

CROMWELL PHOENIX PROPERTY SECURITIES FUND



ARSN 129 580 267 | APIR Code CRM0008AU

Product Disclosure Statement 29 September 2017

This Product Disclosure Statement dated 29 September 2017 ("PDS") for the Cromwell Phoenix Property Securities Fund ("the Fund") provides a summary of significant information about the Fund. This document includes references to important information on the Fund's webpage at www.cromwell.com.au/psf, each of which forms part of this PDS. You should consider this document and the Additional Information Document ("AID") on the Fund's webpage before making a decision about an investment in the Fund. The information in this PDS is general information only and does not take into account your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Cromwell Funds Management Limited ABN 63 114 782 777, AFSL 333214 ("CFM", "we", "us") is the responsible entity of, and issuer of units in, the Fund and the issuer of this PDS. Phoenix Portfolios Pty Ltd ABN 80 117 850 254, AFSL 300302 ("Phoenix") is the investment manager of the Fund. None of CFM, Phoenix or their related entities, directors or officers makes any promise or representation or gives any guarantee as to the success of the Fund, distributions, the amount you will receive on any withdrawal, your income or capital return or the taxation consequences of investing.

The custodian of the Fund is Link Fund Solutions Pty Limited ABN 44 114 914 215 (Corporate Authorised Representative of Pacific Custodians Pty Limited ABN 66 009 682 866 AFSL 295142) ("LFS"). An investment in the Fund is not a deposit with, or other liability of, any LFS group company and is subject to investment risk including possible delays in repayment and loss of income or principal invested. Neither LFS nor any other LFS group company guarantees the performance of the Fund, the repayment of capital from the Fund or any particular rate of refund.

The information in this PDS is up to date at the time of preparation. However, some information can change from time to time. Information that is not materially adverse may be updated and, if so, will be available at www.cromwell.com.au/psf. A copy of any updated information will be provided by CFM free of charge upon request. If a change is materially adverse or if it relates to the terms and conditions of this PDS, CFM will give 30 days' prior notice to investors.

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For the answer to any questions you have regarding the Fund, contact your financial adviser or:

Responsible Entity:

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1. About Cromwell Funds Management Limited

CFM is a wholly owned entity of ASX-listed Cromwell Property Group ("Cromwell") and is the responsible entity of the Fund.

Further information on Cromwell is available from www.cromwell.com.au.

CFM is responsible for managing the Fund in accordance with the Fund's constitution, for developing the Fund's investment strategy and for appointing and monitoring the performance of service providers to the Fund.

Phoenix has been appointed as the investment manager of the Fund. Established in 2006, Phoenix has built a solid track record across a variety of A-REIT mandates, property securities funds and Australian microcap securities, culminating in numerous industry awards. Phoenix is a boutique equity investment manager which is jointly owned by Cromwell and Phoenix staff. Joint ownership with Phoenix staff promotes long term staff stability and a strong alignment of interest between staff and investors.

Further information on Phoenix is available at www.phoenixportfolios.com.au.

2. How the Cromwell Phoenix Property Securities Fund works

The Fund is a managed investment scheme registered with the Australian Securities and Investments Commission ("ASIC") and subject to the Corporations Act 2001 (Cth) ("Corporations Act") as well as other legislation. When you invest in the Fund, your money is pooled together with other investors' money and used to acquire assets in accordance with the Fund's investment strategy for the benefit of all investors.

When an application is accepted, CFM issues the applicant with units in the Fund. Those units represent your share in the value of the net assets held by the Fund. The number of units issued to you will depend upon the amount you invest and the unit price calculated for the day on which CFM accepts your application. If you invest through an Investor Directed Portfolio Service ("IDPS"), such as a wrap or investment platform, the IDPS operator will hold units in the Fund on your behalf. However, all units in the Fund are issued on the same terms and conditions, so that, for example, all units have the same price on any day and carry equal rights to distributions.

2.1 Applications

How you invest in the Fund will depend upon whether you are a direct investor or an indirect investor. For further information on making an investment see "How to apply" in Section 8. Initial investments must be at least \$10,000. Additional investments of at least \$1,000 can also be made. CFM can vary or waive minimum amounts at any time.

2.2 Withdrawals

If you are a direct investor: You should complete a Redemption Request Form (available from the Cromwell website) and return it to the Fund's registrar, Boardroom Pty Ltd ("Boardroom" or "the Registrar"). Withdrawals will normally be processed and paid within five business days of the Redemption Request Form being received.

If you are an indirect investor: You can only withdraw through the IDPS operator in accordance with the IDPS's terms and conditions.

For all investors, the minimum amount that can be withdrawn is \$10,000 (or a lesser amount at CFM's discretion). If a withdrawal could result in an investor holding less than \$10,000, then CFM may regard the withdrawal request as being for the entire amount invested. In some circumstances, such as when withdrawals are suspended, you may not be able to withdraw from the Fund within the usual period. Under the Fund's constitution, in specified circumstances, CFM can suspend withdrawals for up to 180 days. Any withdrawal request received during a period of suspension will be taken to have been received by CFM immediately after the end of the suspension period. The Corporations Act also contains provisions about when the Fund will be deemed "illiquid" and what that means for your rights to withdraw from the Fund.

You should read the important information about withdrawing from the Fund before making a decision. Go to the AID on the Fund's webpage at www.cromwell.com.au/psf. The material relating to withdrawals may change between the time you read this PDS and the day when you acquire the product.

2.3 Unit pricing

The value of your investment, which is represented by the value of the units in the Fund you hold or your IDPS operator holds on your behalf, will vary from day to day as the market value of the Fund's assets and liabilities rises and falls.

Those rises and falls are reflected in the Fund's unit prices. Unit prices are usually calculated each Sydney business day in accordance with the Fund's constitution. To the extent that the Fund's constitution gives CFM discretions with regard to unit pricing, CFM has a Unit Pricing Discretions Policy. You can request, free of charge, a copy of that policy and the record of any discretion exercised outside the policy by calling Cromwell's Investor Services Team on 1300 276 693.

The number of units issued to you when you apply for units in the Fund, and the number of units redeemed when you withdraw money you have invested in the Fund, will depend upon the unit price calculated for the relevant day. The issue price and redemption price on any day will differ because the issue price will be adjusted for the buy spread and the redemption price will be adjusted for the sell spread. The buy/sell spread reflects an estimated amount of transaction costs and may be subject to change. This includes CFM's estimate of brokerage and other costs that the Fund would be expected to incur in buying and selling the assets of the Fund as a result of applications and withdrawals made by investors. The buy/sell spreads are retained by the Fund and are not paid to CFM.

2.4 Processing applications and withdrawals

Generally, if a completed Application Form and investment funds or a Redemption Request Form is received by the Registrar by 1pm AEST (or AEDT when observed) on any Sydney business day, it will be processed on that day using the unit price calculated for that day at the close of business. If received by the Registrar after 1pm AEST (or AEDT when observed) on any Sydney business day, or on a Sydney non-business day, the Application Form or Redemption Request Form will be deemed to have been received the following Sydney business day.

In all cases, CFM can change the relevant time at its discretion upon reasonable notice.

2.5 Distributions

The Fund is expected to earn income, such as distributions, dividends, interest, foreign income and other Australian income from its investments. The Fund may also make capital gains or losses from these investments. When calculating the amount of the distribution, the estimated underlying earnings of the Fund's investments (on an annualised basis calculated quarterly) will be taken into account. Distributions are paid quarterly. The Fund expects to distribute taxable income including its net capital gains, each financial year.

Distributions are calculated in cents per unit and paid generally within 20 days after the end of each quarter based on the number of units held at the end of the relevant distribution period.

Distributions can either be paid directly to your nominated Australian bank account or reinvested in further units in the Fund by completing the relevant section on the Application Form. If no election is made, distributions will be reinvested as additional units in the Fund. After you have invested, you can change your election by advising CFM in writing. The price of units issued on reinvestment of distributions is the issue price at the end of the distribution period adjusted for any income distributed. CFM will not add a buy spread to the issue price used for direct reinvestment of distributions.

At any time, CFM may notify investors that subsequent distributions will be paid in cash and not reinvested.

CFM does not guarantee any particular level of distributions and there may be periods in which distributions will not be paid.

2.6 Additional information regarding distributions

The focus of the Fund is to deliver the best possible total returns over the medium to long term rather than maintaining a particular distribution level. However, CFM understands that many investors like a stable, regular distribution, particularly from their property-related investments. For this reason the Fund will pay distributions quarterly, taking into account the expected returns based on its estimate of underlying earnings from the Fund's investments on an annualised basis, calculated quarterly.

2.7 Investing through an IDPS

CFM authorises the use of this PDS by IDPS operators that include the Fund on their investment menu.

If you invest in the Fund through an IDPS, the IDPS operator will hold units in the Fund on your behalf. This means that the IDPS operator is the unitholder and has a unitholder's rights. The IDPS operator can exercise, or decline to exercise, its rights as a unitholder in accordance with the arrangements governing the IDPS. Investors in the Fund via an IDPS should note that some information in this PDS may be relevant only for direct investors.

3. Benefits of investing in the Cromwell Phoenix Property Securities Fund

3.1 Significant features

An investment in the Fund will provide investors with a diversified exposure to a broad range of listed property and property related securities. Those securities will be selected by investment professionals at Phoenix who have significant expertise in the assessment and selection of Australian listed property and property related securities.

The Fund's investment objectives are to:

- maximise investment returns over the medium to long term;
- minimise the risk of permanent capital loss; and
- deliver sustainable and growing distributions over the long term.

The most relevant benchmark is the S&P/ASX 300 A-REIT Accumulation Index and this has been chosen as the Fund's benchmark ("Benchmark"). The Fund aims to provide investors with a total return (after fees) in excess of the Benchmark over rolling three year periods. Similarly, the Fund aims to deliver lower total risk than the Benchmark, with total risk being defined as the volatility of total returns over rolling three year periods.

3.2 Significant benefits

Investing in the Fund offers investors a range of benefits:

- Due to the exclusive arrangement between CFM and Phoenix, investment in this Fund is a way for retail investors to gain access to the established property securities research and investment skills of Phoenix.
- The Fund is actively managed and not constrained by its Benchmark's weightings (that is, the Fund is 'benchmark unaware'). This means that the securities held and the size of each holding are based on what Phoenix considers will best achieve the Fund's objectives, without regard to what securities are in the Benchmark and their weighting in the Benchmark.
- Phoenix has a self imposed capacity constraint on its property securities funds under management to enable a wider choice of potential investments, and hopefully a more sustainable delivery of investment performance, compared to those of its peers that manage large funds.
- With over 70 stocks extensively researched, including preference shares and some infrastructure stocks, the Fund offers investors potential exposure to a broad range of property related investments.

4. Risks of managed investment schemes

All investments carry risk. Different investment strategies can carry different levels of risk depending upon the assets acquired pursuant to the strategy of each fund. Assets with the highest long term returns may also carry the highest level of short term risk.

The level of risk you are prepared to accept when investing in the Fund will depend upon various factors including your age, investment timeframe, overall investment portfolio and risk tolerance. Therefore, you should consider the Fund's risks in light of your particular personal circumstances and your attitude towards potential risks.

The key risks of investing in the Fund are typical of the risks associated with managed investment schemes that have an investment strategy that involves investing in shares of Australian listed companies. However, it is important that you know that the value of your investment will go up and down over time, fund returns will vary over time, future returns may differ from past returns and returns are not guaranteed. This means that there is always the chance that you could lose money on your investment.

A summary of the significant risks for the Fund are:

- **Security specific risk** – individual securities the Fund invests in can and do rise and fall in value for many reasons including changes in the market for or valuations of the properties in which they invest and the ability to maintain full occupancy of their properties;
- **Market risk** – the Fund's performance will depend on the performance and market value of the assets it holds;
- **Legal and regulatory risk** – the laws, regulations and government policies that affect the Fund and its investments may change over time and those changes could have an impact on your investment in the Fund;
- **Manager risk** – an investment in the Fund means that you are delegating some of your control over investment decisions to CFM and Phoenix. How the Fund performs depends partly on the performance of CFM as responsible entity and Phoenix as investment manager;
- **Derivative risk** – the value of derivatives can fail to move in line with the value of the underlying asset, potentially causing them to be illiquid. There is also counterparty risk (that is, where the counterparty to the derivative contract cannot meet its obligations); and
- **Liquidity risk** – if a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained.

You should read the important information about the risks of managed investment schemes before making a decision. Go to the AID on the the Fund's webpage at www.cromwell.com.au/psf. The material relating to the risks of managed investment schemes may change between the time you read this PDS and the day when you acquire the product.

5. How we invest your money

When making a decision about whether or not to invest in the Fund you should consider the likely investment return, the risk associated with the investment and your investment timeframe.

5.1 Description of Fund

The Fund will invest primarily in Australian property securities listed on the ASX which hold underlying investments including office, retail, industrial and hotel assets. However, the Fund may also invest in a selected range of other assets, including listed property related securities, international listed property securities, cash and fixed interest.

The Fund may also invest in property related securities such as interests in infrastructure funds and property development companies.

The Fund's investments will not be constrained by benchmark considerations and will be managed in a 'benchmark unaware' manner.

The Fund is expected to own a minimum of 20 securities at any given time. For risk control reasons, no more than 20% of the Fund's assets will be invested in any one security.

Phoenix will seek to achieve the Fund's investment objective by choosing attractively priced securities determined by fundamental bottom-up analysis. It will use detailed yet standardised financial models allowing a large number of securities to be researched, compared on a relative value basis and updated to capture changes in individual securities and markets.

The type of investors for whom the Fund is intended to be suitable include investors looking to invest in a diversified portfolio of ASX listed property and property related securities.

An investment in the Fund should form part of the equity investment component of your balanced investment portfolio and you should not consider an investment in the Fund as giving you exposure to the benefits from increases in the value of or returns from holding real property or an interest in land.

5.2 Investment return objective

The Fund aims to provide investors with a total return (after fees) in excess of the S&P/ASX 300 A-REIT Accumulation Index over rolling three year periods, while delivering lower total risk (as measured by the volatility of returns) over this period.

Minimum suggested timeframe for holding your investment

3 – 5 years

Asset classes and asset allocation ranges

The Fund will generally invest in keeping with the following targeted asset allocations as a percentage of its total portfolio:

INVESTMENT CLASS (% OF PORTFOLIO)	TARGET RANGE
ASX listed property and property related securities ^{1,2}	80-100%
ASX classified A-REITs ²	50-100%
International property securities	0-20%
Derivatives	0-10%
Cash ³	0-20%
Maximum position in any single security	20%

- 1 Includes securities expected to be listed within six months.
- 2 The Fund may continue to hold previously listed securities that have de-listed.
- 3 Upper limit may be exceeded if one or more large applications or withdrawals are received.

The relative value of each class of investment can change rapidly and significantly due to factors such as market movements or changes in the circumstances or nature of an individual Fund investment. Where such changes or other events cause the Fund to move outside its target asset allocation ranges, CFM and Phoenix will seek to rectify the position as soon as reasonably practicable.

5.3 Risk level

CFM believes that the Fund's risk level is medium. The risk of your investment falling in value over the short term is high when compared to investments in managed investment schemes that invest in asset classes such as cash or fixed interest securities. However, the Fund offers potentially more favourable returns over the medium to long term than cash or fixed interest securities. This is why the minimum suggested timeframe for an investment in the Fund is at least 3–5 years.

5.4 Fund performance

Up to date information on the Fund's performance and fund size is available from:

- www.cromwell.com.au/psf;
- Cromwell's Investor Services Team on 1300 276 693; or
- Your financial adviser or (for indirect investors) your IDPS operator.

5.5 Labour standards, and environmental, social and ethical considerations

Neither CFM nor Phoenix take into account labour standards or environmental, social or ethical considerations when making investment decisions relating to the Fund.

5.6 Changes to the Fund

The Fund's constitution allows a broad range of investments and gives CFM broad investment powers. CFM can change the Fund's investment manager and/or vary its investment objectives, Benchmark, asset allocation ranges and other factors which impact the Fund's investment performance. Investors will be given written notice of any material changes.

6. Fees and costs

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 fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable, ask the Fund or your financial adviser.

To find out more

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) has a managed funds fee calculator to help you check out different fee options.

Information in the table below can be used to compare costs between simple managed investment schemes. These fees and costs can be paid directly from your account or deducted from investment returns.

All fees set out in this section are inclusive of the net effect of Goods and Services Tax ("GST") (i.e., includes GST net of input tax credits and any available reduced input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all instances.

TYPE OF FEE OR COST	AMOUNT
Fees when your money moves in or out of the Fund¹	
Establishment fee:	Nil
Contribution fee:	Nil
Withdrawal fee:	Nil
Exit fee:	Nil
Management Costs²	
The fees and costs for managing your investment	1.03% p.a. of the Fund's gross asset value
<ol style="list-style-type: none"> 1 You may also incur transaction costs when your money moves in or out of the Fund (see the AID for more detail). 2 Below is a breakdown of management costs. See Table 1 for an example of the calculation of annual fees and costs. 	

TYPE OF FEE OR COST	AMOUNT
Breakdown Of Management Costs	
Base management fee	0.82% ¹
Annual administration cost	0.14% ²
Indirect costs	0.07% ³
Total management costs	1.03%

1 Management fee of 0.82% p.a. of the Fund's average net assets.
2 Annual administration costs estimated to be up to 0.14% of the Fund's average net assets for the 12 months to 30 June 2017.
3 Indirect costs of investing through interposed vehicles was 0.07% p.a. of the Fund's average net assets for the 12 months to 30 June 2017. This amount will depend on the Fund's portfolio composition, however is unlikely to exceed 0.1% p.a. of the average net assets on an ongoing basis.

Table 1 Example of annual fees and costs for the Fund

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

EXAMPLE:		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you invest you will be charged \$0
PLUS Management costs	1.03% p.a.	And for every \$50,000 you have in the Fund, you will be charged \$515 each year
EQUALS Cost of Fund		If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year you would be charged fees of: \$515-\$567 What it costs you will depend on the fees you negotiate.

6.1 Additional explanation of fees and costs

6.1.1 Ongoing management fee

The management fee payable to CFM is charged for the management of the Fund's investment portfolio, for acting as the responsible entity of the Fund and for overseeing the operations of the Fund. CFM charges a management fee of 0.82% p.a. of the Fund's gross asset value (i.e., \$82 out of every \$10,000 of the Fund's gross asset value). The management fee accrues daily and is payable monthly in arrears. It is deducted from the Fund's assets and reflected in the unit price.

6.1.2 Ongoing administration costs

The Fund will also incur administrative expenses which CFM will cap at 0.15% p.a. of the Fund's gross asset value (i.e., \$15 out of every \$10,000 of the Fund's gross asset value). These expenses include audit costs, custodial fees, compliance committee costs, accounting/tax/legal advice fees, bank

charges, printing and stationery costs, postage and a registry fee. CFM has agreed to bear any normal administrative expenses above 0.15% p.a. If we remove the cap on normal administrative expenses in the future, we will give you 30 days' written notice.

6.1.3 Abnormal expenses

CFM is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, CFM anticipates that the events that give rise to such expenses will rarely occur.

6.1.4 Buy/sell spread

The buy/sell spread is an additional cost to you and is generally incurred whenever you invest in, or withdraw from, the Fund. The buy/sell spread is retained by the Fund (it is not a fee paid to CFM) and reflects an estimated amount of transaction costs. The buy/sell spread includes CFM's estimate of brokerage and other costs that the Fund would be expected to incur in buying and selling the assets of the Fund as a result of applications and withdrawals made by investors. There is no buy/sell spread on distributions that are reinvested.

The current buy/sell spread is +0.20% /-0.20% of the amount that you invest or withdraw, represented as the difference between the issue price and withdrawal price. For example, if you invested \$50,000 in the Fund, then the cost of your buy spread would be \$100, and if you withdrew \$50,000 from the Fund, then the cost of your sell spread would be \$100.

We may vary the buy/sell spread from time to time and prior notice may not be given. Updated information on the buy/sell spread will be posted on our website at www.cromwell.com.au/psf.

6.2 Other fees and costs

These may include additional fees and costs that apply to investors accessing the Fund through an IDPS or similar service. **Additional fees may be paid to a financial adviser if the financial adviser is consulted. You should refer to the Statement of Advice in which details of the fees are set out.**

We may make payments to IDPS operators out of the fees we receive. Government fees, duties and bank charges may also apply to investments and withdrawals.

6.3 Related party transactions

CFM has entered into an investment management agreement with Phoenix on behalf of the Fund. CFM pays Phoenix out of any management fees it receives from the Fund.

6.4 Changes to fees and costs

CFM may change the fees and expenses referred to in this PDS without investors' consent. CFM will provide at least 30 days' notice to investors of any proposed increase in fees or expense recoveries or the introduction of new fees.

You should read the important information about fees and costs before making a decision. Go to the AID on the Fund's webpage at www.cromwell.com.au/psf. The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

Investing in managed investment schemes such as the Fund is likely to have tax consequences.

Registered managed investment schemes do not pay tax on behalf of investors, instead investors are assessed for tax on any income and capital gains generated by the registered managed investment scheme.

The Fund has resolved to make an irrevocable choice to be an Attribution Managed Investment Trust ("AMIT") for taxation purposes. As an AMIT, the Fund will continue to be a flow through entity, and investors will be attributed the taxable income of the Fund regardless of whether the Fund makes a distribution of income or capital. The taxable income and tax offsets will be attributed to investors on a fair and reasonable basis. The attribution will be based on the investors' rights to the income and capital in the Fund as provided for in the constitution. The responsible entity will provide investors with an AMIT member annual statement outlining the tax components.

The Australian taxation system is complex and investors have different circumstances. **Therefore, you are strongly advised to seek professional tax advice before investing in the Fund.**

You should read the important information in the AID about how managed investment schemes are taxed before making a decision. Go to the AID on the Fund's webpage www.cromwell.com.au/psf. The material relating to how managed investment schemes are taxed may change between the time when you read this PDS and the day when you acquire the product.

8. How to apply

Please note that this offer is only open to persons receiving this PDS within Australia.

Read this PDS together with the AID available from **Cromwell Investor Services**:

Phone: **1300 276 693**
Website: **www.cromwell.com.au/psf**
Email: **invest@cromwell.com.au**

CFM will provide a hard copy of the PDS and AID free of charge upon request.

While we are assessing your application, any interest earned on application monies is retained by the Fund.

For direct investors

Direct investors should apply online at <http://apply.cromwell.com.au> or complete the relevant Application Form contained in the Application Pack and return them to the Fund's Registrar.

The Investor Application Form/s allow CFM to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("AML/CTF"). This means that, when you apply to be an investor in the Fund, CFM will need to obtain personal information and documentation from you in relation to your identity. We may also need additional information during your investment.

CFM can only accept and process application forms that are properly completed.

For indirect investors

If you are investing through an IDPS, their IDPS operator will apply for units on your behalf.

8.1 Cooling off

If you are a direct retail investor, the Corporations Act gives you a 14 day cooling off period in regard to any investment you make in the Fund as a retail client. If, during the cooling off period, you decide that the investment does not meet your investment needs, then you should advise CFM or the Registrar in writing or by email.

The 14 day period commences at the end of the fifth business day after units in the Fund are issued to you or when you receive your confirmation statement – whichever is earlier.

If you request a refund, the amount to be refunded will be increased or reduced to take into account any market movements since the units were issued to you. Refunds will be processed at the issue price on the day the refund is made. Further, any tax, fees or duty incurred as well as the buy/sell spread may be deducted. As a result, the amount refunded to you may be less than your original investment.

Indirect investors should consult their IDPS operator about any cooling off rights that they have.

8.2 Complaints handling

The Fund's constitution sets out a procedure for CFM to receive, consider, investigate and respond to complaints by investors who are dissatisfied with the management or administration of the Fund.

If investors wish to make a complaint they should write to the Dispute Resolution Officer:

By post to: **Cromwell Funds Management Limited**
GPO Box 1093
Brisbane, QLD 4001

By email on: **complaints@cromwell.com.au**

CFM will acknowledge any complaint in writing immediately. CFM will within 45 days investigate, properly consider and decide which action (if any) to take or offer regarding the complaint and communicate its decision to the investor.

If the investor is dissatisfied with the decision made by CFM, the investor may refer the complaint to the external complaints resolution scheme of which CFM is a member at the address set out below:

Financial Ombudsman Service
GPO Box 3
Melbourne, VIC 3000

Alternatively, further information is available by contacting FOS on:

Phone: **1800 367 287**
Website: **www.fos.org.au**
Email: **info@fos.org.au**

Other information

Information about the Fund

The unit price history for the Fund is available at www.cromwell.com.au/psf. As set out in Section 2, units represent the investor's share in the value of the net assets held by the Fund. See Section 2.3 for further information about unit pricing.

Customer service and investor communications

Details of CFM's approach to customer service and investor communications are detailed at www.cromwell.com.au/psf.

Cromwell utilises the registry services of Boardroom. As such, investors (and, if applicable, their financial advisers) can register to manage their investment/s online via a secure web portal. Information regarding this service is provided with the investor welcome pack at the time of the initial investment.

Investors and CFM

The Fund's constitution, this PDS and the Corporations Act and other laws such as the general law relating to trusts govern the relationship between investors and CFM.

Compliance plan

The compliance plan outlines the principles and procedures which CFM intends to follow to ensure that it complies with the provisions of the Corporations Act and the Fund's constitution.

Privacy

CFM respects the privacy of its investors and is committed to protecting their personal information. The way we manage personal information is governed by the Privacy Act 1988 (Cth) ("Privacy Act") and the Australian Privacy Principles established under the Privacy Act. Cromwell's Privacy Policy is available at www.cromwell.com.au.

Cromwell may also disclose some of your personal information to external service providers, for example, LFS, who provide administration services to the Fund. LFS handles your personal information in accordance with its privacy policy, a copy of which can be found at www.linkfundsolutions.com.

Enhanced Disclosure Securities

Units in the Fund are "ED Securities" under the Corporations Act, and consequently the Fund is a "disclosing entity".

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors will be entitled to obtain a copy of the following documents:

- the annual financial report of the Fund most recently lodged with ASIC;
- any half year financial report lodged with ASIC by the Fund after the lodgement of the most recent annual financial report and before the date of the PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of the most recent annual report and before the date of the PDS.

Consent

Phoenix has consented to being named in this PDS as investment manager and to any statements attributable to it in this PDS in the form and context in which such statements are included, and Phoenix has not withdrawn this consent before the date of this PDS.

Boardroom and LFS have each given written consent to be named in this PDS in the form and context in which each is named and neither has withdrawn its consent prior to the date of the PDS.

CROMWELL PHOENIX PROPERTY SECURITIES FUND



ARSN 129 580 267 | APIR Code CRM0008AU

Additional Information 29 September 2017 Issued by Cromwell Funds Management Limited

The information in this document is incorporated by reference and forms part of the Product Disclosure Statement dated 29 September 2017 ("PDS") for the Cromwell Phoenix Property Securities Fund ARSN 129 580 267 ("Fund").

How to withdraw

For all investors, the minimum withdrawal amount is \$10,000 or a lesser amount at Cromwell Funds Management Limited's ("CFM") discretion. If a withdrawal would result in an investor having less than \$10,000 then CFM may regard the withdrawal request as relating to the investor's entire holding.

Direct investors

To make a withdrawal, direct investors should complete a Withdrawal Request Form available from the Fund's website, at www.cromwell.com.au/Forms-Library.

In normal circumstances, withdrawals will be processed and paid within 5 business days from the date the withdrawal request is received, where the request is received before 1.00 pm AEST (or AEDT when observed) on a Sydney business day. Where requests are received after 1.00 pm AEST (or AEDT when observed) on a Sydney business day, they are taken as having been received on the next Sydney business day.

Units are redeemed at the withdrawal unit price based on the valuation of net assets at the close of business on the day the withdrawal request is accepted.

Indirect investors

IDPS investors can only withdraw through the IDPS operator in accordance with their terms and conditions. Provisions which relate to withdrawals from the Fund will apply to the operator of the IDPS and not the indirect investor. Indirect investors should consult the IDPS about withdrawals from the Fund.

Suspension of withdrawals

CFM may suspend withdrawals for up to 180 days in certain circumstances as specified in the Fund's constitution. These circumstances may include when CFM considers it impracticable to calculate unit prices, for example when CFM estimates a significant amount of the Fund's assets must be sold to meet withdrawals, because of closure of or trading restrictions on securities exchanges, an emergency or other state of affairs, or when CFM considers it is not in the best interests of investors to realise the required assets.

Any withdrawal request received during a period of suspension will be taken to have been received by CFM immediately after the end of the suspension period.

The withdrawal conditions described above assume that the Fund remains "liquid" as defined in the Corporations Act 2001 (Cth) ("Corporations Act"). At the date of the PDS, CFM is of the view that the Fund is "liquid". Under the Corporations Act, where a fund is "illiquid", the responsible entity can only offer investors the opportunity to withdraw from the Fund by way of a written offer made in accordance with provisions in the Corporations Act and the Fund's constitution, but is not obliged to do so. Where no such offer is made, investors have no right to withdraw from the Fund.

Transferring units

For direct investors

A direct investor can transfer units in the Fund to another person by providing CFM with a completed Cromwell transfer form, signed by both the transferor and the transferee and any other required documents.

The Cromwell transfer form details what documents CFM requires to consider the transfer. CFM reserves the right to decline transfer requests if a transferee does not meet CFM's criteria for an investor, the transfer is not stamped (where required) or any amount payable to CFM in respect of

any of the units to be transferred remains unpaid. Tax implications could be associated with the transfer of units. Investors should discuss their circumstances with their professional adviser before requesting a transfer.

Additional risks

In addition to the risks mentioned in the PDS, the risks below may also relate to an investment in the Fund.

Property risk

Although the Fund does not invest in direct property, through its investments in property securities and property related securities many of the factors affecting the direct property market will affect the value of securities held by the Fund. These factors, which may affect the Fund's performance, include the quality of properties, current and expected income, geographic location of the underlying properties and supply and demand issues.

Fund risk

Risks particular to the Fund include that the Fund could terminate, the fees and expenses could change and CFM or Phoenix could be replaced. There is also a risk that investing in the Fund could give different results than investing directly due to income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors.

Diversification risk

Generally, the more diversified a fund, the lower the impact that an adverse event affecting one security will have on the overall performance of the fund.

There are currently approximately 70 property and property related securities in the Fund's universe of investment options. In the future there may be a reduction in this number due to consolidation, de-listing or other factors. This could lead to a reduction in available investments and a decrease in diversification of the Fund.

Performance risk

The Fund may fail to perform as expected and the Fund's investment returns objective may not be achieved.

Currency risk

The Fund is likely to invest in securities that hold assets or have borrowings in foreign countries and therefore the value of these assets or borrowings may be impacted by currency fluctuations. Currency hedging strategies may be used by individual securities to reduce these risks, but the impact of foreign exchange fluctuations can not be completely eliminated.

Withdrawal risk

Your ability to withdraw your investment out of the Fund may be suspended in certain circumstances.

General economic factors

Economic risks relate to a broad range of investments, however the returns on investments, including investment in the Fund, can be affected by a range of economic factors

including changes in interest rates, exchange rates, inflation, government policy (including monetary policy and other laws) and the general state of the domestic and international economies.

Tax risk

In the unlikely event that the Fund ceases to qualify as a Managed Investment Trust ("MIT") or an Attribution Managed Investment Trust ("AMIT"), the constitution provides that the pre-AMIT provisions apply to allocate tax to investors. In these circumstances investors will be presently entitled to the distributable income and will be allocated a share of the taxable income based on their entitlements to the distributable income. This may result in a different allocation of tax to investors or the Fund than outlined in the PDS and this AID.

The tax information provided in the PDS and this AID reflects the Australian income tax legislation in force and the interpretation of the Australian Taxation Office ("ATO") and the courts as at the date of issue of the PDS and this AID. Tax laws are subject to continual change and this may impact the taxation of trusts and investors.

Additional explanation of fees and costs

Management costs

These fees and costs are paid indirectly by you in proportion to your investment in the Fund. If CFM or a related party is liable to pay Goods and Services Tax ("GST") on any fees charged to the Fund, CFM is entitled to be reimbursed by the Fund for the GST liability.

Management fee

The management fee payable to CFM is charged for the management of the Fund's investment portfolio, for acting as the responsible entity of the Fund and for overseeing the operations of the Fund. CFM charges a management fee of 0.82% p.a. of the Fund's gross asset value (i.e., \$82 out of every \$10,000 of the Fund's gross asset value). The management fee accrues daily and is payable monthly in arrears. It is deducted from the Fund's assets and reflected in the unit price.

Out of CFM's management fee CFM pays Phoenix for investment management services. The Fund does not pay any additional management fees to Phoenix.

Ongoing administration costs

The Fund will also incur administration expenses which CFM will cap at 0.15% p.a. of the Fund's gross asset value (i.e., \$15 out of every \$10,000 of the Fund's gross asset value). These expenses include audit costs, custodial fees, compliance committee costs, accounting/tax/legal advice fees, bank charges, printing and stationery costs, postage and a registry fee. CFM has agreed to bear any normal administrative expenses above 0.15% p.a.. If we remove the cap on normal administrative expenses in the future, we will give you 30 days' written notice.

Indirect costs

Indirect costs are essentially any amounts that reduce (or may reasonably be expected to reduce) the Fund's returns. The management costs disclosed in the PDS (see Section 6: Fees and Costs) include all indirect costs of the Fund, including the costs of investing through interposed vehicles. The indirect costs incurred by the Fund will depend on the Fund's portfolio composition and are generally calculated based on the amounts paid in the previous financial year. Actual indirect costs for a financial year may therefore differ from the amount disclosed in Table 1 of the PDS. However, CFM considers that the indirect costs of investing through interposed vehicles is unlikely to exceed 0.1% p.a. of the Fund's net asset value on an ongoing basis (i.e., \$10 out of every \$10,000 of the Fund's net asset value). Indirect costs are paid from the Fund's assets (or from the assets of interposed vehicles) when the cost is incurred and are reflected in the unit price. Indirect costs are not directly payable by you.

Abnormal expenses

CFM is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, CFM anticipates that the events that give rise to such expenses will rarely occur.

Transactional and operational costs

Transactional and operational costs are costs incurred by the Fund for dealing with the Fund's assets. These costs include brokerage and the transactional and operational costs of interposed vehicles. Brokerage costs, including market impact of transactions required to be made to implement cash flows into and out of the Fund, are generally covered by the buy/sell spread (see below). Brokerage costs associated with the active management of the portfolio are difficult to estimate as they depend on turnover levels in the Fund, which have been historically volatile.

The Fund's total transactional and operational costs were 0.06% of the net assets of the Fund (e.g., \$30 for every \$50,000 of net assets). If the buy/sell spread applied is not sufficient to cover the Fund's total transactional and operational costs, the balance of the costs will be paid out of the Fund's assets. If the buy/sell spread applied exceeds the Fund's transactional and operational costs, the balance of the buy/sell spread will be retained by the Fund. The transactional and operational costs not covered by the buy/sell are 0.01% of the net asset value of the Fund (e.g., \$5 for every \$50,000 of net assets).

Phoenix has limited its funds under management to ensure it is able to implement investment insights with minimal market impact in the ordinary course of business. Therefore we have assumed no bid/ask spread is incurred within transactional and operational costs.

Transactional and operational costs are disclosed based on amounts paid in the previous financial year and in any year will differ depending on the investment activity of the Fund.

Buy/sell spread

The buy/sell spread is an additional cost to you and is generally incurred whenever you invest in, or withdraw from, the Fund. The buy/sell spread is retained by the Fund (it is not a fee paid to CFM) and reflects an estimated amount of transaction costs. The buy/sell spread includes CFM's estimate of brokerage and other costs that the Fund would be expected to incur in buying and selling the assets of the Fund as a result of applications and withdrawals made by investors. There is no buy/sell spread on distributions that are reinvested.

The current buy/sell spread is +0.20% /-0.20% of the amount that you invest or withdraw, represented as the difference between the issue price and withdrawal price. For example, if you invested \$50,000 in the Fund, then the cost of your buy spread would be \$100, and if you withdrew \$50,000 from the Fund, then the cost of your sell spread would be \$100.

CFM may vary the buy/sell spread from time to time and prior notice may not be given. Updated information on the buy/sell spread will be posted on our website at www.cromwell.com.au/psf.

Goods and Services Tax

All fees in this section and Section 6 of the PDS are inclusive of the net effect of GST (i.e. includes GST net of input tax credits and any available reduced input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all circumstances. Under the constitution, CFM is also entitled to recover an additional amount from the Fund on account of any GST liability it has in relation to the fees and costs disclosed.

Waiver or deferral of fees and costs

CFM may at its discretion partially or fully waive any fees to which it is entitled.

Differential fees

CFM may negotiate reduced management fees on an individual basis as permitted by the Corporations Act and ASIC relief. By way of example, CFM may negotiate reduced fees with wholesale investors and professional investors as defined in the Corporations Act including indirect investors.

Related party transactions

CFM or a related party may also provide other services to the Fund or the investors in the future such as management services. Should that occur, CFM or a related party will charge fees for those services at commercial market rates. CFM has entered into an investment management agreement with Phoenix on behalf of the Fund.

Additional adviser fees

Although this is not paid from the Fund, investors may agree on additional fees to be paid to their financial adviser.

Indirect investors

If you are investing via an IDPS, fees and expenses applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses stated in the PDS. Indirect investors should contact their IDPS operator if they have any questions.

Additional explanation of how managed investment schemes are taxed

The taxation information in this AID is of a general nature only and does not take into account the financial objectives, situation or needs of any particular investor and is based on current taxation legislation as at the date of issue of the PDS and this AID.

This information is for resident investors who hold their units as long term investments on capital account. We have also provided general observations in relation to the tax implications for non-resident investors who hold their units as long term investments on capital account.

Tax law may change over time and tax treatment may vary according to individual circumstances and investors are advised to seek their own tax advice in respect of their investment in the Fund. Tax liabilities are the responsibility of each individual investor and CFM is not responsible for taxation or penalties incurred by investors.

Australian resident investors

The Fund is an Australian resident trust for Australian tax purposes. CFM intends to limit the investment activities to ensure that the Fund is treated as a 'flow through' entity for the purposes of Australian tax.

The Fund qualifies as a Managed Investment Trust ("MIT") and satisfied the requirements to make a choice to be an Attribution Managed Investment Trust ("AMIT") for taxation purposes. The Fund has made a choice to be an AMIT for taxation purposes. The AMIT regime provides greater certainty on the application of the tax provisions for both the investors and the Fund.

AMIT regime

Under the AMIT regime, the Fund is a flow through entity and investors will be attributed the taxable income of the Fund regardless of whether the Fund makes a distribution of income or capital.

The Fund will attribute taxable income and tax offsets to investors on a fair and reasonable basis. The attribution will be based on the investors' rights to the income and capital in the Fund as provided for in the constitution.

Investors will be attributed tax components that may include interest, dividends, foreign income, franking credits, capital gains and income from property. CFM will provide investors with an AMIT member annual statement outlining the tax components. The components of interest, dividends, foreign income, franking credits, capital gains and income from property retain their character in the investor's hands.

Attribution of income

Investors will include the tax components attributed to them in their assessable income. The tax implications for investors will depend upon the tax character of the tax components attributed to them.

Dividends

A tax component attributed to an investor may include an entitlement to imputation credits on dividends. Imputation credits are not cash receipts though they will need to be included in investors' assessable income. Certain investors may offset their tax liability or be entitled to receive the imputation credit as a refund if they exceed their total tax liability. The entitlement to franking credits is subject to the holding period rules.

Foreign income

A tax component attributed to an investor may include income received by the Fund from sources outside Australia which may be subject to taxation in the country of source. Australian resident investors may be entitled to claim an offset against their Australian tax liability in respect of the attributed amount of such foreign tax paid.

Capital gains of the Fund

The Fund has made an election to treat investments on capital account for taxation purposes. Consequently, gains or losses on the disposal of investments will be taxable as a capital gain or loss.

Broadly, where the Fund disposes of an investment it has held for more than 12 months it may be eligible for discount Capital Gains Tax ("CGT") concessions. The taxable capital gain will be attributable to investors. Where an investor is an eligible investor, such as an individual, trustee or complying superannuation fund, the investor may be entitled to the discount CGT concessions.

The capital gain will be identified in the AMIT member annual statement to ensure that investors can calculate their net capital gain position.

Cost base adjustments

The Fund will distribute income quarterly in arrears based on the number of units held at the end of the distribution period. The amount of the cash distribution may be greater than, or less than, the taxable income attributed to an investor. Broadly, the cost base of the units will be increased by any amounts attributed to investors and the cost base will be reduced by any actual payments received (or are entitled to receive) and tax offset amounts attributed to investors. These amounts are netted off resulting in either an increase or decrease in cost base.

CFM will reflect any net increase or decrease in the cost base in the AMIT member annual statement issued to the investor.

Where your cost base is reduced to nil any net decreases to the cost base will result in a capital gain equal to that excess.

Disposal of units

Investors may be liable for tax on capital gains realised on transfer, redemption or otherwise disposing of units in the Fund.

In order to determine their capital gains tax position, investors will need to adjust the tax cost base of their units in the Fund for any tax deferred distributions that were

received from the Fund prior to the Fund electing to become an AMIT. Investors may also need to adjust the cost base to take into account any adjustments to the cost base under the AMIT rules as noted above.

Investors may be entitled to the discount capital gain concessions where the units have been held for more than 12 months. The Fund does not issue a separate capital gains statement if the investor disposes of units in the Fund.

Under and overs

Where the Fund discovers an over estimate or under estimate of a tax component relating to a previous year, the AMIT rules allows CFM to attribute the tax consequence to either the previous year, or the year of discovery.

Consequently, an investor may be attributed a tax component related to an under estimate or over estimate of the tax component of a previous year. CFM will consider the facts and circumstances in determining whether to correct an under or over estimation in the discovery year or in the year that the under or over estimation relates.

Member challenge

The Fund will issue an AMIT member annual statement to investors outlining the tax components attributed to that investor each year. The AMIT rules provide that an investor may object to the determined member component by notifying the Commissioner and substituting the amount with their own determination.

If an investor chooses to object against the amount attributed to them by the Fund as noted in the AMIT member annual statement, the investor must provide CFM with notification seven days prior to notifying the Commissioner of their choice to object. The notification to CFM must outline the investor's reasons for the objection. The investor will also be required to provide CFM with information so that CFM can assess the investor's objection. The investor will be required to meet all costs and liabilities incurred by CFM in assessing the objection.

Quoting a Tax File Number ("TFN"), TFN Exemption or Australian Business Number ("ABN")

Collection of an investor's TFN is authorised, and their use and disclosure strictly regulated by the tax laws and the Privacy Act 1988. Investors may quote a TFN or claim a TFN exemption in relation to their investment in the Fund when, for direct investors, completing their application form. Investors may quote an ABN instead of a TFN if they are making this investment in the course of an enterprise carried out by them.

If an investor chooses not to quote a TFN, TFN exemption or ABN, CFM will be required to deduct tax at the prescribed rate from that investor's income distributions. At the date of the PDS, this rate was 47%.

Social security

Investing in the Fund may affect an investor's entitlement to social security as their investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. Investors should obtain professional advice

concerning the particular social security implications for their circumstances.

Goods and Services Tax (GST)

The issue and withdrawal of units in the Fund is not subject to GST. However, some fees and expenses incurred by the Fund, such as management fees, will attract GST at the rate of 10%. The Fund may not be entitled to claim input tax credits for the full amount of the GST incurred.

However, for the majority of the expenses, a Reduced Input Tax Credit ("RITC") of 75% or 55% (depending on the nature of the expense) of the GST paid may be claimed.

Any unclaimable GST charged on fees and expenses is incorporated in the management costs for the Fund.

Non-resident investors

The following comments are general in nature. Non-resident investors may be subject to withholding tax on amounts distributed or attributed to them by the Fund. The withholding tax rate depends on whether the Fund qualifies as a withholding tax MIT, the character of the income distributed or attributed and the residency of investors.

The Fund currently qualifies as a withholding tax MIT. CFM will monitor the requirements to ensure that the Fund continues to qualify as a withholding tax MIT.

Non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement between Australia and their country of residence.

Tax on income

CFM is required to withhold tax on a non-resident investor's behalf in respect of any Australian taxable income distributed or attributed by the Fund.

Where the distribution or attribution includes Australian sourced interest, a final withholding tax of 10% will apply to that component. The final withholding tax on amounts referable to royalties and dividends is dependent on relevant Double Taxation Agreements and whether the dividend is franked.

A concessional final withholding tax rate of 15% will apply to distributions or attributions of fund payments to investors that are tax residents in countries approved as 'information exchange countries'. A fund payment is a distribution or attribution of an amount other than an amount referable to interest, dividends, royalties, non-taxable Australian real property capital gains or amounts that are not from an Australian source.

A final withholding tax rate of 30% will apply to fund payments attributed or distributed to investors that are not residents of information exchange countries.

A 'final' withholding tax means that tax is deducted from the relevant component of the investor's Fund attribution or distribution and the investor is not required to lodge an Australian tax return in respect of this component. Further, expenses incurred in connection with deriving this income cannot be claimed as a deduction against this income in Australia.

Tax on disposal of units

Where a non-resident investor holds less than 10% of the units in the Fund, the investor should not be subject to Australian capital gains tax on disposal of units.

Foreign Account Tax Compliance Act and Common Reporting Standard

The Fund is required to collect and report financial account information about US tax residents or certain entities that have US controlling persons to the ATO. This information may be forwarded by the ATO onto the US Internal Revenue Service.

The Fund is also required to separately collect and report financial account information for all non-resident investors and certain entities with non-resident controlling persons under the Common Reporting Standard ("CRS") to the ATO. CRS applies from 1 July 2017. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

To assist us in complying with these obligations, we may request certain information from you.

Indirect investors

The taxation information in this section and the PDS does not consider the treatment of indirect investors. Indirect investors should consult their tax adviser in relation to investing through an IDPS.

The following information is relevant to but does NOT form part of the Product Disclosure Statement dated 29 September 2017 ("PDS") for the Cromwell Phoenix Property Securities Fund ARSN 129 580 267 ("Fund").

Constitution

The constitution of the Fund, the PDS, the Corporations Act and other laws such as the general law relating to trusts govern the relationship between investors and Cromwell Funds Management Limited ABN 63 114 782 77, AFSL 333214 as responsible entity of the Fund.

A number of the provisions of the Fund's constitution have been dealt with in the PDS. Other important provisions of the constitution are set out below. A copy of the Fund's constitution can be obtained from ASIC or inspected at CFM's head office, or can be requested by contacting CFM on 1300 268 078.

The constitution establishes the Fund and sets out the basis upon which CFM is appointed responsible entity of the Fund. The responsible entity or the appointed custodian holds the assets of the Fund at all times on trust for the investors subject to the provisions of the constitution and the Corporations Act.

Generally the constitution:

- defines an investor's rights to withdraw from the Fund;
- defines what an investor is entitled to receive when withdrawing from the Fund;
- defines when the Fund may be wound up and what investors are entitled to receive on winding up; and
- states that an investor's liability is generally limited to the amount paid or which remains unpaid on that investor's units, however higher courts are yet to determine the effectiveness of these types of provisions.

In relation to CFM's powers, duties and liabilities as responsible entity of the Fund, the constitution:

- allows CFM to refuse applications for units, in whole or in part, at CFM's discretion and without giving reasons;
- allows CFM to set a minimum investment to be made in the Fund;
- provides that, unless the Corporations Act imposes liability, CFM is not liable in contract, tort or otherwise to unitholders for any loss suffered in any way relating to the Fund; and
- allows CFM to change the Fund's constitution, but only with investors' approval if the change would adversely affect the rights of investors.

Compliance plan and compliance committee

The compliance plan sets out the measures that CFM applies in operating the Fund to ensure that it complies with the provisions of the Corporations Act and the Fund's constitution.

Each financial year the compliance plan is independently audited as required by the Corporations Act, and a copy of the auditor's report is lodged with ASIC.

CFM has a compliance committee with a majority of external members. The functions of the compliance committee include:

- assessing the adequacy of the compliance plan and recommending any changes; and
- monitoring CFM's compliance with the compliance plan and reporting findings to CFM.