



CVC

Emerging
Companies
Fund II

CVC EMERGING COMPANIES FUND II

Information Memorandum

15 January 2021

Manager

CVC ECF Managers Pty Ltd

ACN 644 213 221, CAR 128 4343

Trustee

One Fund Services Limited

ACN 615 523 003, AFSL 493421



► Important Information

Issuer

This Information Memorandum (**IM**) is issued by One Fund Services Limited ACN 615 523 003 AFS Licence No. 493421 (**Trustee, we or us**) as trustee of the CVC Emerging Companies Fund II (**Fund**) to provide background information for persons considering applying for interests in the Fund. Units in the Fund will be issued by the **Trustee** in its capacity as trustee for the Fund. The Trustee has appointed CVC ECF Managers Pty Ltd (ACN 644 213 221, CAR 128 4343) as investment manager of the Fund (**Manager or CVC**). The Manager is an authorised representative of CVC Managers Pty Ltd ACN 108 360 372 AFS Licence No. 277740.

Terms of receipt of this document

This Information Memorandum is supplied personally to the recipient on the conditions set out below. The recipient's acceptance of these conditions is evidenced by its retention of this document. If these conditions are not acceptable, the recipient must return the Information Memorandum immediately.

No previous opportunity

This IM represents the entire opportunity with respect to an investment in the Fund and supersedes any and all other documents or purported documents setting out the potential investment in the Fund. This includes but is not limited to any flyer or pre-IM marketing material that has been issued and refers to the Fund.

No disclosure required

This IM is intended to provide potential Investors with information only and does not constitute a product disclosure statement or other Disclosure Document required by the Corporations Act. This IM has not been lodged with ASIC or any other government body. This IM does not contain all the information you need to know before making an investment and potential investors should consider the Constituent Documents before investing in the Fund.

The opportunity under this IM is only available for persons who qualify as wholesale clients (as defined in section 761G(7) of the Corporations Act), ("Wholesale Investor"). The Trustee will not issue Units to a person unless it is satisfied the person is a Wholesale Investor.

Confidentiality and distribution of this document

This Information Memorandum and any other information provided in connection with this Information Memorandum are confidential to the Manager. It is provided to prospective investors for the sole purpose of considering an investment in the Fund and must not be copied, supplied, disseminated or disclosed in whole or in part by any recipient to any other person (other than an employee or professional adviser of the recipient who is bound to keep it confidential), without the Manager's prior written consent.

This IM does not constitute, and may not be used for the purpose of, an investment opportunity or solicitation in any jurisdiction other than Australia or in circumstances in which such investment opportunity or solicitation is not authorised. The distribution of this Information Memorandum in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this Information Memorandum must seek advice on, and comply with, any such restrictions.

Any person who receives a copy of this Information Memorandum in circumstances where receipt of this Information Memorandum is unlawful or unauthorised or requires the Manager to take any additional steps, including registration, must not accept the copy of the Information Memorandum and must immediately return it to the Manager. Any failure to comply with restrictions on receipt or distribution of this Information Memorandum may constitute a violation of applicable securities law.



Independent advice required

In preparing this Information Memorandum, neither the Trustee, nor Manager has taken into account the investment objectives, financial situation and particular needs of any particular person, and prospective investors must not construe the contents of this Information Memorandum as tax, legal or financial product advice. Before making any decision to invest in the Fund, prospective investors should:

- seek and rely on their own professional advice, in particular by obtaining appropriate tax, legal, financial and investment advice in light of their own circumstances; and
- conduct their own independent investigation and analysis regarding any information contained in this Information Memorandum.

You should consider the appropriateness of investing in the Fund having regard to your objectives, financial situation and needs.

Information given in this document or otherwise

The Manager, the Trustee and each of their respective affiliates, related bodies corporate, officers, employees, advisers, agents or associates:

- do not warrant or represent the origin, validity, accuracy, completeness or reliability of the information contained in this Information Memorandum (or any accompanying or subsequent information), and do not accept any responsibility for errors or omissions in this Information Memorandum (or any accompanying or subsequent information);
- disclaim and exclude all liability for all losses, claims, damages, costs and expenses of any nature arising out of or in connection with this Information Memorandum (or any accompanying or subsequent information);
- do not have an obligation to advise any person if any of them becomes aware of any inaccuracy in, or omission from, this Information Memorandum (or any accompanying or subsequent information); and
- notwithstanding the above, do not exclude any condition, warranty or right, the exclusion of which would contravene the *Australian Competition and Consumer Act 2010* (Cth) or any other applicable law.

Certain information contained in this Information Memorandum has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. In addition, all industry and market data has been sourced from research of the Manager, unless otherwise indicated.

Past performance/disclaimer

Past performance of the Manager, the Trustee or any of their respective affiliates, related bodies corporate, officers, employees, advisers, agents or associates or any investment funds with which they may be associated is not necessarily indicative of future results. In addition, certain information in this Information Memorandum may constitute forward-looking statements. All statements of opinion or belief, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund, any prior fund or any portfolio company, represent the Manager's assessment and interpretation of information available as at the date of this Information Memorandum. No representation is made or assurance given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Fund, any prior fund or any portfolio company will be achieved.

Neither the Trustee, the Manager, nor any of our respective directors, associates or advisors guarantee the performance of the Fund or the repayment of capital.

Risk

An investment in the Fund should be regarded as speculative and will involve significant risks, due to the nature of the investments the Manager intends to make.

The Fund is not a suitable investment for persons unable to sustain a loss of all or part of the sum invested or who require certain or predictable income flows. Investors should have the financial ability and willingness to accept the risks and lack of liquidity which are characteristics of the investments described in this Information Memorandum, for the entire term of the Fund.

In particular, the attention of prospective investors is drawn to the risk factors set out in Section 7 (Risk factors) of this Information Memorandum.



Constituent Documents

This Information Memorandum contains a summary and description of certain features of the Fund. Any information provided in this Information Memorandum and in any other document or communication is subject to the Constituent Documents for the Fund, including the Trust Deed and each Application Form, which contain the details of the rights and obligations of investors in the Fund. To the extent there is any inconsistency between this Information Memorandum and the Constituent Documents, the latter prevail.

Supplementary information

The Trustee may in its absolute discretion update or supplement this Information Memorandum at any time. Such further information is provided under the same terms and conditions as this Information Memorandum.

Currency

All dollar amounts in this Information Memorandum are quoted in Australian dollars, unless otherwise stated.

Glossary

Certain expressions used in this Information Memorandum have defined meanings which are explained in Section 14 (Glossary).



▶ Contents

Important Information	2
1 Executive Summary	6
2 The Manager	7
3 The Trustee	8
4 Investment Objective, Approach and Strategy	8
5 Structure	12
6 Key terms	14
7 Risk factors	17
8 Fees and costs	20
9 Unit pricing and valuation	21
10 Conflicts of interest and related party transactions	22
11 Taxation	23
12 Additional information	25
13 How to invest	27
14 Glossary	28
15 Contact details	30



▶ 1 Executive Summary

The CVC Emerging Companies Fund II (**Fund**) has been established to invest in high quality, typically founder-led and primarily unlisted growth and expansion stage companies. The Fund is managed by CVC ECF Managers Pty Ltd (ACN 644 213 221, CAR 128 4343) (**the Manager** or **CVC**). The Manager is a corporate authorised representative of CVC Managers Pty Ltd ACN 108 360 372 (AFS licence no. 277740), a wholly owned subsidiary of CVC Limited ACN 002 700 361, an ASX listed diversified investment company and CVC Limited is a cornerstone investor in the Fund. The CVC Emerging Companies Fund II has been launched following the CVC Emerging Companies Fund (**Fund I**) which was established in May 2019 and is now substantially invested. Fund I has achieved a return, net of all management and performance fees, of 122.4% since its inception, including distributions of \$0.31 per \$1.80 unit (or approximately 17.2% of the initial capital invested)¹.

Investments are selected, negotiated and managed by members of the investment team of the Fund I, Christian Jensen and Jonathan Pearce (**Investment Team**). The Investment Team has access to a substantial flow of expansion stage and pre-IPO opportunities and has, over a long period, established a process for assessing, selecting and managing this type of investment both as portfolio managers for CVC Limited and portfolio managers of Fund I.

The Fund has several attributes which the Manager believes provide a compelling opportunity for investors:

- The Fund offers investors exposure to investment opportunities in private companies, not always available to individual investors. The Manager seeks to invest on preferred terms and more attractive pricing to what might be available when investing in listed companies and IPOs.
- The Manager will target investments in high quality companies with significant growth potential. The Fund will typically invest at the expansion stage of the company's lifecycle, seeking to avoid excessive early stage commercialisation or technology risk.
- The Fund will typically provide new capital required for growth rather than buying existing shares (although the Fund may occasionally invest in existing shares on a selective basis). The Manager will favour investment opportunities where the Fund can invest alongside founders, creating alignment with the management team.
- The Manager will target companies where there is an identified line of sight to a liquidity event within 6 to 36 months of the investment being made.
- The Fund is managed by an experienced Investment Team with a strong track record and extensive networks accessing companies seeking private and pre-IPO funding. The Investment Team have experience in managing the investment strategy targeted by the Fund, which relies on both a private and public markets skill set. This is a specialised approach in an area which is not well serviced by existing Australian equity funds.

The Fund is an Australian wholesale unit trust with an expected five-year, closed-end term, however the Manager may extend the term of the Fund by up to two terms of 1-year each where it considers it is in the best interests of investors to do so. Units in the Fund will be issued at \$1.80 per Unit under a partly paid structure with three equal calls of \$0.60 per units made during the proposed two-year Investment Period. Investors will be provided at least 10 Business Days' notice of each call.

Investors considering an investment in the Fund should have an investment horizon of at least five years.

One Fund Services Limited ACN 615 523 003 AFSL 493421 is the trustee of the Fund (**Trustee**) and entities within the One Investment Group (**OIG**) also provide unit registry, administration and custody services.

The information in this Information Memorandum is general information only and does not consider your individual objectives, financial situation or particular needs. It is important that you carefully read this Information Memorandum in full before making an investment decision.

1. Gross return from unit price appreciation, plus distributions, expressed as a percentage as at 31 December 2020. While the core senior management team are the same, the performance of Fund I is not necessarily a reliable indicator of the future performance of Fund II.



▶ 2 The Manager

Investments are selected, negotiated and managed by the Manager, staffed by members of the investment team of the first CVC Emerging Companies Fund (**Fund I**), Christian Jensen and Jonathan Pearce (**Investment Team**). The Investment Team has access to a substantial flow of expansion stage and pre-IPO opportunities and has, over a long period, established a process for assessing, selecting and managing this type of investment both as portfolio managers for CVC Limited and as members of the Investment Team of Fund I. The Investment Team has a track record of successful investment in expansion stage companies.

The Manager is responsible for managing the Fund in accordance with its investment strategy, including (among other things) to:

- identify investment opportunities that meet the Fund's strategy;
- conduct preliminary feasibility analysis and due diligence of potential investments including the appointment and management of external advisers;
- structure and negotiate potential investment terms and documentation;
- monitor performance and report on investments;
- determine investment realization strategies and manage any divestment process; and
- manage and maintain the Fund's corporate governance and risk management systems.

The directors of the Manager, and executives of the Investment Team are:



Christian Jensen
B.Com, LLB, ICAA
Director, Portfolio Manager

Christian is an investment professional with 20 years' experience across a broad range of asset classes. After completing degrees in commerce and law at the University of Queensland he commenced his career with Ernst & Young in 1997 and completed his qualification as a chartered accountant in 2000. He joined CVC Limited as an analyst in 2001 and worked primarily with expansion stage private companies. In 2007 he joined Macquarie Bank, and later co-founded a boutique global listed equities fund manager before returning to CVC in 2014 to refocus on expansion stage private company investment. Christian has experience across both public and private company investing and is a director of a number of both private and public companies.



Jonathan Pearce
B.Fin
Director, Portfolio Manager

Jonathan has worked in the finance industry for almost 20 years, focused primarily on corporate finance and advisory for small and mid-cap companies listed on the ASX. Jonathan joined CVC at the beginning of 2018 and has been focused on investing in listed and unlisted equities and together with Christian Jensen put together Fund I which sourced external capital for the unlisted investment strategy. Prior to joining CVC, Jonathan held senior roles at Blue Ocean Equities, Canaccord Genuity and Patersons Securities and has held a number of private and public company directorships.

The Manager may change or appoint additional members to the Investment Team.



▶ 3 The Trustee

The Trustee has extensive experience as a corporate trustee, and is a professional trustee.

The Trustee is a member of the One Investment Group (OIG). OIG is an independent Australian funds management business that focuses on providing responsible entity, trustee and other services associated with funds management. OIG operates a number of entities that, pursuant to the Act, are licensed to conduct financial services businesses and to act as responsible entities for registered schemes and as trustees for unregistered schemes.

OIG's licensed entities hold over 300 responsible entity/trustee roles, administering a range of asset classes including hedge funds, real estate, private equity, fixed income, credit and equities. The total value of the assets within these trusts is in excess of \$35 billion.

Capabilities

OIG's capabilities include:

- (a) responsible entity services;
- (a) trustee services;
- (b) registry services;
- (c) fund administration and taxation services; and
- (d) custody services.

One Fund Services Limited ACN 615 523 003 is the holder of AFS Licence number 493421.

▶ 4 Investment Objective, Approach and Strategy

Investment objective

The principal investment objective of the Fund is to provide expansion capital to expansion stage, primarily unlisted companies and generate superior returns for investors. The Fund will rely on the Investment Team's deal flow, skills and experience to review, select, negotiate and manage investments across a portfolio of companies with strong return potential. The Manager will take an active, hands on approach to managing the investments in the portfolio and believes such an approach can add value to the investee company and optimize the return potential for Investors.

Investment approach

The Manager's approach to investment in expansion stage companies has been developed over many years. The Manager will typically seek investments in founder-led companies with clear investor-management alignment. Some of the characteristics the Manager will look for in an investee company include:

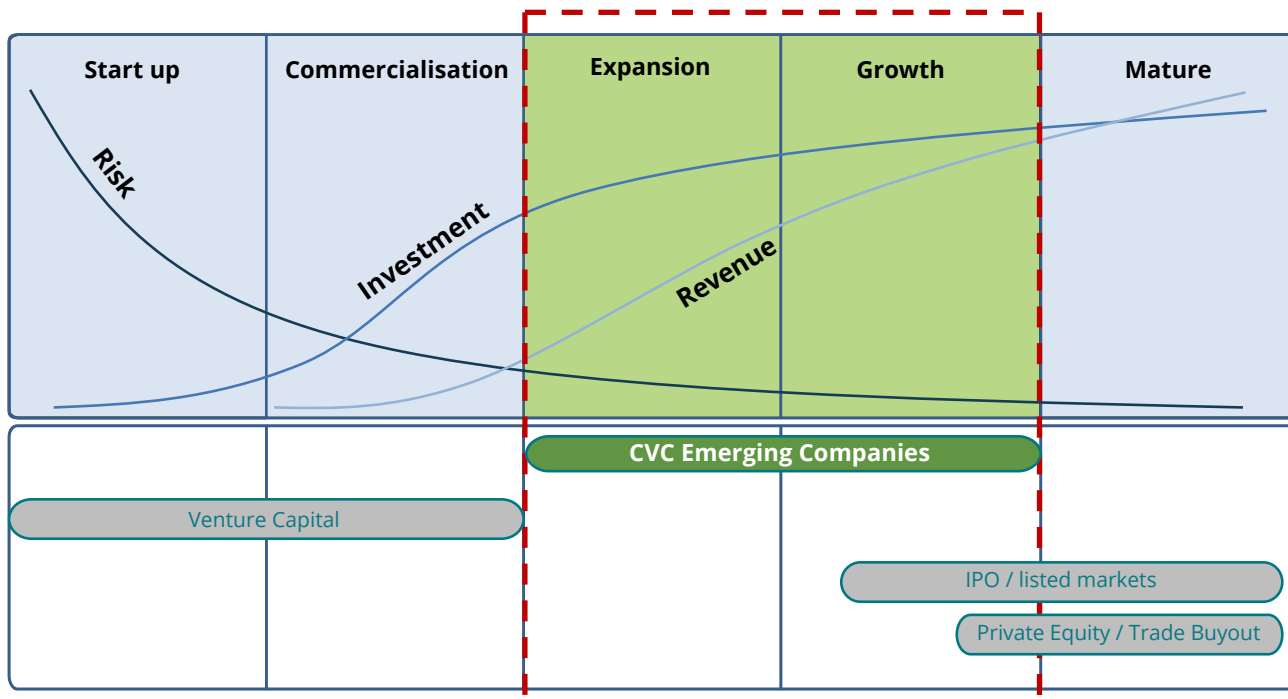
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- | | |
|-----------------------|--|
| Good business: | <ul style="list-style-type: none"> • High quality product or service with barriers to entry • High quality, maintainable or recurring revenue • Ability to scale into large addressable markets • Understandable growth dynamics |
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| Good company: | <ul style="list-style-type: none"> • Founder led with incentivised ownership • Trustworthy, experienced and aligned management • Appropriate capital structure and financial management • Proper board and governance structure |
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| Good investment: | <ul style="list-style-type: none"> • Clear growth path • Clear catalyst for value realisation • Line of sight to a liquidity event • Downside protection where available |
|-------------------------|--|

The Fund will focus on companies in the expansion and growth phases of their lifecycle. The Manager will



typically invest in minority positions and seek to enter investments on preferred terms, generating excess returns through a private to public or control premium upon realisation. By focusing on post-commercialization, expansion stage companies, the Manager seeks to avoid excessive early stage risk while maintaining significant exposure to growth. While not requiring companies to be profitable, the Manager will seek companies with material existing revenue.

The diagram below illustrates the typical life cycle of a company and identifies the Fund’s target area of focus in the investment lifecycle as being primarily in the ‘expansion’ and ‘growth’ phases:



Investments made by the Fund will usually be an interest in an unlisted private or public Australian company and may comprise a mix of investment structures including ordinary and preference shares and convertible notes. Although the Fund may acquire existing shares, the Fund will generally be providing new capital for expansion purposes through the investment in new ordinary shares, preference shares or convertible notes.

Investment strategy

The Fund will target a portfolio of 15-20 investments. The targeted holding period for each investment will be 6 months to 36 months, though this may be shorter or longer depending on the ability of the Manager to secure an exit.

The Fund’s target capital deployment:

Pre-IPO	Ordinary equity, preferred equity and convertible notes 6-24 month timeframe to liquidity
Private	Ordinary equity, preferred equity 12-36 month time frame to liquidity
Listed	Pre-IPO investments (partially) held post-IPO Micro/small cap IPOs and placements

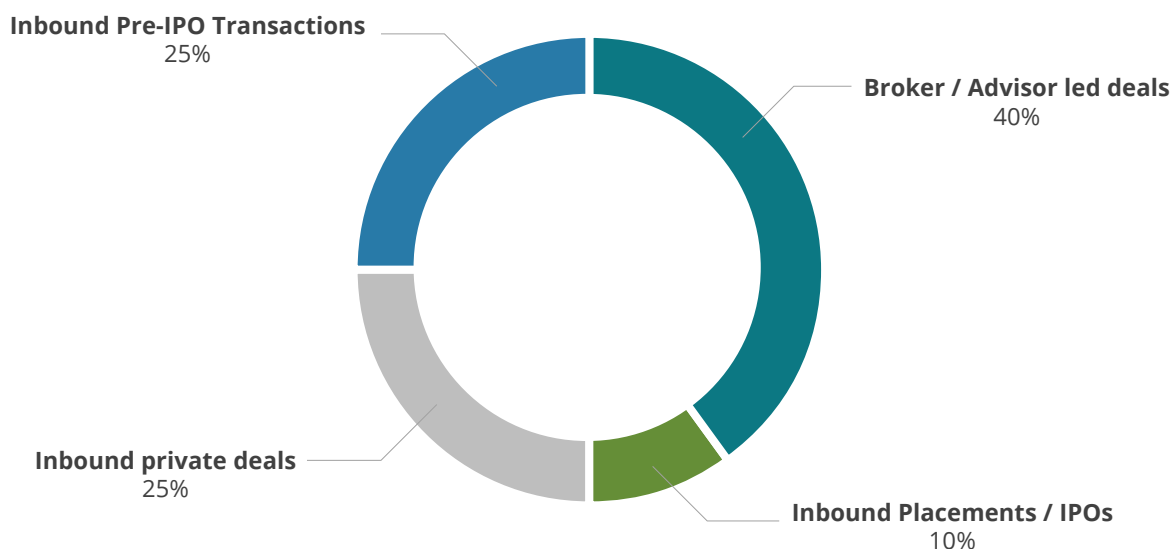


Deal sourcing

The Manager reviews more than 200 expansion stage opportunities per year. Opportunities are sourced through:

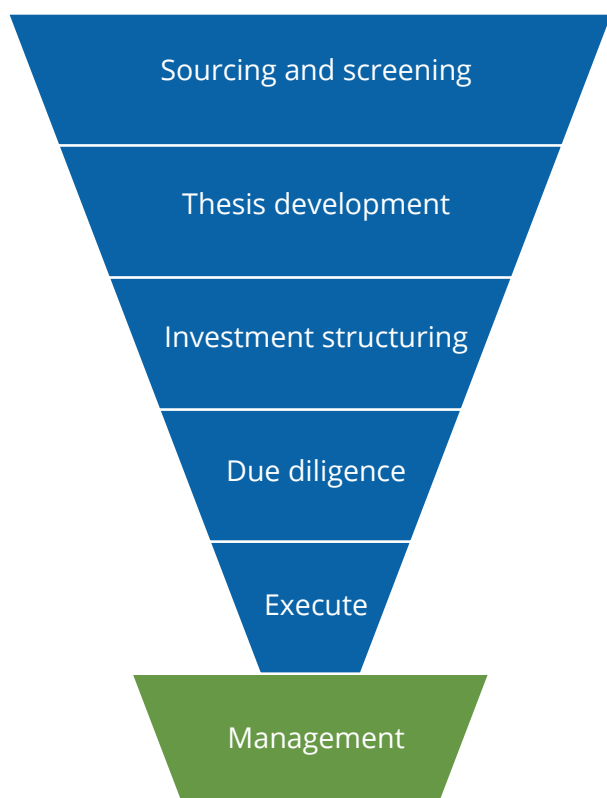
- networks of brokers and advisers;
- inbound enquiries by companies directly;
- referrals by existing and previous investee companies; and
- direct approaches to companies by the Investment Team.

The Fund's sources of deal flow:



Investment process

The Manager applies a rigorous approach to investments as outlined below.



Sourcing and screening inbound / outbound opportunities. Initial meeting with management, review company materials, financials, industry, business and potential returns.

Identify the opportunity and commence initial modelling, risk assessment, channel checks, customer validation. Match the investment characteristics to our investment approach and assess the exit potential.

Determine investment parameters including sizing and structure. Document the thesis, catalysts, risks, expected return, upside / downside analysis, investment timing and any investment terms for initial review by board.

Further analysis / investigations to prove the assumptions made in formulating the thesis. For private companies this may include the engagement of external experts / consultants.

Complete structuring and documentation, final board review (within internal limits) and execute.

Daily management of position. This may include board representation.



Investment management

The Investment Team will take an active, hands on approach in managing the investments of the Fund. This has two benefits. Firstly, the expertise of the Manager and Investment Team can be beneficial in assisting investee companies achieve their strategy, maximizing the value to Fund members. Such assistance may include:

- strategy development;
- the provision of financial expertise including management reporting processes;
- corporate governance;
- contract negotiation and other commercial advice;
- acquisition selection and integration;
- capital raising; and
- engagement with brokers and advisers and assistance with positioning for and execution of exit strategies

The Investment Team will seek to establish a communication and reporting structure that keeps the Manager informed of the investment's performance and abreast of potential risks. The Manager will seek, where appropriate, to appoint a director or observer to the board.

Exit strategy

The Manager takes an active approach in executing exits which seek to provide the greatest value for unitholders. The Investment Team has valuable expertise in assisting investee companies across a wide variety of exit strategies including:

- Trade sales
- IPO
- Sale to strategic investors or private equity



▶ 5 Structure

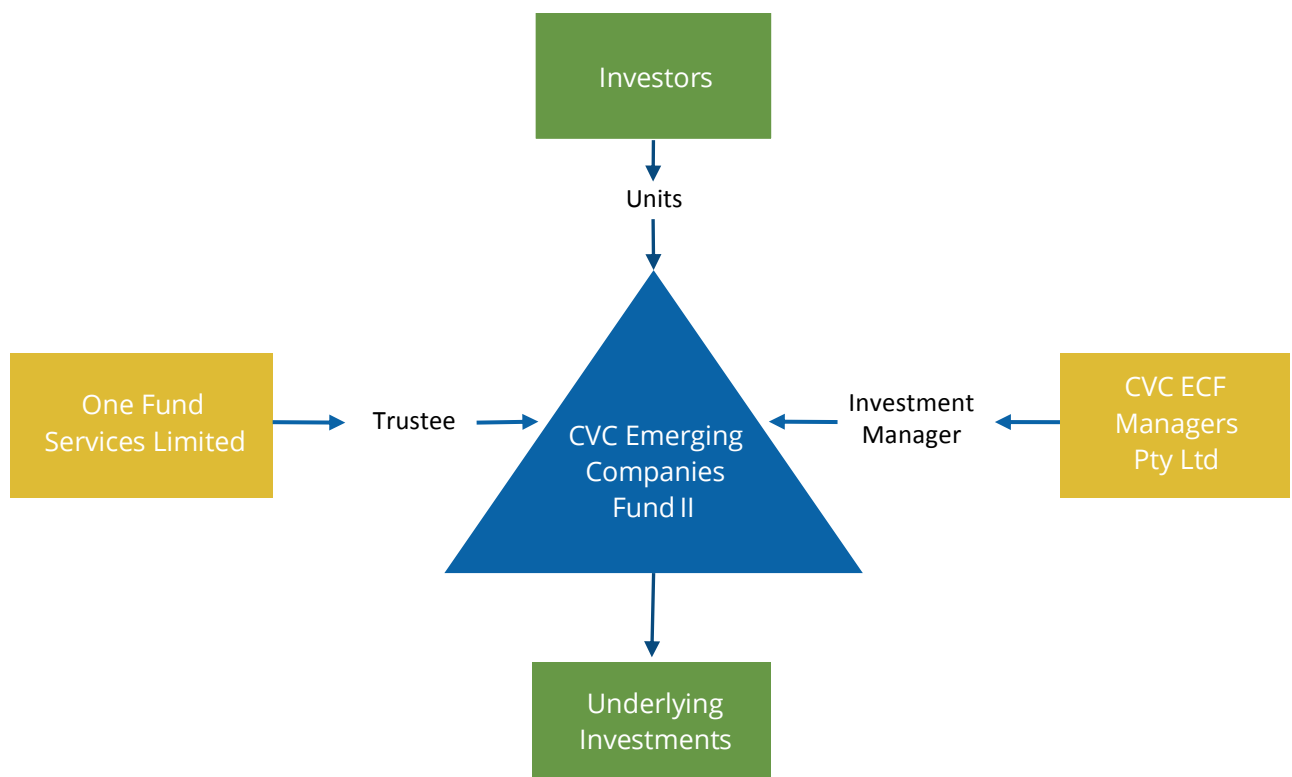
The Fund is a wholesale, Australian domiciled unit trust. The trustee of the Fund is One Fund Services Limited, a company formed and registered under the Corporations Act. Persons investing in the Fund are referred to below as Investors.

The Trustee has appointed the Manager, CVC ECF Managers Pty Ltd, a corporate authorised representative of CVC Managers Pty Ltd (ACN 108 360 372, AFSL 277740) as the investment manager of the Fund.

The Fund is not required to be, and will not be, registered as a managed investment scheme under the Corporations Act.

It is the Trustee's intention to structure the Fund as a public unit trust for the purposes of the Australian income tax laws.

The following diagram sets out an overview of the structure of the Fund:



The Fund term is intended to be five years. The Manager has an option to extend for two consecutive one-year periods where it believes doing so is in the best interests of Investors.

Payment of Application Money

The Fund has been structured with the application price of Units being paid in instalments. Investors will be required to pay instalments on their Units (up to the total Application Price per Unit) throughout the term of the Fund. The initial instalment, being \$0.60 per Unit (**Initial Instalment**), is payable within 10 Business Days of the Trustee providing notice to Investors of the Fund being closed to new investment (**First Equity Call Date**). Further calls are to be made as determined by the Trustee (**Further Instalment**). While the Trustee anticipates a total of three instalments totalling \$1.80 per Unit, the Trustee may determine in its absolute discretion the amount of the instalments and the times at which they are payable, provided the total of all instalments cannot exceed \$1.80 per Unit. Instalments are payable with a minimum of 10 Business Days' notice. The Fund does not reinvest capital, with proceeds from the sale of investments returned to investors upon realisation. However, where the Trustee has made a capital call for payment of an instalment on a partly-paid Unit, and has also realised an investment, then the Trustee may deduct from any distribution payable to a Unitholder, any unpaid instalment owing on their Unit.



Failure to pay instalment

Under the Constitution, an Investor who fails to pay the subsequent instalments may be liable for default interest on the unpaid amount, loss or damage suffered by the Fund as a result of the non-payment, or any expenses associated with the recovery of the unpaid amount.

Furthermore, the failure to pay the subsequent instalments may result in the forfeiture and sale or transfer of Units by the Trustee. In this case, the Trustee intends to first offer those Units to existing Investors and then to external parties. Any sale or transfer arranged by the Trustee is likely to be made at a substantial discount to the prevailing Unit price.

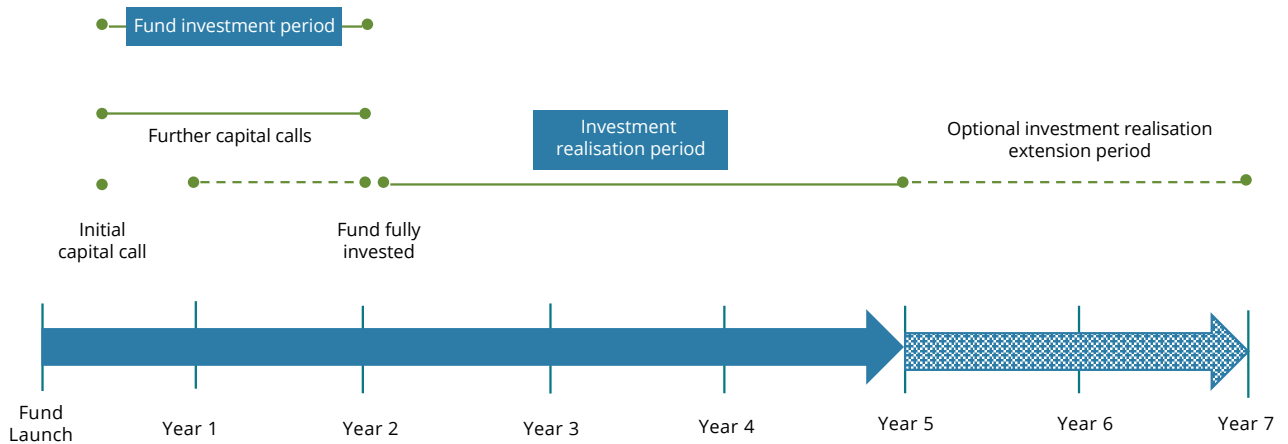
Investors who fail to make an instalment will suffer a loss including payment of interest on the amount of the outstanding instalment, and suspension and loss of rights and entitlements in relation to their Units in the Fund.

Investment Period

The Investment Period for the Fund commences on the date the units are issued and ends on the earlier of two years from that date, or the date the Fund’s capital is fully invested. After the Investment Period there will be an investment realisation period of three years during which the Manager anticipates being able to realise the Fund’s investments. However, where the Manager recommends it is in the best interest of Investors to do so, the Trustee may extend the investment realisation period for up to two one-year periods to realise the Fund’s investments.

While it may do so if funds are available, the Trustee does not anticipate making regular income distributions from the Fund. To the extent distributions are made, the Trustee anticipates them being made semi-annually subject to an amount of capital and/ or income being available for distribution to Investors. When the Fund realises an investment the Trustee expects to return capital to Investors in the same financial year as the realised capital is received, but makes no guarantee that this will occur. The Trustee will not reinvest capital except as a set-off against a future capital call. Persons considering an investment in the Fund should note neither the Manager, the Trustee, nor any other entity guarantees any particular rate of return being earned by the Fund or the return of capital.

The following diagram sets out an overview of the investment and realisation periods of the Fund





▶ 6 Key terms

This section contains a summary and description of certain features of the Fund. Any information provided in this Information Memorandum and in any other document or communication is subject to the terms of the Constituent Documents. To the extent there is any inconsistency between this Information Memorandum and the Constituent Documents, the latter prevails.

Fund	The Fund is a wholesale, Australian domiciled unit trust. The Fund is not required to be, and will not be, registered as a managed investment scheme under the Corporations Act.
Trustee	The trustee is One Fund Services Limited.
Manager	The Trustee has appointed CVC ECF Managers Pty Ltd as investment manager to undertake the day-to-day investment management of the Fund. The Manager is a corporate authorised representative of CVC Managers Pty Limited.
Fund Objective	The Fund's objective is to generate superior medium to long term returns for Investors through investments in listed and unlisted growth and expansion stage companies.
Target Fund Size	\$120 million with the ability to accept up to \$30 million in oversubscriptions. The Trustee reserves the right to accept or refuse all or part of an application at its discretion.
Portfolio Composition	<ul style="list-style-type: none"> - Approximately 15 to 20 companies in the growth or expansion stage of the respective company's lifecycle. - 100% long only, no short selling or use of derivatives for market exposure. - At the time of investment, a maximum weighting of 15% to any one investment. - The Fund will not borrow other than short term borrowings in limited circumstances.
Opening Date	The Fund will be open for investment from 1 February 2021.
Closing Date	The close of the offer is expected to occur on or around 31 March 2021. However, the Trustee reserves the right to close the Fund to applications at any time or if the Target Fund Size has been reached or to extend the offer period at its discretion (Close Date). It is expected Units will be issued within 5 Business Days of the Close Date. The Trustee will provide you with an Investor statement within 14 days of each capital contribution confirming your investment in the Fund, but will not provide unit certificates.
Investors	<p>The offer is only available for persons who qualify as wholesale clients (as defined in section 761G(7) of the Corporations Act and is available only to those persons receiving this IM (electronically or otherwise) within Australia.</p> <p>Each person who wishes to subscribe for interests in the Fund will need to complete an Application Form which is available from the Manager or the Trustee/Registrar. Identification information will also need to be provided to the Trustee.</p> <p>The Trustee may accept or reject any Application in whole or in part at its sole discretion.</p>
Minimum Investment	<p>The minimum investment in the Fund is \$100,000.80 (55,556 Units).</p> <p>The Trustee may accept initial investments that are less than \$100,000.80 at its discretion.</p>
Co-Investment	Commitments by Investors greater than \$2 million may attract co-investment rights with the fee schedule to be discussed and agreed with the Manager.



Instalments	<p>The Fund has been structured with the application price of Units being paid in instalments. Investors will be required to pay instalments on their Units (up to the total Application Price per Unit) throughout the term of the Fund.</p> <p>There are three instalments expected. The Initial Instalment is payable within 10 Business Days of receiving notice of the First Equity Call Date from the Trustee. Further Instalments are to be made as determined by the Trustee. While the Trustee anticipates a total of three instalments, the Trustee may determine in its absolute discretion the amount of the instalments and the times at which they are payable, provided the total of all instalments cannot exceed \$1.80 per Unit. Any Further Instalment will be payable with 10 Business Days' notice.</p>
Unit Price	\$1.80 per Unit on a partly- paid basis (refer to 'Instalments' section above).
Consequences of Default	<p>If an Investor fails to pay a capital contribution when required, the rights and entitlements attaching to the interests of that Investor will be suspended and may be forfeited or compulsorily sold by the Trustee. The Investor remains liable for its unpaid capital commitment, the costs and expenses of the forfeiture, including the sale of the interest, and any unpaid calls. Any proceeds recovered from a sale by the Trustee, net of unpaid capital calls, losses arising from a failure to pay a call and any costs and expenses associated with the failure to pay a call, will be returned to the Investor.</p>
Investment Period	<p>The Investment Period for the Fund will commence on the date the units are issued and end on the earlier of two years from that date and the date the Fund's capital is fully invested. After the Investment Period there will be an investment realisation period of three years. Following the initial investment realisation period, the Manager may extend the investment realisation extension period for up to two consecutive one-year periods.</p>
Distribution Policy	<p>While it may do so if funds are available, the Trustee does not anticipate making regular income distributions from the Fund. To the extent distributions are made the Trustee anticipates them being made semi-annually subject to an amount of capital and/ or income being available for distribution to Investors. When the Fund realises an investment the Trustee expects to return capital to Investors in the same financial year as the capital is received but makes no guarantee that this will occur. The Trustee will not reinvest capital except as a set-off against a future capital call. Persons considering an investment in the Fund should note neither the Manager, the Trustee, nor any other entity guarantees any particular rate of return being earned by the Fund or the return of capital.</p>
Fund Term	<p>The Manager anticipates divesting the Fund's investments within five years from the date the Units are issued. However, the Fund may be wound up earlier if all the Fund's investments are realised or the Manager may extend the investment realisation extension period for up to two consecutive one-year periods.</p>
Management and Performance Fees	<p>The Manager is entitled to receive the following management fees under the IMA:</p> <ol style="list-style-type: none"> during the Investment Period, 1.75% per annum on Committed Capital (plus GST); and after the Investment Period, 1.75% per annum on the Gross Asset Value of the Fund (plus GST) and calculated before accrued fees. <p>Fees will be paid to the Manager monthly in arrears out of the Fund.</p> <p>The Manager is also entitled to receive a performance fee subject to meeting the performance hurdle (see below).</p> <p>The performance fee is 20% (plus GST) of total returns subject to Investor's first receiving a return of capital plus an 8.0% per annum cumulative (non-compounded) pre-tax preferred return in accordance with the 'Distribution Entitlements' section below.</p>



Distribution Entitlements	<p>The Fund will make distributions of income and capital or other gains in the following order of priority:</p> <ol style="list-style-type: none">first, 100% to Investors until each Investor has received the sum of all its capital contributions;second, 100% to Investors until each Investor has received an 8% per annum cumulative (non-compounded) pre-tax return (the Hurdle);third, 100% to the Manager until the Manager has received a sum equal to 20% of the aggregate of the Hurdle and the cumulative amounts distributed to the Manager under this catch-up provision; andthereafter, 80% to Investors proportionate to their holdings and 20% to the Manager.
Establishment Costs	<p>The Manager will bear all costs properly incurred in the establishment of the Fund.</p>
Trustee Services	<p>For the provision of trustee services, the Trustee will be paid 0.05% per annum (plus GST) of the Gross Asset Value of the Fund up to \$100 million, reducing to 0.03% on Gross Asset Value of the Fund greater than \$100 million subject to a minimum monthly fee of \$4,000 per month (reduced to \$3,000 per month for the first 6 months). The minimum monthly fees are subject to annual increases of the greater of 3% per annum and CPI.</p> <p>If prior to the fourth anniversary of the issue of the first Units, the Trustee is removed as trustee of the Fund for reasons other than gross negligence in the management of the Trust or for a material fiduciary breach, or retires at the request of the Manager, then the Trustee is entitled to a fee calculated as the amount it would have earned if it had remained trustee of the Fund until the fourth anniversary of its appointment. The amount must be calculated based on the Gross Asset Value at the date of the retirement or removal.</p>
Reimbursement of Expenses	<p>The Trustee (or its appointees, to the extent permitted under the Constituent Documents) is entitled to be reimbursed out of the assets of the Fund for out-of-pocket expenses properly incurred in connection with the management of the Fund. Authorised expenses include (but are not limited to) management and performance fees payable to the Manager, taxes and bank fees, preparation of financial statements and tax returns, and compliance costs.</p> <p>The Manager is entitled to be reimbursed, out of the assets of the Fund, for all fees, costs and expenses properly incurred in connection with the investment and management of the Fund, the acquisition, disposal or maintenance of any Fund investment or performance of the Manager's obligations under the IMA. This includes due diligence costs incurred by the Manager when evaluating investments on behalf of the Fund and a proportion reasonably attributable to the Fund of the Manager's annual professional indemnity insurance premium.</p> <p>The effect of these expenses on your investment will be dependent on size of the Fund and its level of investment activity.</p> <p>To provide Investors with certainty regarding expense recovery, the Manager has agreed to an overall expense cap for the life of the Fund as follows:</p> <ol style="list-style-type: none">during the Investment Period, 2.50% per annum (plus GST) of the Committed Capital;after the expiry of the Investment Period, 2.50% per annum (plus GST) of the Gross Asset Value of the Fund. <p>The expense cap does not include Abnormal Expenses or any performance fees payable to the Manager. The Manager has agreed to pay any expenses (excluding Abnormal Expenses) in excess of the expense cap. However, if the Manager does not meet this obligation for any reason, then these costs will be paid by the Trustee from the assets of the Fund which may result in the expenses paid by the Fund exceeding the expense cap.</p> <p>The expense cap is a cumulative total calculated from the date Units are first issued and is updated throughout the life of the Fund. The Manager is entitled to recover any expenses paid by the Manager in excess of the expense cap in future years provided the expense cap is not exceeded as a result of the reimbursement. That is, the Manager will only recover previously paid expenses provided the expense cap is not exceeded and only up to the expense cap as calculated at that particular time.</p>


Withdrawal and Transfer from the Fund

Investors have no right to redeem their interest in the Fund. All redemptions are at the sole discretion of the Trustee and Manager.

Investors may not withdraw from the Fund or terminate their capital commitments to the Fund prior to the termination of the Fund.

The prior written consent of the Trustee (in its sole discretion) is required before an Investor may transfer any or all of its interests in the Fund. A transfer of the interest in the Fund will require the transferee to accede to the Constituent Documents, including by accepting liability to pay undrawn capital commitments of the relevant transferor.

Key Risk Factors

Prospective investors should consider that an investment in the Fund carries certain risks. Whilst not exhaustive, a detailed description of key risk factors is presented in Section 7 (Risk factors).

Investor reporting

Investors will receive the following reports in relation to their investment in the Fund:

- a. Investor statements will be provided within 14 days of each capital contribution confirming your investment in the Fund.
- b. Quarterly investment reports on the progress of the Fund's investments.
- c. Distribution statements will be made available each time a distribution is made, but no less frequently than annually.
- d. Annual audited financial statements will be made available upon request within four months of the end of each 30 June financial year.

The Manager will make all communications electronically unless advised otherwise in writing.

7 Risk factors

Investment in the Fund entails a high degree of risk and is suitable only for Wholesale Investors who understand fully and are capable of assessing the risks of a fund of this nature.

Prospective investors should consider carefully the following factors (amongst others) in making their investment decision. Many of these risks are outside the control of the Trustee and the Manager. If these risks eventuate, it may have an impact on the performance of the Fund and value of an investment in the Fund. Investors should note that distributions are not guaranteed and neither is the return of your capital.

These risk factors do not purport to be a complete explanation of the risks involved in investing in the Fund. Prospective investors must read the entire Information Memorandum including all attachments and must consult their own professional advisors before deciding to invest in the Fund.

As well as considering the risks below, you should also consider how an investment in this product fits into your overall investment portfolio.

Past performance

The previous performance of the Manager, Fund I or the Investment Team cannot be relied upon in assessing the merits of the Fund.

Investment selection and strategy risk

The Fund's performance depends on the investment decisions made. The Manager may make investment decisions that result in low returns or loss of capital invested.

Equity risk

There is a risk that the market price of securities will fall over short or extended periods of time. Investors are exposed to this risk through the underlying investments in which the Fund will invest.



Concentration risk

Funds that invest in a relatively small number of securities are more susceptible to risks associated with any one company, or any single economic, political, or regulatory occurrence than more diversified funds might be.

Experience of the Manager risk

The Manager is newly incorporated and has no performance history. The Manager will draw upon its Investment Team who have extensive experience in the identification, acquisition, management, and disposal of a diverse range of asset classes.

Private investments risk

The Fund may invest in private companies. Investments in private companies are generally less liquid and more difficult to realise than listed securities and may be more difficult to value.

Related party transaction risk

The Trustee and Manager may transact with related parties. Conflicts of interest may arise in these circumstances where there is a risk that the interests of one party or the Investors may diverge from the interests of the other party. Please refer to Section 10 (Conflicts of interest) for further information.

Reliance on the Manager and its Investment Team

Investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Fund. They must rely on the ability of the Manager in identifying, structuring, developing and realising potential investments consistent with the Fund's investment objectives and policies.

Key Personnel Risk

There is a risk of departure of key staff of the Manager or consultants who work with the Manager with particular expertise in the sector. These departures may have an adverse impact on the value of the Fund.

Whilst it is the intention for the Manager to create and maintain a stable Investment Team, certain members could leave or become incapacitated which may have an impact on the performance of the Investment Team and indirectly, on the performance of the Fund.

Liquidity

Investing in the Fund requires a long-term commitment from Investors, with no certainty of return. Some of the Fund's investments will be highly illiquid. Consequently, realisation of those investments may require a lengthy time period. There is a risk that market conditions might change before realisation of those investments can take place.

There is no readily available secondary market for interests in the Fund and there are restrictions on transfer of interests in the Fund, which makes an investment in the Fund less liquid than other kinds of investment. There is a risk that Investors will not be able to exit the Fund at the time of their choosing.

Investors have no right to withdraw from the Fund or redeem interests in the Fund.

Inability to source investment opportunities

The success of the Fund will depend on the identification and availability of suitable investment opportunities. There is a risk that there may be a lack of suitable investment opportunities for the Fund to invest in, given the Fund's investment philosophy and strategy. This risk is affected by a number of factors including the size of the Fund and the availability of opportunities for investment within the Fund's intended investment markets.

Due diligence

The Fund's investment strategy is to invest in companies in growth or expansion stage which may have limited information available for due diligence. As such, some investments may be made based on limited due diligence and on publicly available information. This may increase the risks to the Fund associated with those investments.



Business and expansion stage risk

The companies that the Fund invests in are typically in the growth or expansion stage (see Section 4). Investing in companies at this stage of their life cycle carries more risk than investing in mature companies. There is a risk companies in which the Fund invests may not execute their growth strategy as envisaged which may result in them not being profitable or that the sustainable profit results in a lower valuation than the Manager's projected valuation.

Investee failure

One or several investee companies in the Fund could suffer financial hardship and/or fail, including as a result of an inability to raise additional capital. This may lead to a loss of capital for Investors.

Minority interests

While the Manager has on occasion taken board seats on an investee company, generally speaking the Fund will hold minority positions in the target companies and may not be in a position to influence corporate direction of the investee company. The Fund may therefore be subject to events where the majority of shareholders have voted differently to the Fund's position.

Investment values rise and fall

Investors' returns may be adversely affected by fluctuations in general economic and market conditions. Interests in the Fund are valued according to the market value of the underlying assets to which they correspond. The value of these assets will rise and fall over time. Ultimately though an Investor's return from the Fund will be determined by distributions received upon the Fund actually realising its investments upon a trade sale or IPO or other exit of the underlying investments. For Investors, the return on investment will depend on the success of the Fund's investments, and there can be no assurances that they will generate target returns. Neither the Manager, the Trustee, nor any other entity guarantees any particular rate of return being earned by the Fund or the return of capital.

Variable distributions

The Trustee does not anticipate making regular income distributions from the Fund. When the Fund realises an investment the Trustee expects to return realised capital to Investors in the same financial year as the realised capital is received but makes no guarantee that this will occur. Distributions will therefore vary from time to time depending on whether amounts of capital and/ or income are available for distribution to Investors.

Economic and political risk

In the course of investing, the Fund will be exposed to the direct and indirect consequences of political, economic or social changes in the investment region that could adversely affect its investments. The investments could be affected adversely by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or interest rate movements. While the Manager intends to manage or delegate management of the Fund's assets in a manner that will minimise its exposure to such risks, including the effects of pandemics such as COVID-19, there can be no assurance that adverse political or economic changes will not cause the Fund to suffer losses.

Legal, tax and regulatory risks

Legal, tax and regulatory changes in the Australian and foreign investment environments or otherwise, may occur during the term of the Fund which could have an adverse effect on the Fund. The Fund may not be in a position to take legal or management control of its investments. The Trustee (in its capacity as trustee of the Fund) may have limited legal recourse in the event of a dispute, and remedies may have to be pursued in the courts.

Exit Risk

The Fund provides exposure to private investments which are typically not frequently traded. While the Fund's strategy is to invest in opportunities where there is line of sight to a liquidity event (such as IPO or trade sale), the Fund does not have any direct control over these events occurring. The Fund may not be able to withdraw from or otherwise realise its investment in underlying investments, which may affect the timing and quantum of returns to its Investors.



Liability

The Constituent Documents contain provisions that are designed expressly to limit the liability of Investors, in their capacity as Investors in the Fund, to the amount of their respective capital commitments. There can be no absolute assurance that the liability of Investors will be limited as intended by those provisions as the ultimate liability of Investors rests with the courts. Each Investor must satisfy itself as to the risks of the limitation and to its liability as an Investor in the Fund.

Implication of failing to meet calls of the Fund

Pursuant to the Constituent Documents of the Fund, a failure by any Investor to meet capital calls made by the Trustee may result in a forfeiture of that Investor's Units and therefore a loss of any paid-up capital from that Investor. See Section 5 (Structure) and 6 (Key Terms) for further information.

Investor change of status

The Trustee and Manager have certain rights to require an Investor to dispose of its interests in the Fund if continuing participation by the Investor in the Fund becomes unlawful.

Leverage

The Trustee (in its capacity as trustee of the Fund) may use leverage to bridge an acquisition by up to 12 months or to fund a failure by an investor to meet a capital call. Leverage involves a degree of financial risk and may increase the exposure of the Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments.

The assets of the Fund, including but not limited to undrawn capital commitments or pending distributions from investments, may be, in whole or in part, offered as security for such leverage. To the extent that the Fund is unable to meet obligations under the leverage facility, there is therefore a risk that undrawn capital commitments will be used to repay leverage.

Foreign exchange risk

The Fund may hold investments denominated in foreign currencies. Investments in foreign securities involve the risk of currency fluctuations between the Australian Dollar and the currency in which the investment is made. The exposure to movements in currency exchange rates can also affect the value of the underlying assets in the Fund. For example, a change in the value of the Australian dollar relative the currency used to make the Fund's investment may lead to a change in the value of investments held by the Fund, as expressed in Australian dollars. There is no assurance the Manager will hedge the Fund's currency exposure or if a hedge is in place, then that the currency hedging strategy will be effective. Therefore currency fluctuations may have an impact on the Fund's returns.

► 8 Fees and costs

Management fees

The Manager is entitled to receive the following management fees under the IMA:

- a. during the Investment Period, 1.75% per annum on Committed Capital (plus GST); and
- b. after the Investment Period, 1.75% per annum on the Gross Asset Value of the Fund (plus GST) and calculated before accrued fees.

Fees will be paid to the Manager monthly in arrears out of the Fund.

The Manager is also entitled to receive a performance fee subject to meeting the performance hurdle (see below).

The performance fee is 20% (plus GST) of total returns subject to Investor's first receiving a return of capital plus an 8.0% per annum cumulative (non-compounded) pre-tax preferred return in accordance with the 'Distribution Entitlements' section below.



Distribution entitlements

The Fund will make distributions of income and capital or other gains in the following order of priority:

- a. first, 100% to Investors until each Investor has received the sum of all its capital contributions;
- b. second, 100% to Investors until each Investor has received an 8% per annum cumulative (non-compounded) pre-tax return (the **Hurdle**);
- c. third, 100% to the Manager until the Manager has received a sum equal to 20% of the aggregate of the Hurdle and the cumulative amounts distributed to the Manager under this catch-up provision; and
- d. thereafter, 80% to Investors proportionate to their holdings and 20% to the Manager.

Expense recovery

The Trustee (or its appointees, to the extent permitted under the Constituent Documents) is entitled to be reimbursed out of the assets of the Fund for out-of-pocket expenses properly incurred in connection with the management of the Fund. Authorised expenses include (but are not limited to) management and performance fees payable to the Manager, taxes and bank fees, preparation of financial statements and tax returns, and compliance costs.

The Manager is entitled to be reimbursed, out of the assets of the Fund, for all fees, costs and expenses properly incurred in connection with the investment and management of the Fund, the acquisition, disposal or maintenance of any Fund investment or performance of the Manager's obligations under the IMA. This includes due diligence costs incurred by the Manager when evaluating investments on behalf of the Fund and a proportion reasonably attributable to the Fund of the Manager's annual professional indemnity insurance premium.

The effect of these expenses on your investment will be dependent on size of the Fund and its level of investment activity.

To provide Investors with certainty regarding expense recovery, the Manager has agreed to an overall expense cap for the life of the Fund as follows:

- a. during the Investment Period, 2.50% per annum (plus GST) of the Committed Capital;
- b. after the expiry of the Investment Period, 2.50% per annum (plus GST) of the Gross Asset Value of the Fund.

The expense cap does not include Abnormal Expenses or any performance fees payable to the Manager. The Manager has agreed to pay any expenses (excluding Abnormal Expenses) in excess of the expense cap. However, if the Manager does not meet this obligation for any reason, then these costs will be paid by the Trustee from the assets of the Fund which may result in the expenses paid by the Fund exceeding the expense cap.

The expense cap is a cumulative total calculated from the date Units are first issued and is updated throughout the life of the Fund. The Manager is entitled to recover any expenses paid by the Manager in excess of the expense cap in future years provided the expense cap is not exceeded as a result of the reimbursement. That is, the Manager will only recover previously paid expenses provided the expense cap is not exceeded and only up to the expense cap as calculated at that particular time.

9 Unit pricing and valuation

When you invest in the Fund you are allocated a number of units in the Fund. Each of these units represents an equal part of the market value of the portfolio of investments that the Fund holds. As a result, each Unit has a dollar value or Unit price. The Unit price is calculated in accordance with the Constitution by dividing the net asset value by the total number of units on issue in the Fund on that calculation day. All Unit prices are calculated to four decimal places. Units are priced on the last Business Day of each month, and/or such other time or times as the Trustee may determine.

Where the Fund holds assets which are publicly traded (e.g. listed securities), they will be valued with reference to the last traded share price for the day. Unlisted assets will be valued by the Manager in accordance with the Constitution. The Manager intends to apply the international private equity and venture capital valuation guidelines and the Australian equivalent of the international financial reporting standards in determining the fair value of unlisted investments. The net asset value of the Fund includes the value of any income accumulated and not previously distributed.



In calculating the net asset value of the Fund, the Trustee 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, the Manager or any administrator or valuations agent of other collective investments into which the Fund invests. If and to the extent that the Manager is responsible for, or otherwise involved in the pricing of any of the Fund's assets (for example in the case of unlisted or suspended securities), the Trustee may accept, use and rely on such prices, without verification, in determining the net asset value of the Fund and shall not be liable to the Fund, any Investor or any other person in doing so.

Fair value is the amount for which an asset could be exchanged in an orderly transaction between knowledgeable, willing parties in an arms' length transaction at the valuation date. Unlisted securities will be initially valued at the lower of cost or net realisable value. Most unlisted securities will be valued at cost for the initial 12 months unless there is indication (via a third-party transaction) that the net realisable value has increased above or reduced below cost.

Unlisted companies may sometimes raise further capital or existing shareholders may transact existing shares at arm's length parties. If the Manager is aware of the latest transacted price and the latest transacted price meets the definition of fair value, the unlisted securities will be revalued to the latest transacted price. If the Manager believes that the latest transacted price does not reflect the fair value of the securities, the Manager will select an appropriate methodology to estimate the fair value in light of the nature, facts and circumstances of the investments. Reasonable assumptions and estimates will be applied. The fair value methodology applied may include reference to earnings multiples, net assets, discounted cash flows and industry valuation benchmarks.

▶ 10 Conflicts of interest and related party transactions

The Manager and Trustee may have interests conflicting with the Fund that arise in the ordinary course of its business.

One Fund Services Limited may act as the trustee, responsible entity, custodian or manager for a number of clients and has fiduciary obligations and duties in relation to each of those clients that are similar to its obligations and duties in relation to the Investors.

The Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Manager are negotiated at arm's length between the parties.

The Trustee or the Manager (or entities managed by the Trustee or the Manager or a related entity of the Manager or the Trustee) may establish a subsequent fund with the same or similar investment mandate.

The Trustee and Manager may also engage third parties to provide professional services for the Fund from qualified service providers, including related parties. The fees for these services will be charged to the Fund at reasonable market rates. By investing in the Fund, to the maximum extent permitted by law, investors will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest.

The Trustee has appointed Unity Fund Services Pty Ltd ACN 146 747 122, an associated company, to provide fund accounting and taxation services to the Fund pursuant to an administration agreement under which the Administrator provides administration services for day-to-day operations of the Fund. These services include fund accounting, Unit pricing, reporting and preparation of statutory accounts.

The Trustee has appointed One Registry Services Pty Limited ACN 141 757 360, a related party, for unit registry services in respect of the Fund. The Trustee has appointed these parties in consultation with, and with agreement from, the Manager.



▶ 11 Taxation

Outlined below is a general summary of the key Australian income tax consequences for Australian resident individuals, trusts, companies and complying superannuation entities who hold their Units in the Fund on capital account for Australian income tax purposes (Investors).

Investors should be aware that the actual Australian tax and stamp duty implications may differ from those summarised, depending on the individual circumstances of each Investor.

For example, complying superannuation funds with pension liabilities may be exempt from income tax on some or all of the income derived and thus some of the income tax commentary below may not be relevant to these Investors. Similarly, Investors subject to the Taxation of Financial Arrangements rules (or TOFA rules) found in Australian tax legislation may be taxable upon different bases, depending upon which elections they have made.

Investors should seek advice from their own professional taxation adviser regarding the Australian tax consequences of selling or holding the Units in the Fund, having regard to their particular circumstances.

Taxation treatment of the Fund

Based upon the expected number of Investors, the Fund should be considered a public unit trust. The tax treatment of the Fund should then be determined by whether the Fund is a “public trading trust”. For income tax purposes, the Fund may be taxed like a company if it is a “public trading trust”.

However, provided that the Fund and the entities that the Fund controls (or has the ability to control, either directly or indirectly) do not carry on a “trading business”, the Fund should not be treated as a public trading trust. It is not expected that the Fund will be a public trading trust, and the commentary below is on the basis that this is the case.

It is the Manager’s intention that the Fund will not control or have the ability to control an entity that carries on a “trading business”.

On this basis, the Fund should be treated as a “flow through” entity for Australian income tax purposes. That is, the Fund should not be liable to pay income tax on net (i.e. taxable) income for an income year, provided that Investors are presently entitled to the distributable income of the Fund for the income year.

A “managed investment trust” (MIT) for Australian income tax purposes is an Australian trust that meets certain requirements (including licensing requirements and “widely-held” requirements and does not breach “closely-held” restrictions). It is expected that the Fund will qualify to be an MIT. If the Fund qualifies as an MIT, the Fund will make an irrevocable election (the MIT capital election) to apply the capital gains tax (CGT) rules as the primary code for the taxation of gains and losses on the disposal of certain assets (being primarily shares, units and real property). In this regard, capital gains made by the Fund from the realisation of investments covered by the MIT capital election that have been held for 12 months or more should qualify for discount CGT treatment.

The Fund may also be able to make an irrevocable election to be treated as an Attributable Managed Investment Trust (AMIT). However, such an AMIT election should not result in a materially different outcome to that described below.

Net income of the Fund

Investors that are presently entitled to a share of the distributable income of the Fund and not under a legal disability (e.g. minors) should be required to include in their assessable income their proportionate share of the Fund’s net income for each relevant income year. The following provides a broad overview of how the net income of the Fund might be calculated.

The net income of the Fund may include:

- Distributions paid to the Fund or credited to the account of the Fund;
- Foreign exchange gains and losses attributable to Australian currency exchange rate movements in respect of distributions made to the Fund;
- Interest income on term deposits and cash equivalent investments held by the Fund; and
- Net capital gains (discounted and undiscounted).

The net income of the Fund is reduced by allowable deductions including income tax losses carried forward.



Distributions from the Fund

Investors not under a legal disability (e.g. minors) will be assessed in the same income year in which the Fund derives its income. Investors will be required to include their proportionate share of the Fund's net income in their assessable income for each relevant income year.

Each component of the Fund's net income should retain its tax character in the hands of Investors for Australian income tax purposes. Distributions may include foreign income, net capital gains and other income.

If a net capital gain included in the taxable income of the Fund is a discount capital gain, Investors should be required to gross up the amount of the capital gains included in their assessable income. Investors may apply any available capital losses to their investment and any remaining capital gains discount may be eligible for the CGT discount (see the discussion on the disposal of the Units below).

It should be noted that the Government announced as part of its May 2018 Budget that trusts lose their entitlement to the CGT discount (the discount instead only applying at the relevant investor level, e.g. for individuals and superannuation entities). The measure is currently stated to start from three months after the date of Royal Assent of the enabling legislation. This measure is stated to prevent beneficiaries that are not entitled to the CGT discount in their own right from getting a benefit from the CGT discount being applied at the trust level.

Where the Fund's assessable income includes a franked dividend, Australian resident investors may receive franking credits. A tax offset equal to the value of the franking credits may be applied against tax payable by the investor. Certain investors may be entitled to a tax refund if the value of the franking credits received exceeds their tax payable. Franking credits may not be available if the investor has not owned and held their Units at risk for a continuous period of at least 45 days.

In the event that foreign tax is imposed on income derived by the Fund, Investors may be entitled to a foreign income tax offset (FITO) in respect of these taxes. A FITO that may be claimed by an Investor in a year of income is broadly calculated as the lesser of the Investor's share of the amount of the foreign taxes paid by the Fund and the offset limit. Broadly, the offset limit is the greater of \$1,000 and the amount of the Australian income tax payable on an Investor's foreign source income on which foreign tax has been incurred and other assessable foreign source income. A FITO that is not utilised in the year it is derived cannot be carried forward to a later income year.

The Fund may make cash distributions to Investors in excess of the net income of the Fund. Such distributions may arise as a result of:

- "Tax deferred" distributions (e.g. returns of capital or income sheltered by tax losses); and
- "CGT concession" amounts (i.e. the discount component of net capital gains derived by the Fund).

Tax deferred distributions should not be immediately assessable to Investors but, in broad terms, will reduce the CGT cost base (and reduced cost base) of an Investor's Units (but not below nil). If the cost base of Units is reduced to nil, Investors will make a capital gain on any further tax deferred distributions received. Any such capital gain may be eligible for discount CGT treatment, depending on whether an Investor has held the Units in the Fund for at least 12 months.

Investors will be provided with an annual statement setting out the details of assessable income arising from their investment in the Fund.

Sale or redemption of Units

The capital gains tax cost base of Investors in the Units received should be equal to the amount paid for the Units plus any incidental costs incurred by the Investor. A subsequent sale or redemption of Units will constitute a disposal for CGT purposes, and may result in a capital gain or capital loss for an Investor.

A capital gain will arise to the Investor where the capital proceeds received from the sale or redemption of the Units are greater than the cost base for CGT purposes. A capital loss will arise if the capital proceeds on sale or redemption are less than the reduced cost base of the Units for CGT purposes.

Discount CGT treatment may be available to reduce the capital gain realised by the Investor on the sale or redemption of the Units. If the Units had been held for at least 12 months, the Investor may, after offsetting capital losses of the Investor, be able to discount the resulting capital gain by one half in the case of an individual or trust, or by one third in the case of a complying superannuation entity. Companies are usually not entitled to discount CGT treatment.



Investors who dispose of their Units within 12 months of acquiring them or dispose of them under an agreement entered into within 12 months of acquiring the Units will not be eligible for discount CGT treatment.

Integrity rules exist which can prevent the CGT discount being applied to capital gains arising from the disposal of Units where a majority of the underlying CGT assets of the Fund, by value, have not been held for at least 12 months. These integrity rules should not apply if:

- an Investor (together with its associates) beneficially owns less than 10% of Units just prior to the disposal; or
- the Fund has at least 300 Investors and the ownership of the Fund is not concentrated (ownership will be concentrated if 20 or fewer individuals own, directly or indirectly, at least 75% of the income, capital or voting interests in the Fund).

Any capital gain or capital loss realised by an Investor in respect of the Units should be aggregated with any other capital gains or capital losses that the Investor may have in that year, less any available net capital losses from prior income years, discounts or reductions, to determine the Investor's net capital gain or net capital loss for that year.

A net capital gain is included in the Investor's assessable income. A net capital loss can only be offset against capital gains. Net capital losses may be carried forward and offset against future taxable capital gains.

Withholding of tax from distributions

The Trustee is required to deduct Pay-As-You-Go (PAYG) withholding tax from distributions paid to Investors at their highest marginal rate plus applicable levies if the Investor has not quoted either a Tax File Number or Australian Business Number, and none of the relevant exemptions apply.

GST

The acquisition and disposal of Units in the Fund by Investors should not be subject to GST. Similarly, cash distributions from the Fund to Investors should not be subject to GST.

The Fund may not be able to recover any GST arising on its expenditure in full. The availability of GST recovery will generally depend upon the extent to which goods, services and other things acquired by the Fund relate to certain activities not subject to GST (referred to as "input taxed supplies").

Even where the Fund is denied from recovering GST under the general rules, as a concession it may be entitled to Reduced Input Tax Credits or "RITCs" (either 55% or 75% of the otherwise unrecoverable GST) in respect of certain categories of expenditure.

Stamp duty

No Australian stamp duty should be payable by an Investor on acquiring Units and no Australian stamp duty should be payable in respect of future acquisitions or disposals of the Units.

▶ 12 Additional information

Privacy and collection and disclosure of personal information.

The *Privacy Act 1998* (Cth) regulates, among other things, the collection, disclosure and access to personal information.

Certain laws require us to collect, store and disclose information about you (including personal information), for example, *The Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Law**), the Foreign Account Tax Compliance Act (**FATCA**) and the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (**CRS**). We may be required under the AML/CTF Law to provide information about you (including personal information) to the Australian Transaction Reports and Analysis Centre (AUSTRAC), the body responsible for regulating the AML/CTF Law. In respect of investors who are ordinarily resident in a country other than Australia, both FATCA and CRS may require us to collect and disclose to the Australian Taxation Office information about you (including personal information) obtained from you.



If you do not provide the information requested in our application form, we will not be able to process your application (including any application for additional units) and your application may be delayed or rejected. Where applications are delayed or refused, we are not liable for any loss you suffer (including consequential loss) as a result. Alternatively, if we accept your application to the Fund when you have not provided all of the requested information, we may provide information about you to the relevant regulator.

We will be required to share information about you (including personal information) with our service providers in respect of the Fund (including the Investment Manager) to ensure you receive the appropriate information and assistance in respect of your holding in the Fund.

By applying to invest in the Fund, you consent to your information (including your personal information) being collected, used and disclosed by us for the purposes disclosed above and in our Privacy Policy.

You are entitled to access, correct and update all personal information we hold about you. You can contact us to find out what personal information we hold about you or if you have any concerns about the completeness or accuracy of the information we hold. If you want us to correct any personal information we hold, please contact us using the details in this Information Memorandum.

A copy of our Privacy Policy is available on our website at www.oneinvestment.com.au/privacy-policy/ and a paper copy will be sent to you free of charge on request.

Jurisdictional considerations

This Information Memorandum is not a Disclosure Document or Product Disclosure Statement (nor any similar disclosure document under any applicable law). It is not required to, and does not, contain all the information which would be required in a Disclosure Document or Product Disclosure Statement, or all the information that a prospective investor may desire or should obtain in order to make an informed investment decision. The Fund is not registered as a managed investment scheme under the Corporations Act.

The opportunity under this IM is only available for persons who qualify as a Wholesale Investor. The Trustee will not issue Units to a person unless it is satisfied the person is a Wholesale Investor.

Only Applicants who have a permanent address in Australia can participate in the Offer. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

Summary of constituent documents

The following is a summary of material documents relevant to the Fund. You should consider whether it is necessary to obtain independent advice on any of the documents.

Constitution

The Constitution is the primary document governing the relationship between the Investors and the Trustee. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each.

Subject to the Constitution, as an Investor you have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of Investors.
- The right to participate in the proceeds of winding up of the Fund.

The Trustee can amend the Constitution without Investors' approval if the Trustee reasonably considers the changes will not adversely affect Investors' rights, or terminate the rights of Investors to share in the income and capital of the Fund.

A copy of the Constitution is available free of charge by calling the Trustee on (02) 8277 0000.



Investment Management Agreement

We have appointed the Manager to provide investment management services to the Fund pursuant to an Investment Management Agreement.

The Investment Management Agreement contains provisions dealing with matters such as the Manager's obligations to report to us.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by us if the Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing us to terminate if, for example, the Manager becomes insolvent.

Complaints handling:

The Trustee has a system for dealing with any complaints you may have as an Investor. If you have a complaint, then please contact the Trustee at:

Telephone: (02) 8277 0000

Email: complaints@oneasset.com.au

Post: Complaints Officer
One Investment Group
PO Box R1471, Royal Exchange, NSW 1255

Complaints will be acknowledged as soon as possible and will be dealt with within 45 days.

▶ 13 How to invest

Before completing the Application Form you should read this IM carefully.

The Application Form is provided separately. If you have any questions about how to complete the Application Form then please contact the Registry on (02) 8188 1510 or info@oneregistryservices.com.au.

Please pay particular attention to all of the risk factors in section 7 of this IM. The risks should be considered in light of your own investment situation. Where appropriate, you should also consult a financial, taxation or other professional advisor before deciding whether to invest in the Fund.

How to invest

For an application to be considered, you must complete and submit your Application Form. Your Application Money is payable within 10 Business Days of the First Equity Call Date, as notified by the Trustee.

Payment details are outlined in the Application Form.

You are requested to provide your Tax File Number (TFN), Australian Business Number (ABN) or exemption code, and failure to quote an ABN or TFN will result in tax being withheld by the Trustee on distributions paid to the Investor at the highest marginal tax rate plus Medicare levy. It is not compulsory for you to quote your TFN or ABN.

The Trustee has the sole discretion whether to accept or reject an application in full or in part. If your application is rejected, wholly or in part, then the Trustee will notify you in writing and arrange for return of any instalment paid in respect of the rejected application. Interest will not be paid to Applicants on Application Money. If your application to invest in the Fund is accepted, then interest earned on your Application Money will be retained by the Trustee. If your application to invest in the Fund is not accepted, then your Application Money will be returned to you (without interest).

By sending a completed Application Form, you are making an irrevocable offer to become an Investor in the Fund and you are agreeing to be legally bound by the Constitution and the terms of the IM. A brief summary of the Constitution is included at Section 12.



Application Form instructions

Only legal entities are allowed to invest in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Trustee. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non- registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title shown below.

The Application Form should be signed by the Applicant. If a joint holding, all Applicants should sign. If signed by the Applicant's attorney, a certified copy of the power of attorney must be attached to the Application Form. If executed by a company, then the form must be executed in accordance with the Applicant's constitution and the Act.

Type of investor	Correct form	Incorrect form
Individual	Mr John David Smith	J D Smith
Company	JDS Pty Ltd	JDS P/L or JDS Co
Trusts	My John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased estates	Mr Michael Peter Smith <Est Late John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/unincorporated bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation funds	John Smith Pty Limited <J Smith Super Trust A/C>	John Smith Superannuation Trust

14 Glossary

The following terms as used in this Information Memorandum should be taken to have the following particular meanings.

Abnormal Expenses means expenses not generally incurred during the day-to-day operation of the Fund and not necessarily incurred in any given year. These expenses are due to abnormal events and include (but are not limited to) the cost of convening and hosting a meeting of Investors, preparing a new offer document for the Fund, legal costs incurred by changes to the Fund's constitution or commencing or defending legal proceedings.

AMIT (or attribution managed investment trust) has the meaning given in section 276-10 of the Tax Act.

Applicant means an applicant for Units under this Information Memorandum.

Application means an application for Units.

Application Form means a deed poll in a form approved by the Trustee under which a person subscribes for Units in the Fund.

Application Money means the first instalment of \$0.60 of the total of \$1.80 per Unit. Further instalments are be payable – see Section 5 for details.

ATO means the Australian Taxation Office.

Business Day means a day on which banks are open for business in Sydney.

CGT means capital gains tax.

Close Date means the date the Manager declares the Fund closed to new investment. This is anticipated to be 31 March 2021 but the Manager may close the Fund earlier at its discretion or if the Target Fund Size is reached.

Committed Capital means the total of all Investor's capital commitments assuming all Units are fully paid up.



Constituent Documents means the constituent documents of the Fund, including the trust deed and the Application Form, which contain the details of the rights and obligations of Investors in the Fund.

Corporations Act means the *Corporations Act 2001* (Cth) as amended and associated regulations.

CRS has the meaning given in Section 12 (Additional information).

Disclosure Document has the meaning given in the Corporations Act.

FATCA has the meaning given in Section 12 (Additional information).

First Equity Call Date means the date which is 10 Business Days after the Manager provides notice to Investors of the Fund being closed to new investment.

Fund means CVC Emerging Companies Fund II.

Fund I means the CVC Emerging Companies Fund closed to investment in May 2019

Further Instalment means a further call of capital on a Unit by the Manager up to a maximum of \$1.80 per Unit.

Gross Asset Value means the gross value of the assets of the Fund as determined pursuant to the Constitution.

GST means the Goods and Services Tax.

Initial Instalment means the initial instalment of capital on each Unit to be notified by the Manager and payable within 10 Business Days of such notice.

IMA means the investment management agreement between the Trustee and the Manager in relation to the management of the Fund.

Information Memorandum means this Information Memorandum.

Investment Period means the period commencing from the allotment of Units to Investors and ending on the earlier of two years from that date or until the Fund's capital is fully invested.

Investment Team means the investment team members of the Manager.

Investor means a unitholder in the Fund.

IPO means an initial public offering on a securities exchange.

Managed Investment Scheme has the meaning given in the Corporations Act.

Manager means CVC ECF Managers Pty Ltd (ACN 644 213 221, CAR 128 4343).

MIT (or managed investment trust) has the meaning given in section 275-10 of the Tax Act.

Product Disclosure Statement has the meaning given in the Corporations Act.

Target Fund Size means \$120 million with the ability to accept up to \$30 million in oversubscriptions.

Trustee means One Fund Services Limited (ACN 615 523 003, AFSL 493421).

Unit means a unit in the Fund.

Wholesale Investor means any applicant who qualifies as wholesale clients (as defined in section 761G(7) of the Corporations Act).



▶ 15 Contact details

Manager

CVC ECF Managers Pty Ltd (ACN 644 213 221)

Address

Level 40, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000

Phone: 02 9087 8000

Website

www.emergingcompanies.com.au

Email: Christian Jensen – CJensen@cvc.com.au
Jonathan Pearce – JPearce@cvc.com.au

Trustee

One Fund Services Limited (ACN 615 523 003, AFSL 493421)

Address

Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

Website

www.oneinvestment.com.au

Email: operations@oneinvestment.com.au

Phone: (02) 8277 0000

Administrator

Unity Fund Services Pty Ltd
ACN 146 747 122

Address

Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

Website

www.unityfundservices.com.au

Email: enquiries@unityfundservices.com.au

Phone: (02) 8277 0070

Registrar

One Registry Services Pty Limited
ACN 141 757 360

Address

Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

Website

www.oneregistryservices.com.au

Email: info@oneregistryservices.com.au

Phone: (02) 8188 1510