted under its constitution to borrow money.</p>	6.4
Derivatives	<p>The Fund may invest in listed and unlisted derivatives such as futures, contracts for difference ('CFDs'), options and swaps on ASX listed companies or indices.</p> <p>These instruments will primarily be used as a risk management tool. These products are often complex, and their use has the potential to cause losses that are larger than their nominal value.</p>	6.4
Short selling	<p>The Fund employs short selling techniques to enhance potential returns.</p>	6.4
Withdrawals	<p>Funds will generally be paid to investors following a valid withdrawal request within 7 Business Days of the relevant unit price being approved.</p>	11.2

### 3. About Perpetual

The Trust Company (RE Services) Limited (**Perpetual**) is the responsible entity of the Fund.

Perpetual is a wholly owned subsidiary of Perpetual Limited which has been in operation for over 130 years. Perpetual Limited is an Australian public company that has been listed on the Australian Securities Exchange for over 40 years.

Perpetual holds Australian financial services licence number 235150 issued by ASIC, which authorises it to operate the Fund.

Perpetual is bound by the Fund's constitution and the Corporations Act. Perpetual has lodged a compliance plan with ASIC which sets out the key measures which Perpetual will apply to comply with the constitution and the Corporations Act. Perpetual has established a Compliance Committee with a majority of external members. The compliance plan is overseen by the Compliance Committee and is audited annually with the audit report being lodged with ASIC.

Perpetual has the power to delegate certain aspects of its duties. A description of key service providers in respect of the Fund is set out in Sections 4 and 5 of this PDS.

## 4. About Australian Eagle Asset Management

Australian Eagle Asset Management Pty Limited ABN 89 629 484 840 is the investment manager of the Fund. It is an authorised representative of Alleron Investment Management Pty Limited ABN 71 109 874 160 AFSL No. 278856 (authorised representative number 001269301).

Alleron is a specialist investor in Australian equities which was founded in 2004 in partnership with Ascalon Capital Managers, a subsidiary of Westpac Banking Corporation. Alleron commenced managing long only Australian equity funds in February 2005 and has a long track record of successfully managing long only mandates for institutional investors. The founders of Alleron subsequently bought back Ascalon's remaining ownership in Alleron in 2015 and launched a long-short Australian equity product, the Australian Eagle Trust, in June 2016. The Australian Eagle Trust was initially open to wholesale investors only including high net worth investors, family offices and wholesale self-managed superannuation funds. The Australian Eagle Trust was nominated for 'Best Emerging Manager' in the 2017 Hedge Fund Rocks awards.

No significant adverse regulatory findings have been attributed to Alleron, Australian Eagle Asset Management or its employees.

Alleron has transferred its investment management services to its related body corporate, Australian Eagle Asset Management, to improve the alignment of the investment team with investors in the Australian Eagle Trust by enabling all staff to participate in the equity of Australian Eagle Asset Management. Australian Eagle Asset Management will be staffed by the same investment team who currently manage the Australian Eagle Trust.

The Chief Investment Officer is Sean Sequeira, who is supported by an experienced team of four fundamental and quantitative portfolio managers and analysts. Sean is a founding member of Alleron and was appointed Alleron's Chief Investment Officer in 2016. In addition to stock selection and analysis, he is responsible for all aspects of Australian Eagle's Investment Process. Sean began his career in financial markets in 1991 with Citibank and subsequently joined Albert Hung at Tower Asset Management in 2000 where he was an Australian equity analyst and dealer. Sean is a Chartered Financial Analyst®.

Barry Littler is Chairman & CEO and co-founded Alleron Investment Management Pty Limited in 2004 with the aim of providing a high conviction equity boutique manager with the genuine capacity to outperform across significant periods of time. Barry has participated in financial markets since 1982 and is one of the few individuals in the country who has run significant businesses in most aspects of wholesale financial markets. These include a full-service futures broker, bond desk, currency desk, options businesses and of course, an equity investment business. Barry is not part of Australian Eagle's investment team but is passionate about ensuring Australian Eagle's investment process continues to evolve and deliver out-performance for Alleron's and Australian Eagle's clients.

Albert Hung is Chairman of Investments and has over 30 years' experience in managing equity portfolios for wholesale clients. He is a co-founder of Alleron and provided the intellectual inspiration and practical experience necessary for the development of the Alleron investment process. Albert chairs the investment committee.

Alan Kwan is Senior Portfolio Manager and is principal analyst for many of Australian Eagle's portfolio stocks and the coverage universe, in particular medium capitalisation companies. He is a key member of the portfolio management team and implementation process. Alan joined Alleron in 2011 and is a Chartered Financial Analyst®.

The Chief Investment Officer, the Senior Portfolio Manager and other members of the investment team dedicate the majority of their time considering and executing the Fund's investment strategy

## 5. Key service providers

There are a number of parties, in addition to the Responsible Entity, involved in the day-to-day operation and administration of the Fund or which otherwise provide services in connection with the Fund.

Key service providers are shown in the table below. Each of these service providers consider Sydney as a principal location for conducting business on behalf of the Fund.

Key service provider (Role)	Description
Australian Eagle Asset Management Pty Limited (Investment Manager)	The Investment Manager is responsible for making investment decisions in respect of the Fund. See Section 4 of this PDS for more information about the Investment Manager.
Mainstream Fund Services Pty Ltd (Custodian and Administrator)	Mainstream Fund Services Pty Ltd is responsible for holding the Fund's assets and, among other things, arranging for settlement of sales and purchases of assets.  In addition, Mainstream Fund Services Pty Ltd provides administration services including independent unit pricing, administration and registry services, and some accounting services for the Fund.  See Section 5.1 of this PDS for more information about the Custodian and Administrator.
Macquarie Bank Limited	Macquarie Bank Limited has been appointed as securities lender in respect of the Fund.
Ernst & Young	Ernst & Young has been appointed as the independent auditor of the Fund's financial statements.
PwC	PwC has been appointed as the independent auditor of the Fund's compliance plan.

### 5.1. The Custodian and Administrator

As at the date of this PDS, Mainstream Fund Services Pty Ltd has been appointed as both the custodian and administrator for the Fund.

The Responsible Entity has appointed the Mainstream under a 'Custodian and Administration Agreement'. The Custodian's role is to hold the assets in its name and act on the direction of Australian Eagle, the investment manager of the Fund, to effect cash and investment transactions.

Mainstream has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to an investor for any act done or omission made in accordance with the Custodian and Administration Agreement.

Mainstream's role as Custodian is limited to holding the assets of the Fund.

Perpetual also outsources the Fund's administration to Mainstream, which maintains the unit registry for the Fund, provides accounting services, conducts unit pricing calculations, undertakes portfolio valuations, and other related administration and Fund accounting services.

Mainstream acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from Mainstream within five (5) days of submitting the request, the applicant should assume that the subscription or redemption request has not been received and they should contact the Mainstream via email on [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com) to confirm the status of their request.

Neither the Responsible Entity or Mainstream accept any responsibility for any loss arising from the non-receipt or illegibility of any Application Form or additional Application Form (as the case may be) sent by email or post or for any loss caused in respect of any action taken as a consequence of such email believed in good faith to have originated from properly authorised persons.

## 5.2. Changes to key service providers

Perpetual has processes and procedures for selecting, monitoring and reviewing the performance of the key service providers of the Fund. These key service providers are subject to change at any time, and in some cases without prior notice to investors. We or the Investment Manager will inform investors of any material change to key service providers in the next regular communication or as otherwise required by law.

## 6. About the Australian Eagle Trust

### 6.1. Investment return objective

The Fund aims to provide capital growth over the longer term through a leveraged investment in Australian securities. Commensurate with this, the objective of the Fund is to outperform the S&P/ASX 100 Accumulation Index over a period of 5 years. Returns are not guaranteed. You should weigh up the potential benefits against the risks of investing; some of the risks affecting the Fund are summarised in Section 8 of this PDS.

### 6.2. Minimum suggested time frame for holding investment

5 years or more.

### 6.3. Fund structure

The Fund has been established to provide retail investors with an opportunity to gain exposure to a strategy managed by Australian Eagle Asset Management.

The Fund is an Australian registered managed investment scheme, established under a constitution. The Fund's constitution (in addition to the Corporations Act and general law) sets out Perpetual's powers, duties and obligations, as well as the rights of unit holders. Together with the Corporations Act, the constitution also sets out the framework under which the Fund operates. The constitution (including any amendments) has been lodged with ASIC.

Perpetual has the right to close or terminate the Fund and change the Fund's investment strategy, benchmark, and asset allocation ranges and limits, and in some cases, we may do this without prior notice to investors.

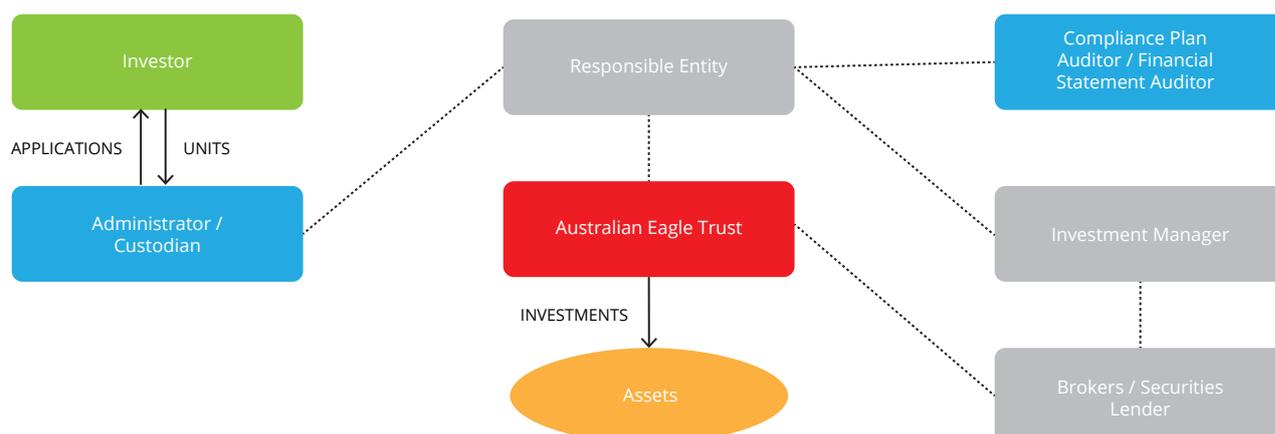
We will inform investors of any material change to the Fund's structure in their next regular communication or as otherwise required by law, which in circumstances, may require prior notice to investors. Material change notices are also available on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com).

Your rights and obligations as a unit holder in the Fund are also governed by the constitution of the Fund, the Corporations Act and the general law relating to trusts. This includes the right to attend unit holder meetings, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints.

The constitution contains provisions designed to limit your liability to the amount invested in the Fund. However, you should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

A copy of the Fund constitution is available free of charge by contacting Australian Eagle Asset Management or Perpetual.

Perpetual has engaged a number of professional service providers to provide a range of investment, administration and back office services to the Fund including investment management, custody, brokerage, securities lending and administration services. The service providers, as named in Section 5 of this PDS, and their relationship to the Fund and the flow of funds through the Fund are illustrated in the diagram below.



## 6.4. Investment strategy

Australian Eagle Asset Management seeks to buy superior quality Australian securities with a sensible risk buffer and hold those investments so that the longer-term advantages of these companies manifest in a superior rate of return. For Australian Eagle Asset Management, these superior companies are characterised by great management who are committed to shareholders, operate in a growing market, and have a long-term competitive advantage. The Australian Eagle investment process is designed to identify those stocks that have the most characteristics of a superior company, whilst also offering a valuation edge. An initial investment in such a company would be accompanied by a growth delta argument which incorporates evidence that a material change in, for example, a company's growth profile, was manifesting in support of Australian Eagle's investment thesis about the company.

On the short side, Australian Eagle seek to sell stocks in companies that do not display these characteristics or rank poorly on such characteristics compared to the superior companies. Such companies may rank lower on management characteristics, operate in a competitive or shrinking market or do not have a long-term competitive advantage and are judged by Australian Eagle to be fully valued relative to their prospects.

The process of finding these companies is derived from the same fundamental bottom-up research process that Australian Eagle has consistently applied since its parent's founding in 2004 for long only portfolios.

### (a) Investment universe

The investment universe includes, but is not limited to the following:

- Ordinary shares listed on the Australian Securities Exchange ('ASX')
- Preference shares listed on the ASX
- Convertible notes listed on the ASX
- Equity fund units listed on the ASX
- Property fund units listed on the ASX
- Company issued options listed on the ASX
- Share price futures and options traded on the ASX
- Any other physical securities listed on the ASX
- Any unlisted shares or fund units where an ASX listing is anticipated within 6 months of purchase and specified in a formal offer document or information memorandum
- Any bonus issue, rights issue, placement or any other corporate issue listed on the ASX or to be listed in the next 6 months
- Unlisted derivatives such as contracts for differences ('CFDs'), options and swaps on ASX-listed companies or indices
- Any underwriting, sub-underwriting or other similar transactions which give rise to an investment commitment or contingent liability for listed shares or units trusts
- Any underwriting, sub-underwriting, or other similar transactions which give rise to an investment commitment or contingent liability for unlisted shares or unit trusts where an ASX listing is anticipated within 6 months of purchase and specified in a formal offer document or information memorandum

From time to time cash or various cash equivalents may be held in the Fund.

All of the Fund's assets are and will be located in Australia.

### (b) Investment process

Australian Eagle uses the following stage by stage process to determine its investment stock grades:

#### *Stage 1 - Development of the quality rating for each stock covered by Australian Eagle's proprietary research process*

Each stock in the top 100 stocks listed on the ASX by market capitalisation and selected stocks outside the top 100 (as determined by Australian Eagle) is assessed with respect to Australian Eagle's qualitative rating on a regular and intensive basis. As a result of the focus on the top 100 stocks and the ability to 'pursue' ex 100 stocks when appropriate, the Australian Eagle team as a guideline will have approximately 130 stocks allocated to the team as their primary responsibility at any point in time.

The quality screen operationalises the Investment Manager's superior company philosophy by expanding the Investment Manager's core factors of market, competitive advantage and good management to 10 attributes, being as follows:

- 1 Management track record and succession plan
- 2 Sustainable competitive advantage
- 3 Growth aspect of competitive advantage
- 4 Capital deployment opportunity and strategy implementation ability
- 5 Capital management (ROE and shareholder value enhancement)
- 6 Financial health
- 7 Market size-regional/ global
- 8 Barriers to entry
- 9 Organic growth
- 10 Cyclicalities - short, medium or long

The relevant analyst allocates a score from 1 to 5 for each of the individual factors. These factors are then added to give an overall quality rating of 10 to 50 points for each stock.

The process involves rigorous discussion of the factors as they relate to the specific company, but also, methodical and rigorous thought is applied to how the company rates on the key criterion relative to all other companies in the consideration set.

The stock scoring process allows the analyst latitude in their thought processes and creativity whilst ensuring that the Investment Manager's philosophy remains the bedrock of its approach. In addition, no matter how wide ranging the thought processes, the discipline of the Australian Eagle qualitative score ensures that for each researched stock Australian Eagle has a synthesised and succinct longer-term judgment of each business relative to its immediate peers and to all other stocks that have been analysed.

It is important to note that only stocks that achieve a quality score of **30** or higher can be considered as candidates for investment in the long portfolio. This ensures that only stocks that according to the Investment Manager's superior company benchmark are above average in a relative sense can be included in the long portfolio.

Stock selection for the short portfolio represent those companies that Australian Eagle identifies as part of its research process to be of lower quality than its long portfolio and stocks that may be fully valued relative to their prospects.

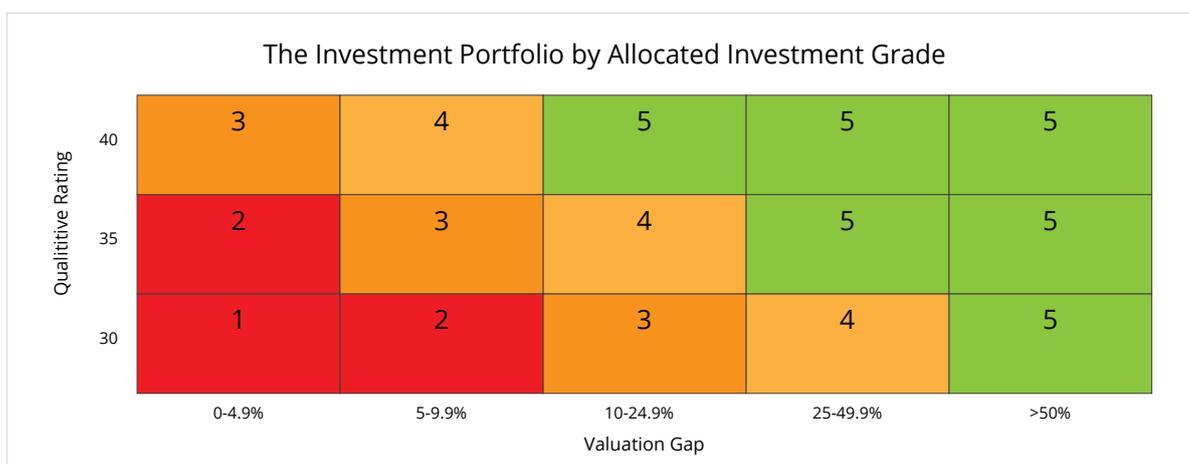
Allerion in the vast majority of cases does not use a large amount of broker research as an input to the qualitative score process, or indeed any aspect of its investment process. Australian Eagle uses predominantly official releases and uses other publicly available sources to access relevant secondary research material.

#### *Stage 2 - Relative valuation gap assessment for identified high quality stocks*

The analyst determines a sensible valuation for the company being researched using well understood valuation metrics. The output of the valuation process is a set of valuation ranges that are compared to the relevant stock price to provide an estimate of each stock's valuation gap. The valuation gap provides a consistent tool for estimating the potential upside in each stock and is a primary metric in the segmentation and ranking of the research universe.

#### *Stage 3 - Allocation of the stock's investment grade*

Each stock is assigned an investment grade from 1 to 5, where 5 is the highest quality investment. The investment grade is a function of the stock's quality score and estimated upside as explained in stage 1 and 2 previously.



The assigned investment grades are the basis for stock selection and portfolio weighting for each stock within the portfolio.

**(c) Portfolio construction**

The Fund uses an index independent approach to building the long side portfolio, aimed at ensuring Australian Eagle's best investment ideas have the exposure within the portfolio, without reference to the stock's specific index weight. This means the long portfolio will comprise of predominantly stocks with an investment grade of 4 or 5, with a more limited exposure to stocks with an investment grade of 3.

The Fund also uses a qualitative and quantitative risk overlay process to assist in managing long term volatility and drawdown patterns. The Fund will usually have between 25 and 35 long stocks in the portfolio.

Stocks that are shorted within the Fund will usually have a lower investment grade and will most often be selected within the top 100 stocks. Australian Eagle's analysis across 14 years suggests that the number of short stocks will usually be between 12 and 25 stocks.

The same qualitative and quantitative risk overlay process employed for long stocks, is used with the overall short stock portfolio to assist in managing the overall risk characteristics of the Fund.

A long position may be up to 15% of the Fund (except for significant stocks in the benchmark in which case the maximum position size is 1.5 times the benchmark weight) and a short position may be up to 15% of the Fund at the point of inclusion in the portfolio.

**Asset allocation ranges**

The following are typical asset allocation ranges for the Fund. If market movements, or investments into or withdrawals from the Fund, cause the Fund to move outside these ranges, this will be addressed by Australian Eagle as soon as reasonably practicable.

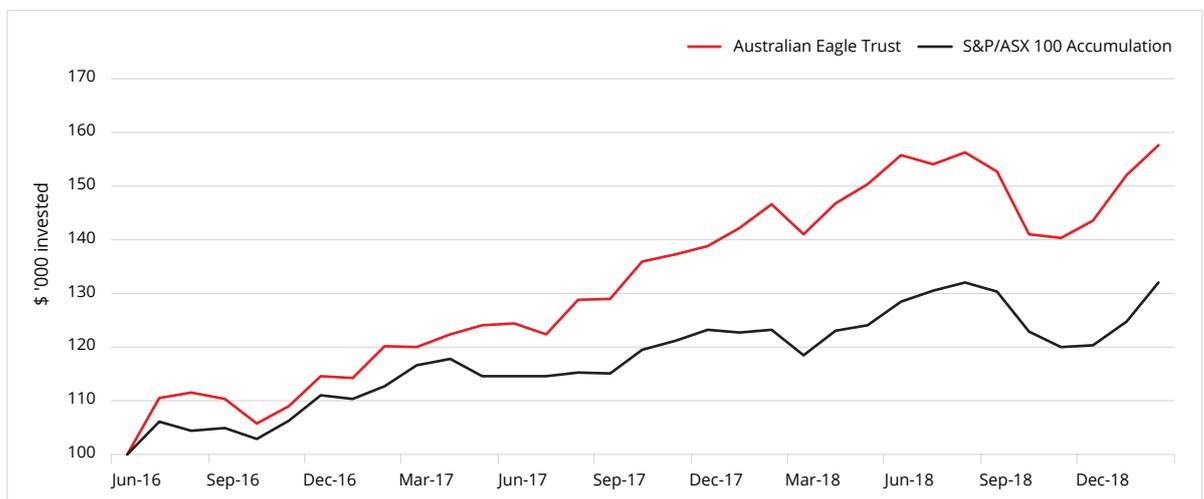
Asset/strategy	Minimum*	Maximum*
Long securities	90%	170%
Short securities	-70%	0%
Cash	-10%	100%
Net equity exposure	0%	110%
Gross equity exposure	0%	240%

\* These ranges are target allocations only and actual portfolio weights may differ from these from time to time.

As part of the strategy, Australian Eagle may occasionally move the Fund entirely or substantially to cash should Australian Eagle believe that market conditions warrant that approach. Should regulatory conditions not permit it, Alleron may close all positions and invest entirely in cash until such conditions abate.

**(d) Past performance of the Australian Eagle Trust**

The chart illustrates the performance of \$100,000 invested in the Australian Eagle Trust since 30 June 2016.



Fund returns set out in the above chart are calculated using the net asset value (unit price) of the previous main series of units (which does not include the buy/sell spread) and represent the combined income and capital returns of the stated unit class over the period. Returns of the Fund are shown in the chart net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Series accounting has been discontinued in respect of the Fund.

The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility of the underlying assets of the Fund and other risk factors associated with investing, investment returns can be negative, particularly in the short-term. You should refer to Section 8 of this PDS for a summary of the key risks of investing in the Fund.

**(e) Use of derivatives**

Derivatives may be used by the Fund for hedging and non-hedging purposes such as:

- To manage or reduce particular risks;
- To implement an investment strategy in a cost-efficient manner;
- A substitute for direct investment in securities; and/or
- To gain exposure to other types of investments where appropriate.

The Fund may invest in over the counter ('OTC') and exchange traded derivatives such as futures, contracts for difference ('CFDs'), options and swaps on ASX listed companies or indices.

Australian Eagle engages with reputable and regulated investment banks as derivative counterparties after conducting due diligence on factors such as their regulatory status, commercial experience as derivative counterparties and publicly disclosed information on compliance with regulatory standards.

**(f) Borrowings, leverage and gearing**

Under the Fund's constitution, the Responsible Entity is permitted to borrow on behalf of the Fund.

Leverage will be used in accordance with the investment strategy of the Fund.

The Fund may be geared up to 240% gross equity exposure or 110% net long by taking up to a 170% gross long securities exposure and up to a 70% short securities exposure or variations thereof. The Fund typically maintains a 150% long securities exposure funded by short selling 50% of securities.

At the time of this PDS, the securities lender is the only counterparty to any leveraged transactions and the securities lender will hold collateral posted by the Fund.

The maximum exposure of the Fund is 240% of the Fund's NAV. This means that for every \$1 of the Fund's NAV, the Fund may leverage up to \$2.40. For example, this means that compared with an unleveraged Fund, assuming that the Fund reaches its maximum gross exposure of 240% of NAV, then:

- A 1% increase in the return on assets of the Fund will result in a 2.4% increase return to investors; and
- A 1% decrease in the return on assets of the Fund will result in a 2.4% decrease in return to investors.

This example has been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only. Gearing has the potential to enhance both returns and losses and its use may increase the risk profile of the Fund.

While a short position can reduce risk, it is also possible for the Fund's long positions and short positions to lose money at the same time.

**(g) Short selling**

The Fund will engage in short selling which involves borrowing securities from one party with the intention to return them at a later date when their value has decreased. The Fund regularly engages in short selling in order to benefit from this, although in aggregate it is usually net long securities as explained in Section 6.4(g) of this PDS.

With short positions, there is no limit on the maximum loss because there is no upper limit on the security's price. In other words, the loss will continue to increase as the security's price rises.

***Example – Short selling***

Australian Eagle believes that the price of stock X will fall. The current price of the stock is \$10, and the Fund sells short 100 shares. In order to execute the short sale, the Fund borrows 100 shares from its securities lender and sells them in the market. The Fund receives \$1,000 (\$10 x 100) from the proceeds of the sale.

**Scenario 1:**

Six months later, the price of stock X has dropped to \$8. The Investment Manager decides to close out the short position and the Fund buys the stock back on the market, spending \$800 (\$8 x 100) to repurchase the shares, and returns the shares to the lender. The profit on the trade is \$200 (\$1,000 less \$800).

**Scenario 2:**

Six months later, the price of stock X has risen to \$12. The Fund buys the stock back on the market because the Investment Manager has decided that new information has been received that invalidates the original belief that the stock price will fall. The Fund spends \$1,200 (\$12 x 100) to buy the shares back and returns them to the lender. The loss on the trade is \$200 (\$1,200 less \$100).

Additionally, there is a risk that the securities lender may request return of the securities. These risks give rise to the possibility that the positions may have to be liquidated at a loss and not of a time of the Investment Manager's choosing.

These risks can be managed by ensuring short positions are primarily in large liquid securities selected from the 100 largest companies listed on the Australian stock exchange. Other portfolio management techniques designed to limit risk include stop losses.

Access to the services of a securities lender or prime broker may not be available from time to time. There may be periods when services may not be available which would limit the capacity of Australian Eagle to implement the strategy of the Fund. The securities lender may impose conditions on collateral that may affect the Fund detrimentally.

**(h) Securities lending**

Australian Eagle Asset Management has appointed Macquarie Bank as securities lender to the Fund. As is typical with most securities lending agreements, the Fund may post collateral with the securities lender in respect of certain transactions including short selling. The collateral may be in the form of cash but is usually in the form of shares. The securities lender may deal with the collateral for its own purposes as though the shares were its own assets, subject to an obligation to return equivalent securities or cash value. In the event of insolvency of the securities lender, the Fund will rank as an unsecured creditor of the lender and may not be able to recover the entire value of the collateral posted.

The Investment Manager controls this risk by ensuring that net collateral supplied to the securities lender remains within agreed prudential limits of the NAV of the long-short portfolio. The Investment Manager regularly monitors the financial condition of the securities lender as part of its research process into its Australian share universe. Since inception of the Fund in July 2016, the Investment Manager has not had any difficulty recalling collateral from the securities lender within the same day.

**(i) Risk management**

Australian Eagle has implemented a risk management framework to manage the Fund's exposures.

Perpetual reviews the risk management framework of its investment managers, including Australian Eagle. Perpetual also has its own risk management framework, in accordance with its own licence conditions.

**(j) Labour standards, environmental, social and ethical considerations**

Australian Eagle has in place a Responsible Investment Policy. Under this Policy Australian Eagle may take into account, on a case-by-case basis, an assessment of labour standards, and environmental, social and ethical considerations for the purpose of selecting, retaining or realising any investments for the Fund. Australian Eagle does not have a predetermined view on these standards and considerations or the extent to which they would be taken into account (other than it takes them into account to the extent they would materially affect the investment from a financial perspective). Rather, it considers these standards as it becomes aware of them when making investment decisions. Australian Eagle has no set approach for monitoring or reviewing its approach to taking such standards and considerations into account.

## 7. Benefits of investing in the Fund

For investors seeking exposure to Australian shares, the Fund gives investors the opportunity to enjoy the following significant benefits:

- (a) access to an investment strategy that would ordinarily be difficult for individual investors to employ;
- (b) an enhanced potential for excess returns through the use of short-selling techniques and the use of leverage;
- (c) potentially a lower correlation with markets by holding both long and short positions than with just holding long positions; and
- (d) the proven expertise of an experienced investment management team that:
  - (i) has extensive experience in managing equities for investors since 2004;
  - (ii) comprises a team of investment analysts with diverse capital markets backgrounds; and
  - (iii) possesses a robust risk management framework.

## 8. Risks of investing in the Fund

All investments carry some level of risk. In investment terms, risk is the variability of returns over time and the potential loss of capital. Risk means it is not possible to predict the returns that an investment will achieve. Investment returns are not guaranteed, and past performance is not an indicator of future performance.

Generally, the higher expected return of an investment, the higher the expected risk. Traditionally, listed shares have generally been considered to be more volatile (will experience greater fluctuations in value) than fixed income, while fixed income has generally been more volatile than cash. However, higher risk asset sectors such as shares have historically produced higher long-term returns than fixed income.

The following table outlines the key risks of the Fund. The value of your investment will rise and fall in line with the changing value of the underlying investments. The table does not purport to cover or explain all the risks of investing in the Fund. Each investor has their own particular investment objectives, financial situation and particular needs. You should consult with your financial adviser before investing and from time to time, to ensure your investment is, and remains, appropriate to your needs.

Type of risk	Risk explained
General investment risks	Like most investments, the value of the Fund's assets may increase or decrease depending on general economic factors (including interest rates, inflation and economic growth), stock market, political, regulatory and other external conditions affecting the Fund's value.
Company investment risks	The Fund's investments in listed securities of companies can rise or fall in value for many reasons such as changes in the economy, interest rates, management, operations, competition or the general business environment, stock market liquidity, and many other factors.
Risk of sophisticated financial products and derivatives	The Investment Manager may use sophisticated financial instruments to generate returns. These financial instruments may include but are not limited to listed securities, unlisted securities, futures, options, and derivatives. While these instruments may be used primarily as a risk management tool, these products are often complex, and their use has the potential to cause losses that are larger than their nominal value.
Leverage risk	The use of leverage may increase the volatility of returns on the Fund and magnify potential gains or losses.

Short selling risk	<p>The Fund will engage in short selling which involves borrowing securities from one party with the intention to return them at a later date when their value has decreased. With short positions there is no limit on the maximum loss because there is no upper limit on the security's price. In other words, the loss will continue to increase as the security's price rises. Additionally, there is a risk that the securities lender may request return of the securities. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of Perpetual's or Australian Eagle's choosing. Short selling risk is managed by having a diversified portfolio of typically a minimum of 12 short positions and having a stop loss policy in place comprising both price and time limit stops.</p>
Legal risk	<p>Changes to law, regulations and government policy may significantly impact the performance of the Fund, which may affect your returns from the Fund. Specifically, with regards to short selling, the regulator could impose restrictions on short selling for an indeterminate period of time. Australian Eagle reserves the right to close all positions and invest entirely in cash or not short sell any securities until market or regulatory conditions allow the re-establishment of the strategy.</p> <p>From time to time, the Responsible Entity may appoint a service provider that may be incorporated in another country. If legal action were necessary to be undertaken by the Responsible Entity, it may be more difficult than to undertake legal action against a service provider incorporated in Australia.</p>
Taxation risk	<p>Taxation laws and their interpretations, both in Australia and overseas, are complex and may change during the term of the Fund in a manner which adversely affects your after-tax returns. Where the Fund makes non-Australian investments, the investments may be subject to withholding tax, and the Fund may be subjected to income tax where the Fund may not be able to recover these taxes, therefore having an adverse impact on the returns of the Fund. It is possible that you may be deemed under Australian taxation law to have received a taxable distribution from the Fund, even where you have not received a cash payment. If this occurred, you may be liable to pay income tax on these distributions and be in a position of funding the cash requirement separate to your investment in the Fund. The tax consequences of holding units in the Fund can differ between investors and between different classes of investors. You should consult a professional advisor to consider your own circumstances.</p>
Liquidity risk	<p>There is a risk that investments are not readily convertible to cash without loss of capital.</p> <p>Under its constitution, the Fund has the discretion to reject a withdrawal request from the Fund by an investor. Further, if withdrawal requests relate to an amount that exceeds 20% of the market value of the Fund, the Responsible Entity may delay redemptions. This may result in the investor's funds being withdrawn over a longer time period.</p>
Key employee risk	<p>Australian Eagle employs specialist investment personnel who have responsibility for implementing the investment process. If key investment staff were to leave this would be destabilising to the Investment Manager and could lead to falls in the value of the unit price and in extreme circumstances could lead to the termination of the Fund.</p>
Cyber risk	<p>There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the information technology systems and networks of the Responsible Entity and its agents.</p>

<b>Level of distribution risk</b>	Investment in the Fund is not suitable for an investor requiring a regular, stable income as distributions may fluctuate over time. Amounts will only be distributed annually (or more frequently if the Responsible Entity so determines in its absolute discretion) if net income is derived by the Fund and there is no guarantee that there will be sufficient net income in any one year to pay distributions.
<b>Counterparty risk</b>	The risk that a counterparty (or counterparties) to the Fund, such as a prime broker, a securities lender, a service provider or a counterparty to a derivative instrument, fails to meet its contractual obligations resulting in a loss of capital. Australian Eagle engages reputable and regulated investment banks, brokerage firms, custodians and other service providers after conducting due diligence on factors such as their regulatory status, compliance systems and publicly disclosed information on compliance with regulatory standards. Service providers may, from time to time, decide to withdraw or change their services. The Responsible Entity reserves the right to alter operating processes until suitable alternative arrangements are made.
<b>Securities lender risk</b>	Access to the services of a securities lender or prime broker may not be available from time to time. There may be periods when services may not be available which would limit the capacity of Australian Eagle to implement the strategy of the Fund. The securities lender may impose conditions on collateral or a charge over the assets of the Fund that may affect the Fund detrimentally.
<b>Collateral risk</b>	The Fund may transfer cash or assets to the securities lender or prime broker as collateral or margin for the short selling of securities. The Fund may rank as an unsecured creditor of the securities lender or prime broker in the event of the insolvency of the securities lender or prime broker and may not be able to recover such assets in full.
<b>Fund risk</b>	The value of units in the Fund may fall due to an unexpected change in the Fund's management, operations or environment and due to fluctuations in performance of the underlying assets in which the Fund is invested.
<b>Investment Manager risk</b>	There is a risk that the Investment Manager may fail to meet its investment objectives from time to time resulting in sub-standard returns for the Fund.
<b>Derivatives risk</b>	The Investment Manager is permitted to use or invest in financial derivatives (such as futures, options and swaps) in managing the assets of the Fund. Risks associated with using derivatives might include the value of the derivative failing to move in line with the underlying asset, large and unexpected changes in the implied volatility of options or the forward pricing or basis spreads of futures, potential illiquidity of the derivative, the Fund not being able to meet payment obligations as they arise, and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract). Changes in the value of derivatives could result in the counterparty requiring additional cash margins or collateral from the Fund, which the Fund may not be able to provide.
<b>Trade or broker error</b>	Australian Eagle places orders for the purchase and sale of securities with brokers on behalf of the Fund. Trading errors may be made by the Investment Manager or brokers acting on its behalf. Should such errors occur, Australian Eagle will make every effort to recover any losses to the Fund, but it may not be possible to do so. The Fund is responsible for any such trade errors, whether the error benefits or harms the Fund.

#### **Conflict of interest**

There may be conflicts of interest which arise from time to time between Australian Eagle as Investment Manager for the Fund and Australian Eagle as an investor within the Fund itself. Australian Eagle will actively monitor any such conflicts and maintain a conflict of interest register.

Australian Eagle may be the investment manager of other funds not described in this PDS and entities within the 'Perpetual Group' (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity) may act in various capacities (such as responsible entity, trustee and custodian) for other funds or accounts. The Investment Manager and Perpetual Group have implemented policies and procedures to identify and where possible mitigate or avoid the conflict.

## **9. How the Fund operates**

### **9.1. Unit pricing**

Investors in the Fund will be issued a number of units depending on their initial investment (calculated by dividing the amount invested less any applicable adviser fees by the applicable issue unit price). When funds are withdrawn from the Fund, they are redeemed at the relevant unit redemption price for the Fund.

The unit price is calculated by dividing the Net Asset Value (NAV) of the Fund (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Fund's constitution) divided by the number of units on issue. The issue price is calculated by taking the NAV per unit plus the buy spread. The exit price is calculated by taking the NAV per unit minus the sell spread. Perpetual will charge a spread to be determined at its discretion based on prevailing market conditions. Perpetual may issue different classes of units and may negotiate a rebate or waiver of management and/or performance fees with wholesale clients (as defined by the Corporations Act).

Unit prices are generally finalised and published by the first Business Day following the relevant Business Day to which the unit price relates. Unit prices are typically calculated using the Net Asset Value of the Fund for that end of Business Day, unless otherwise calculated by the Administrator.

Perpetual has adopted a unit pricing discretionary policy that sets out policies and procedures when exercising discretions under the Fund's constitution. In calculating the NAV of the Fund, Perpetual, the Administrator or their affiliates may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, brokers, market makers or intermediaries, Australian Eagle and any administrator or valuations agent of other collective investments into which the Fund invests. Perpetual may also use and rely on industry standard financial models in pricing any of the Fund's securities or other assets.

A copy of our unit pricing discretionary policy, including details of any discretions that we may exercise in various circumstances (including in respect of transaction costs), is available without charge upon request.

### **9.2. Asset valuations**

Perpetual has and implements a policy that requires valuation of the Fund's assets that are not exchange traded to be provided by an independent administrator. The valuation of all Fund assets is provided by Mainstream, which has been appointed as the administrator and registrar of the Fund. The Administrator is unrelated to both Perpetual and Australian Eagle. The valuation of the assets of the Fund is conducted by the Administrator following the close of business each Business Day.

For those unlisted securities where the market values are not available (or where Perpetual reasonably believes that the market values do not represent a fair value), then Perpetual may require the Administrator to use another valuation method provided that it is in line with market practice and can be independently verified.

For those exchange traded assets held in the Fund, the Administrator will obtain the closing market prices from the relevant exchange for use in the valuation.

### **9.3. Distributions**

#### **When are distributions paid?**

The distribution policy of the Fund is to distribute at least annually (when applicable) as soon as practicable after each June 30 (or otherwise as determined by Perpetual) the net income of the Fund. Distributions from the Fund may

comprise income and/or capital as determined Perpetual under the Fund's constitution. Market fluctuations may mean that there is no distribution for a period. All income must be distributed each financial year. Perpetual may vary the distribution frequency without providing you with notice.

**How will my distributions be paid?**

On the Application Form you may nominate to re-invest your income as additional units in the Fund, or to receive your income by direct credit. You can alter your distribution method by sending a written request to the Administrator, 30 days before the end of a distribution period (i.e. 30 days before June 30). All income distributions may be liable to income tax. Please consult your tax advisor for further information.

**How is the distribution calculated?**

The net taxable income of the Fund for each annual distribution period is calculated at the end of the distribution period. In the event that you have an investment in the Fund at the close of business on the last day of the period, you are entitled to a share of the Fund's net income for that period in proportion to the number of units held in the Fund.

If you withdraw your investment on or before the last day of the distribution period, you will not receive a separate income payment for the withdrawn investment for that income period. However, any income of the Fund since the beginning of the distribution period will be reflected in the unit redemption price of the Fund.

**10. Fees and other costs**

**10.1. Consumer advisory warning**

**DID YOU KNOW?**

**Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.**

**For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100 000 to \$80 000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.**

**TO FIND OUT MORE**

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

**10.2. Fees and costs table**

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

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

**Australian Eagle Trust**

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<i>Establishment fee</i> <sup>2</sup>	Nil	Not applicable
The fee to open your investment		

<b>Contribution fee</b> <sup>3</sup>	Nil	Not applicable
The fee on each amount contributed to your investment		
<b>Withdrawal fee</b>	Nil	Not applicable
The fee on each amount you take out of your investment		
<b>Exit fee</b>	Nil	Not applicable
The fee to close your investment		
<b>Management costs</b>		
The fees and costs for managing your investment	Management costs comprise the following components:	
	(i) <b>Management fees</b> <sup>4</sup> : 1.5375% per annum (GST inclusive net of RITC)	The management fees are calculated and accrued daily and paid monthly to the Responsible Entity and Investment Manager in arrears.
	(ii) <b>Performance fee</b> <sup>5</sup> : 20.5% of the out-performance of the net asset value of the unit (GST inclusive net of RITC) over the benchmark <sup>4</sup>	The performance fee (if any) is payable to the Investment Manager and is calculated and accrued daily and payable quarterly in arrears, subject to a high-water mark.
	(iii) <b>Recoverable expenses</b> : capped at 0.1568% per annum (GST inclusive net of RITC)	Recoverable expenses are paid out of the assets of the Fund as and when incurred.
	(iv) <b>Indirect costs</b> : 0% per annum (GST inclusive net of RITC) <sup>6</sup>	Indirect costs are paid as when they are incurred.
<b>Service fees</b>		
<b>Switching fee</b>	Nil	Nil
The fee for changing investment options		

<sup>1</sup> In addition to these amounts, a buy/sell spread will generally apply (see 'Transactional and operational costs' under the heading 'Additional explanation of fees and costs').

<sup>2</sup> For more information on the establishment fee, see 'Maximum fees' under the heading 'Additional explanation of fees and costs'.

<sup>3</sup> For more information on the withdrawal fee, see 'Maximum fees' under the heading 'Additional explanation of fees and costs'.

<sup>4</sup> For more information on the management fees, see 'Management fees' under the heading 'Additional explanation of fees and costs'. This fee may in some cases be negotiated with direct investors (see 'Differential fees' under the heading 'Additional explanation of fees and costs').

<sup>5</sup> The performance fee is payable to the Investment Manager. For more information on the performance fee, see 'Performance fee' under the heading 'Additional explanation of fees and costs'.

<sup>6</sup> The indirect costs are calculated with reference to the relevant costs incurred during the financial year ending on 30 June 2018.

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

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

EXAMPLE - Australian Eagle Trust		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	\$0	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> , Management Costs	5.1134% per annum <sup>3</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$2,556.70 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50 000 at the beginning of the year and you put in an additional \$5 000 during that year, you would be charged fees of: \$2,556.70 <sup>1,2</sup>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

<sup>1</sup> Additional fee may apply. This example does not capture all the fees and costs that may apply to you such as the buy/sell spread. Additional fees may be paid to a financial advisor if you have consulted a financial adviser; you should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

<sup>2</sup> This example assumes that management costs were calculated on a balance of \$50,000 and the value remains constant at \$50,000 for the entire year. It does not take account of management costs that would be charged on the additional \$5,000 contributed during the year (as this will depend on when the additional \$5,000 is contributed). Indirect costs are not a fee earned by or paid to Responsible Entity or the Investment Manager.

<sup>3</sup> This example is based on management costs for the financial year ending on 30 June 2018 and comprises a management fee of 1.5375% per annum, recoverable expenses of 0.1568% per annum and a performance fee of 3.4191% per annum. The recoverable expenses were paid by the Manager for the last financial year, however, going forward ordinary recoverable expenses are capped at 0.1568% of the Fund's NAV per annum. The performance fee was the amount paid by investors who were in the Fund for the whole of financial year 2018. The Fund produced a net of all fees and costs return of 25.1% compared to a benchmark return of 12.1%. Investment returns are historical, and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance.

### 10.4. Additional explanation of fees and costs

Set out below is additional information about establishment and withdrawal fees, management costs of the Fund, transactional and operational costs, and other information about fees and other costs in relation to the Fund.

#### (a) Management costs

Management costs comprise the management fees, performance fee, recoverable expenses and indirect costs charged or incurred by any interposed vehicles of the Fund. These costs are described in further detail below. These costs are reflected in unit prices and are not an additional cost to you.

Management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets of the Fund, some of which may be recovered through buy/sell spreads).

#### *Management fees*

The Responsible Entity is entitled to a fee for managing and operating the Fund. Under the Investment Management Agreement, the Investment Manager has been appointed to invest and manage the assets of the Fund and is entitled to a fee for doing so. The management fees in this PDS refer to both the Responsible Entity's and Investment Manager's management fees.

Management fees (excluding the performance fee) are calculated and accrued daily based on the Net Asset Value of the Fund. The fees are payable monthly in arrears out of the assets of the Fund.

For the purposes of the table set out in Section 10.2 of this PDS, the management fees are expressed as a percentage of the Fund's net assets, and include GST and any applicable stamp duty, less reduced input tax credits.

#### *Performance fee*

The Investment Manager is entitled to receive a performance fee under the investment management agreement with the Responsible Entity.

The performance fee is equal to 20.5% (inclusive of GST) of the out-performance of the net asset value of a Fund during the performance period over the return of the benchmark (being the S&P/ASX 100 Accumulation Index). The term 'out-performance' means the increase in the value of the net assets of the Fund (adjusted for any new issues, redemptions and distributions) over the benchmark, measured as a percentage, and 'performance period' means each Business Day.

The performance fee is calculated and accrues as at each valuation date (only positive performance fees are accrued).

A performance fee becomes payable at the end of a quarter if the accrued performance fee at the end of that quarter is positive (the 'high water mark'). If the performance fee calculated is negative (that is, there is under-performance), this negative amount is carried over into the next quarter and the performance fee payable for the next quarter is reduced by that negative amount. Any amount of underperformance must be overcome before there can be a liability to pay a further performance fee.

Subject to meeting the high-water mark requirements, if at the end of each calendar quarter, the Fund has accrued a net positive performance fee, that fee will become payable within 21 days of the end of that quarter.

#### *Example of performance fee*

The following table illustrates examples of the performance fee payable for various investment returns assuming a constant investment of \$50,000.

<b>Investment return in excess of the Fund benchmark (after deducting management costs, excluding the performance fee *</b>	<b>Opening investment</b>	<b>Performance Fee (as % of excess investment return)</b>	<b>Example performance fee (\$)</b>
<b>-1%**</b>	\$50,000	20.5%	\$0.00
<b>0%</b>	\$50,000	20.5%	\$0.00
<b>1%</b>	\$50,000	20.5%	\$102.50
<b>2%</b>	\$50,000	20.5%	\$205.00

\* Assuming no change in your investment over the period and no applications and withdrawals apart from the initial application.

\*\* The -1% underperformance must be overcome in subsequent periods by positive outperformance before a performance fee becomes payable.

Other assumptions and qualifications in respect of the above illustration are as follows:

- Investment returns have been prepared by simple addition or subtraction of example Fund returns (based on the net asset value) less the return of the S&P/ASX 100 Accumulation Index.
- Assumes no cash flows during the period.
- The examples are provided to assist investors to understand the effect of the performance fee on investment returns.
- Investment returns are for illustrative purposes only and does not include any potential tax payable.

#### *Recoverable expenses*

Under the Fund's constitution, the Responsible Entity is entitled to be paid or reimbursed out of the Fund's assets for all expenses incurred by the Responsible Entity in relation to the proper performance of its duties in respect of the Fund. These expenses include the fees and costs associated with the appointment of the Investment Manager and the Custodian and Administrator, as well as other Fund expenses in connection with the Fund.

Recoverable expenses are paid or reimbursed out of the assets of the Fund as and when they are incurred. Ordinary recoverable expenses are capped at 0.1568% of the Fund's NAV per annum (inclusive of GST net of RITC), meaning that any ordinary recoverable expenses exceeding this amount will be paid or reimbursed by the Investment Manager out of its own resources. Extraordinary recoverable expenses (such as the fees and costs of any litigation and the costs of any meeting of the Fund's unit holders) will be payable out of the Fund's assets.

### **Indirect costs**

Indirect costs are generally any amount that the Responsible Entity knows, or estimates will reduce the Fund's returns that are paid from the Fund's assets or the assets of interposed vehicles.

Generally, an interposed vehicle is a body, trust or partnership in which the Fund's assets are invested. It includes, for example, an underlying fund.

Indirect costs include but are not limited to the following:

- a) management costs of any interposed vehicles (including expenses, performance-related fees and any other indirect costs of the underlying managers or interposed vehicles in which the Fund invests); and
- b) a reasonable estimate of the costs of investing in over-the-counter derivatives (either at the Fund level or in any interposed vehicles), which may be used by the Fund to gain economic exposure to the assets.

Indirect costs are reflected in the unit price.

The Fund's indirect costs were 0% for the financial year ending 30 June 2018. Actual indirect costs for future years may differ.

### **(b) Transactional and operational costs**

In managing the assets of the Fund, the Fund may incur transactional and operational costs such as settlement costs, clearing costs, buy and sell spreads on any underlying fund, bank charges, brokerage and applicable stamp duty when assets are bought and sold, securities lending fees on short sold stock and dividends on short positions, and transactional and operational costs of derivatives.

The buy/sell spread for the Fund reflects the estimated transactional and operational costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund. The buy/sell spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The buy/sell spread becomes a Fund asset and is not retained by the Responsible Entity. The estimated buy/sell spread is 0.30% upon entry and 0.30% upon exit. The dollar value of these costs based on an application or a withdrawal of \$50,000 is \$150 for each individual transaction. The buy/sell spread can be altered by the Responsible Entity at any time. The Responsible Entity may also waive the buy/sell spread in part or in full at its discretion.

Transactional and operational costs which are incurred other than in connection with applications and redemptions arise through the day-to-day trading of the assets and are reflected in the Fund's unit price. As these costs are factored into the asset value of the Fund's assets and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads being applied by trading counterparties to securities traded by the Fund. Transactional and operational costs are not included in the "Management Costs". Instead they are recovered from the assets of the Fund as and when they are incurred and therefore (where not otherwise recovered through the buy/sell spread) are an additional cost to you.

The Responsible Entity reasonably estimates the total transactional and operational costs of the Fund to be 1.06% p.a. of the net asset value of the Fund. We estimate that the net transaction costs of the Fund (representing the total transactional and operational costs minus the total amount recovered through the buy/ sell spread of +0.30%/-0.30%) is approximately 0.76% p. a. of the net asset value of the Fund. The net transactional and operational costs are borne by the Fund and are reflected in the unit price of the Fund. The buy/sell spread is an adjustment to the unit price to cover those transactional and operational costs associated with buying and selling the Fund's assets when investors enter or exit the Fund.

<b>Transactional and operational costs estimate</b>	<b>Estimated recovery through buy/sell spread</b>	<b>Net transactional and operational cost estimate</b>
1.06% p.a. of the NAV	0.30% p.a. of the NAV*	0.76% p.a. of the NAV*

\* The buy/sell spread may be such higher amount up to  $\pm 0.45\%$  of the NAV as determined by the Responsible Entity.

### **(c) GST**

Unless otherwise stated, the fees and other costs shown in this Section 10 of this PDS are inclusive of GST and any applicable stamp duty, less reduced input tax credits. The rate of GST and any other taxes may change if the relevant law changes.

**(d) Maximum fees**

The Fund's constitution provides that we can charge the following fees up to the following amounts:

Fee	Maximum allowable
Establishment fee	Up to \$500 (excluding GST) for each account established for a unit holder.
Contribution fee	Up to 4% (excluding GST) of the application money in respect of each application for units in the Fund.
Management fee	Up to 2% per annum (excluding GST) of the value of the gross assets, calculated as at the first time the Fund is valued after the end of each month, accrued daily and payable at least quarterly in arrears.
Withdrawal fee	Up to 2% (excluding GST) of the withdrawal amount in respect of each withdrawal.
Termination fee	Up to 2% of a unit holder's total account balance (excluding GST) when the unit holder closes their account with the Fund.
Switching fee	Up to 1.0% of the total amount a unit holder switches between investment options (excluding GST) when the unit holder switches between investment options offered by the Responsible Entity of the Fund.

As at the date of this PDS, the Responsible Entity does not charge and does not intend to charge the termination fee or switching fee.

The current amounts of the contribution fee, withdrawal fee and management fee are described in paragraphs (b) and (c) above respectively.

To find out more or to receive a copy of the Fund's constitution, please contact Perpetual.

**(e) Changes to fees**

At its discretion and without the consent of investors, the Responsible Entity may change the fees set out in this PDS up to the amounts set out in the Fund's constitution, or apply such fees set out in the Fund's constitution that are not currently charged.

The Responsible Entity will give investors at least 30 days' prior written notice of any intention of the Responsible Entity to increase the existing fees or introduce termination fee or switching fees

**(f) Differential fees**

Perpetual may from time to time enter into special arrangements regarding differential fees in relation to investments made by investors who are 'wholesale clients' (as defined by the Corporations Act). Such negotiations would be subject to compliance with legal requirements and any applicable ASIC relief. Please contact us or your adviser for details of any fee rebates or waivers that may be negotiated.

**(g) Fees for Indirect Investors**

For Indirect Investors accessing the Fund through an IDPS, additional fees and costs may apply. These fees and costs are stated in the disclosure document provided by the relevant IDPS operator.

**(h) Alternative remuneration**

Perpetual may enter into arrangements to pay administration fees to IDPS operators in connection with the listing of this Fund on their investment menus. This fee is paid by the Investment Manager and not by the Fund. It is not charged out of the assets of the Fund and is not a separate additional charge to investors.

**(i) Adviser remuneration**

Your financial advisor (if you use one) may receive commissions and benefits for services they provide to you. These commissions and benefits will be directly paid by you and, depending on your adviser, may be deducted from your initial investment in the Fund by your adviser prior to you being allocated units. Financial advisor commissions will not be paid by the Fund.

## 11. Investing in the Fund

### 11.1. Applications

#### (a) Minimum initial investment

The minimum initial investment is \$25,000. Perpetual may in its discretion raise or lower the minimum initial investment amount.

#### (b) Minimum additional investment

The minimum amount for additional investments is \$10,000, subject to Perpetual's discretion to accept a lower amount.

#### (c) Application acceptances

Applications are accepted (in whole or in part) at the absolute discretion of Perpetual. Rejected, invalid or incomplete applications will be returned to applicants as soon as possible.

Interest is not payable on rejected application monies.

Please note that application monies cannot be accepted from overseas bank accounts other than from New Zealand.

#### (d) Application process and cut-off times

1. Read this PDS available from [www.austeagle.com](http://www.austeagle.com).
2. Complete all sections of the application form available from [www.austeagle.com](http://www.austeagle.com) or by calling Mainstream on 1300 133 451. Information about how to complete the application form, and payment details and methods are contained in the application form.
3. As part of the application process we are required by law to verify your identity before accepting your application. Please refer to the Anti-Money Laundering and Counter Terrorism Act information included with your application form.
4. If you identify yourself as a USA citizen or resident for tax purposes, we will have to report to the Australian Taxation Office which may in return report you to the USA tax authority.
5. Return your completed and signed application form and the other documents request to Mainstream with your cheque market not negotiable and made payable in Australian dollars to the relevant bank account details set out in the application form and mail to Mainstream at GPO Box 4968, Sydney NSW 2000; or
6. You may by electronic funds transfer (EFT) to the relevant bank account details set out in the application form. We will not issue units until your application monies have cleared. If you are paying by EFT, please call Mainstream on 1300 133 451 or email [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com).

Applications are normally processed each Business Day. Generally, an application must be received by 12pm (noon) on Sydney time for an application to receive the unit price calculated for the close of business of that day. Units will typically as soon as the unit price is finalised, which is typically within 1 Business Day of the end of the relevant unit pricing day.

A confirmation of units issued will be sent by the Administrator as soon as practicable and within 5 Business Days from the time the units are issued. Confirmations may take longer during a distribution calculation period.

Any interest earned on application money will not be credited in favour of the applicant and will be retained by Perpetual for the Fund.

Subsequent additional investments may be effected by completing the Application Form and sending to the details listed above.

#### (e) Investing through an IDPS

Investors seeking access to the Fund via an investor directed portfolio service, investor directed portfolio-like schemes, master trusts, wrap accounts and similar arrangements (together, an 'IDPS') do not themselves become investors in the Fund, and generally have no rights as a unit holder ('Indirect Investors'). If you are an Indirect Investor, generally, the relevant IDPS operator acquires the rights of a unit holder. The rights and liabilities of Indirect Investors (and the fees payable by Indirect Investors) are set out in the IDPS Guide or other offer document for the relevant IDPS, which you should read carefully prior to directing the relevant operator to invest in the Fund. Indirect Investors do not become unit holders in the Fund and do not have rights of unit holders.

All investors can access the complaints procedures set out in this PDS. If you have a complaint concerning the operation of your IDPS, you should contact the IDPS operator directly.

Indirect Investors complete application forms for the IDPS, not the Fund, and receive reports from their operator. Inquiries should be directed to that operator or your financial adviser.

Perpetual authorises the use of this PDS as disclosure to Indirect Investors, who may rely on the information contained in this PDS when instructing IDPS operators to invest in the Fund on their behalf. Perpetual accepts no responsibility where the IDPS operator does not provide Indirect Investors with a current version of this PDS or any supplementary or replacement PDS or withdraw this PDS from circulation to Indirect Investors where required by the Responsible Entity to do so.

Minimum investment and withdrawal requirements in this PDS may not always be relevant to Indirect Investors because the IDPS operator may invest on behalf of a number of Indirect Investors. Indirect Investors will also incur the fees and expenses applicable to the IDPS, as well as the Fund's fees and expenses. The tax information in this PDS does not specifically cater for Indirect Investors.

**(f) Cooling-off period**

Investors can change their mind within a 14-day period of their initial investment. The 14-day period commences on the earlier of either the date you receive confirmation of your investment or the end of the 5th Business Day after the day on which Perpetual issues the units to you. The realised market value of the units will be refunded, less any taxes and reasonable administrative costs.

The proceeds refunded may be less or greater than the amount invested, since units in the Fund are subject to market movement from the time they are acquired.

Cooling-off rights will not apply to 'wholesale clients' as defined under the Corporations Act or in certain limited situations, such as if the issue is made under a distribution reinvestment plan, where the Fund is illiquid or where an issue represents additional contributions required under an existing agreement.

Also, cooling-off rights do not apply in respect of any investment acquired through an IDPS. However, Indirect Investors should contact their operator and read the operator's offer document for more information on any cooling-off rights that may apply in relation to the relevant IDPS.

## 11.2. Withdrawals

**(a) Minimum withdrawal**

The minimum withdrawal is \$10,000 (or such lesser amount as Perpetual may determine). A requested partial withdrawal which would cause the investor's investment to fall below the minimum holding of \$25,000 (or such lesser amount as Perpetual may determine) will not be permitted.

**(b) Withdrawal processes and cut-off times**

Investors may redeem all or part of their investments in the Fund by notifying the Administrator in writing. A withdrawal request must be signed by the unit holder or the authorised signatories. The signed original of the request for withdrawal should be sent to the Administrator.

**Original instructions should be mailed to:**

Mainstream Fund Services Pty Ltd  
GPO Box 4968  
Sydney NSW 2000

Withdrawal requests must be received by 12pm (noon) Sydney time for an application to receive the unit price calculated for the close of business of that day.

Withdrawals will generally be paid within 7 Business Days after the Administrator receives a properly completed original withdrawal request and the relevant unit price has been finalised. Proceeds from withdrawals will be electronically credited to your bank account. Note that normal bank charges apply.

Please note that these times are a guide only and as specified in the Fund's constitution, we may take up to 180 days or longer to process your withdrawal request, depending on circumstances that may not allow the calculation of a fair unit price by the Administrator.

**(c) Restrictions on withdrawals**

Under the Fund's constitution, the Responsible Entity can delay redemptions for 180 days or such longer or shorter period as is appropriate in all the circumstances if:

- (i) there is a circumstance outside its control which it considers impacts on its ability to properly or fairly calculate unit price, for so long as the circumstance continues (for example, if the assets or relevant currencies are subject to restrictions or if there is material market uncertainty);
- (ii) it has determined to honour redemption requests in relation to a particular time the Fund is valued and the total redemption moneys which would be payable at this time represent more than 20% of the value of the net assets of the Fund, and in this case the Responsible Entity can redeem the units in the relevant class at such future time, or at times over such period, as it determines. Payments to each investor must be in the proportion that their redemption moneys bear to all other redemption moneys which were payable at that time; or
- (iii) the terms of issue contemplate this.

If the Fund is illiquid, withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. You will only be able to withdraw on the terms of any such current withdrawal offer which we are not required to make unless we have so determined. The Investment Manager, however, expects that at least 80% of the Fund's assets are capable of being realised within 10 days.

Investors will be notified of any material change to the withdrawal rights in writing. In addition, we will post a notice on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com) should a material change occur.

For further details on the circumstance where Perpetual may delay or suspend withdrawals, please contact Perpetual or refer to the Fund's constitution, a copy of which is available free of charge by contacting Perpetual.

**(d) Facsimile or email arrangements**

Application Forms and withdrawal requests may be initially sent by facsimile or email. However, the original signed form must also be sent to the Administrator. The Administrator prefers original hard copies and may contact the investor for outstanding information requests. Applications will not be processed, and payment of withdrawal proceeds will not be made until after the Administrator's receipt of the original request (unless the facsimile request is from an IDPS operator, subject to our discretion).

**(e) Fax Instructions should be forwarded to:**

Fax number: +61 2 9251 3525

Or emailed to:

Email: [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)

If you choose to send requests by facsimile, you bear the risk of such requests not being received. None of the Administrator, Perpetual or their duly appointed agents will be responsible or liable for any loss caused as a result of non-receipt or illegibility of any application, contribution or withdrawal request sent by facsimile or for any loss caused in respect of any action taken (or inaction) as a consequence of such facsimile instructions believed in good faith to have originated from properly authorised persons. The Administrator prefers original hard copies and may contact the investor for outstanding information requests.

Perpetual reserves the right to add additional requirements to the facsimile arrangements at any time.

### 11.3. Reporting to investors

Investors will receive a range of reports in relation to their investment in the Fund. These reports are described below. Some or all of these reports may be provided to investors by the Investment Manager on behalf of the Responsible Entity. Indirect Investors will receive reports determined by the terms of the relevant IDPS.

**(a) Monthly updates**

The following information will be provided to investors on a monthly basis:

- (i) current total net asset value of the Fund and the withdrawal value of a unit;
- (ii) net return on the Fund's assets after fees, costs and taxes;
- (iii) changes to key service providers, including any change in related party status;
- (iv) any material change to the Fund's risk profile or investment strategy; and
- (v) any changes in individuals playing a key role in investment decisions for the Fund.

**(b) Quarterly reports**

Investors will receive a report each calendar quarter on the investments of the Fund.

### (c) Annual reporting

As soon as practicable after the end of each financial year, investors will receive:

- (i) A report setting out:
  - (A) actual allocation to each asset type;
  - (B) liquidity profile of the Fund's assets;
  - (C) maturity profile of the liabilities of the Fund;
  - (D) Fund's leverage ratio;
  - (E) derivative counterparties engaged;
  - (F) monthly or annual investment returns since inception;
  - (G) changes to key service providers;
- (ii) account balance and transaction information as at the end of the reporting period;
- (iii) distribution information; and
- (iv) an annual tax statement.

Additionally, you will receive the audited financial statements of the Fund which are issued annually for each year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia to the extent that the Fund is required to comply with those standards by the Corporations Act or under the Fund's constitution. The audited financial statements are made available to investors online at [www.austeagle.com](http://www.austeagle.com).

### (d) Transaction reporting

Investors will receive confirmations of all applications, redemptions and distributions on their account, where applicable, as soon as practicable and within 21 days after the transaction occurring.

## 12. Taxation

There are tax implications when investing in, withdrawing and receiving income from the Fund. Perpetual cannot give tax advice and we recommend that you consult your professional tax adviser as the tax implications for the Fund can impact investors differently. Below is a general outline of some key tax considerations for Australian resident investors. This information is based on our current interpretation of the relevant taxation laws and does not consider an investor's specific circumstances. As such, investors should not place reliance on this as a basis for making their decision as to whether to invest.

Income earned by the Fund, whether distributed or reinvested, can form part of the assessable income for investors in the year of entitlement or attribution. Further, the timing of when the Fund's income is brought to account for tax purposes may be different to when amounts are distributed to you, so that you may be required to pay tax on income that has not yet been or may not be distributed to you.

At the end of the Fund's tax year we will send to you the details of assessable income, capital gains, tax credits and any other relevant tax information to include in your tax return.

The Fund will seek to pass on any benefits of franking credits in respect of distributions including franked dividends from the Fund. Investors receiving distributions including franked dividends will be required to include their share of dividend income and franking credits in their assessable income.

The Fund has elected to become an Attribution Managed Investment Trust ('AMIT') from the year commencing 1 July 2016. As an AMIT, all determined trust components of each particular category or character (i.e. relating to assessable income, exempt income, non-assessable non-exempt income and tax offsets) are attributed to members on a fair and reasonable basis in accordance with the Fund's constitution each year so that the Fund itself is not subject to tax. As an investor you will be assessed for tax on your attributed share of the Fund's taxable income, including any net capital gains.

### 12.1. Capital gains tax

Your assessable income for each year includes net capital gains (i.e. after offsetting capital losses). The two sources of capital gains tax are:

- (a) a component of the distribution made to investors from the Fund; and
- (b) withdrawing units from the Fund.

Individuals, trusts and complying superannuation entities may be eligible for CGT concessions in relation to capital gains made with respect to their units where they have held the units for at least 12 months.

If you hold your units on revenue account, gains and losses will be taxable as ordinary income or allowed as a deduction, as the case may be, and will not qualify for the CGT discount.

## **12.2. Goods and services tax (GST)**

The application for, and withdrawal of, units in the Fund and the receipt of distributions will not be subject to GST. However, GST is payable on our fees and certain reimbursement of expenses. The Fund may be entitled to claim reduced input tax credits (RITCs) for GST paid in respect to some of these expenses. The benefit to investors of any RITCs will be reflected in the unit price.

Unless otherwise stated, all fees quoted in this PDS are quoted on a GST inclusive basis and net of any applicable RITCs.

## **12.3. Foreign tax offsets**

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Fund. Investors will normally be entitled to a tax offset (or credit) in respect of foreign taxes paid by the Fund.

## **12.4. Tax file number (TFN) and Australian business number (ABN)**

It is not compulsory for investors to provide their TFN or ABN, and it is not an offence if you decline to provide them. However, unless exempted, if they are not provided, tax will be deducted from income distributions at the highest personal marginal rate plus the Medicare levy (and any other levies required to be deducted, from time to time). The ABN, TFN or an appropriate exemption can be provided on the Application Form when making an initial investment. The collection of TFNs is authorised and their use is strictly regulated by tax and privacy laws.

## **12.5. Taxation of financial arrangements ('TOFA')**

Generally, TOFA applies to the classification of gains and losses from financial arrangements and how they are recognised for income tax purposes. The TOFA rules may apply to the Fund.

Generally, investors are not directly subject to TOFA unless they have elected for the TOFA rules to apply. Regardless of this, you should seek your own advice in relation to the applicability of TOFA as applicable to your particular circumstances.

## **12.6. Foreign account tax compliance act ('FATCA'), the common reporting standard ('CRS') and other similar regimes**

The United States of America has introduced rules (known as 'FATCA') which are intended to prevent US persons from avoiding tax. The Common Reporting Standard ('CRS') is a standardised set of information sharing rules which have been developed by the OECD with the aim of preventing tax evasion in other participating jurisdictions. Australia has enacted legislation to implement FATCA and the CRS in Australia.

Broadly, the FATCA and CRS rules may require the Fund to report certain information about its investors to the Australian Taxation Office ('ATO'), which may then pass the information on to the relevant foreign tax authorities. If you do not provide this information, we will not be able to process your application and/or may be required to disclose your details to the ATO.

In order to comply with these obligations, Perpetual will:

- (a) collect certain information about you and undertake certain due diligence procedures to verify your FATCA and CRS status; and
- (b) provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

Any investor who does not provide information requested by Australian Eagle for FATCA or CRS purposes, or for the purposes of any similar regime, is subject to a compulsory redemption of their units. In addition, if you do not provide us with the required information for FATCA or CRS compliance, Perpetual may be required to report your account details to the appropriate local tax authority such as the ATO.

## 13. Additional information

### 13.1. Continuous disclosure

The Fund may become a 'disclosing entity' under the Corporations Act. When that occurs, the Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from or inspected at, an ASIC office and are available on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com).

If the Fund becomes a disclosing entity, investors will have the right to obtain a copy of the following documents:

- (a) the annual financial report most recently lodged with ASIC;
- (b) any half yearly financial report lodged with ASIC after the lodgement of the annual financial report and before the date of this PDS; and
- (c) any continuous disclosure notices given by the Fund after lodgement of the annual financial report and before the date of this PDS. We will post any continuous disclosure notices to be posted on Australian Eagle's website at [www.austeagle.com](http://www.austeagle.com).

### 13.2. Transfer of units

Please contact the Administrator if you would like to transfer units. Transferring units may have tax implications and you should consult your taxation adviser before you arrange any transfer of units. Perpetual may in its discretion refuse to register any transfer of units and is not required to give any reasons. Where Perpetual refuses to register a transfer, it may redeem those units in accordance with the Fund's constitution.

### 13.3. Register of unit holders

The register of unit holders is maintained by the Administrator.

### 13.4. Complaints resolution

Perpetual has established procedures for dealing with complaints. If an investor has a complaint, they can contact Perpetual or Australian Eagle during business hours. All investors, regardless of whether they hold units directly or indirectly via an IDPS, can access the complaints procedures outlined in this PDS.

Perpetual will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case, no later than 45 days on receipt of the complaint.

If an investor is not satisfied with the outcome, the complaint can be referred to an independent external dispute resolution scheme. Complaints should be lodged with the Australian Financial Complaints Authority ('AFCA'). You can contact AFCA on 1800 931 678, or by writing to:

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne VIC 3001  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Website: [www.afca.org.au](http://www.afca.org.au)

All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) can access Perpetual's complaints procedures outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

### 13.5. Related party transactions and conflicts of interest

Subject to the constitution of the Fund, we may appoint any of our related bodies corporate to provide services or perform functions in relation to the Fund, including acting as our delegate. We may also enter into financial or other transactions with related bodies corporate in relation to the assets of the Fund, and may sell assets of the Fund to, or purchase for the Fund assets from, a related body corporate.

A related body corporate entity is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm's length commercial terms.

We may face conflicts in respect of our duties in relation to the Fund, related funds and our own interests. Perpetual has policies and procedures in place to manage these conflicts through either controlling, avoiding or disclosing the conflict. Perpetual must resolve such conflicts fairly and in accordance with the law and its policies. Compliance with the law and conflicts policies is monitored by Perpetual, when required is reported to the Perpetual board and Compliance Committee.

Australian Eagle may give advice or take action with respect to the other clients that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and the other clients, such investments will be allocated between the Fund and the other clients pro rata based on assets under management or in some other manner that is fair and equitable under the circumstances to all clients. From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and the other clients may tend to decrease the prices received and increase the prices required to be paid by the Fund, respectively, for its portfolio sales and purchases.

Where less than the maximum desired number of shares of a particular security to be purchased is available at a favourable price, the shares purchased will be allocated among the Fund and the other clients in an equitable manner.

In addition, purchase and sale transactions (including swaps) may be effected between the Fund and other clients for cash consideration at the current market price of the particular securities.

As a result of the foregoing, Australian Eagle may have conflicts of interest in allocating its time and activities between the Fund and the other clients, in allocating investments among the Fund and the other clients, in investing the Fund's assets and in effecting transactions between the Fund and the other clients.

### **13.6. Compliance Committee and compliance plan**

The Fund has a compliance plan which has been lodged with ASIC. It sets out measures that Perpetual is to apply in operating the Fund to ensure compliance with the Fund's constitution and the Corporations Act. A Compliance Committee has been appointed to monitor compliance by Perpetual with the Fund's constitution and compliance plan.

### **13.7. Adviser enquiries**

If you have an adviser, they may ask Perpetual to provide them with information about your investment. Perpetual's policy is to supply this information, unless you have issued instructions in writing not to do so. If you change your adviser, please provide your new adviser's details in writing so that your details are updated accordingly.

### **13.8. Consents**

Each of Australian Eagle, the Administrator, the Custodian and Hall & Wilcox (as lawyers):

- (a) has made no statement included in this PDS or on which a statement made in this PDS is based, other than the details about it, and the other sentences in this PDS that refer to it;
- (b) has consented to those statements being included in this PDS in the form and context in which they appear and has not withdrawn this consent before the date of this PDS;
- (c) specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this PDS; and
- (d) has not authorised or caused the issue of any part of this PDS.

### **13.9. Anti-money Laundering (AML) / Counter Terrorism Financing (CTF)**

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ('AML Act') and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to Perpetual ('AML Requirements'), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (AUSTRAC). In order to comply with the AML Requirements, Perpetual is required to, amongst other things:

- (a) verify your identity and source of your application monies before providing services to you, and to re-identify you if they consider it necessary to do so; and
- (b) where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

Perpetual and the Administrator as its agent (collectively 'the Entities') reserve the right to request such information as is necessary to verify the identity of an Investor and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary, to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- (a) transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- (b) where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- (c) Perpetual or the Administrator may from time to time require additional information from you to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss you may suffer as a result of our compliance with the AML Requirements.

## 13.10. Privacy statement

### (a) Direct investors

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- (i) the kinds of personal information we collect and hold;
- (ii) how we collect and hold personal information;
- (iii) the purposes for which we collect, hold, use and disclose personal information;
- (iv) how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- (v) how you may complain about a breach of the Australian Privacy Principles ('APP'), or a registered APP code (if any) that binds us, and how we will deal with such a complaint; and
- (vi) whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Our privacy policy is publicly available at our website at [www.perpetual.com.au](http://www.perpetual.com.au) or you can obtain a copy free of charge by contacting us.

Each of the Investment Manager, Custodian and Administrator may collect, hold, use or otherwise have access to your personal information for the purpose of discharging their respective duties in respect of the Fund.

A copy of Australian Eagle's privacy policy is publicly available at [www.austeagle.com/privacy-policy/](http://www.austeagle.com/privacy-policy/) or by contacting Australian Eagle using the following contact details:

Privacy Officer  
 Australian Eagle Asset Management Pty Limited  
 Level 9  
 60 Carrington Street  
 SYDNEY NSW 2000  
 P: (02) 8252 7599  
 Email: [compliance@austeagle.com](mailto:compliance@austeagle.com)

### (b) Indirect Investors

If you are investing indirectly through an IDPS, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your operator for more information about their privacy policy.

### (c) Your authority

By signing the Application Form, you authorise the collection, maintenance, use and disclosure of your personal information in the manner set out in this privacy statement.

By completing the Application Form attached to this PDS on behalf of another person, you undertake to provide a copy of this privacy statement to the principal, company officer or partner that you represent.

## 14. Terms used in this PDS

Term	Means
Australian Eagle, Australian Eagle Asset Management, Investment Manager	Australian Eagle Asset Management Pty Limited ABN 89 629 484 840.
AFSL	Australian financial services licence issued by ASIC under section 913B of the Corporation Act.
Alleron	Alleron Investment Management Pty Limited ABN 71 109 874 160
Application Form	the application form to apply for units in the Fund attached to or accompanying this PDS.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange, being the financial market operated by ASX Limited ABN 98 008 624 691.
Business Day	a day (other than a Saturday or a Sunday) on which banks are open for general banking business in Sydney.
Corporations Act	Corporations Act 2001 (Cth).
Custodian, Administrator, Mainstream	Mainstream Fund Services Pty Ltd ACN 118 902 891 AFSL No. 303253
dollars or \$	Australian dollars, unless otherwise specified.
Fund, Australian Eagle Trust	Australian Eagle Trust ARSN 632 568 846
IDPS	investor directed portfolio service. References to 'IDPS' investor directed portfolio service, investor directed portfolio-like schemes, master trusts, wrap accounts and similar arrangements.
Indirect Investors	investors who access the Fund's strategy via investment in or through an IDPS.
Investment Management Agreement	the investment management agreement between Perpetual and Australian Eagle Asset Management dated 11 April 2019 pursuant to which Australian Eagle is appointed as investment manager of the Fund, as may be amended from time to time.
Net Asset Value, NAV	the market value of all assets of the Fund less the value of all liabilities including accruals as calculated by the Administrator as at close of business on the applicable valuation day. Each unit has a unit price, calculated by dividing the NAV by the total number of units held by all investors on that day.
PDS	Product Disclosure Statement
you, your, investor	unit holders (and, where the context requires, potential unit holders) in the Fund
we, our, us, Perpetual, Responsible Entity	The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL No. 235150

**Responsible Entity**

The Trust Company (RE Services) Limited  
Level 18, 123 Pitt Street  
SYDNEY NSW 2000  
P: (02) 9229 9000  
W: [www.perpetual.com.au](http://www.perpetual.com.au)

**Investment Manager**

Australian Eagle Asset Management Pty Limited  
Level 9  
60 Carrington Street  
SYDNEY NSW 2000  
P: (02) 8252 7599  
Email: [eagletrust@austeagle.com](mailto:eagletrust@austeagle.com)  
W: [www.austeagle.com](http://www.austeagle.com)

**Custodian and Administrator**

Mainstream Fund Services Pty Ltd  
Level 1, 51-57 Pitt Street  
Sydney NSW 2000

P: 1300 133 451  
Email: [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)

**Securities Lender**

Macquarie Bank Limited  
Level 3  
50 Martin Place  
SYDNEY NSW 2000

**Legal Advisors**

Hall & Wilcox  
Level 9  
60 Castlereagh Street  
SYDNEY NSW 2000

**Auditor**

Ernst & Young

