

# MICROEQUITIES VALUE INCOME FUND



PRODUCT DISCLOSURE STATEMENT  
ISSUED JANUARY 2019

MICROEQUITIES VALUE INCOME FUND

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THIS PDS IS ISSUED BY THE TRUST COMPANY (RE SERVICES) LIMITED

ABN 45 003 278 831 | AUSTRALIAN FINANCIAL SERVICES LICENCE (AFSL) NUMBER 235150

**MAM**  
Microequities Asset Management

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### ABOUT THIS PDS

This PDS is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 Australian Financial Services Licence (AFSL) number 235150 (Responsible Entity, we, us, our), the responsible entity for the Microequities Value Income Fund ARSN 629 674 175 (Fund). The investment manager of the Fund is Microequities Asset Management Pty Ltd ABN 96 134 984 768 (Investment Manager), a corporate authorised representative (CAR) 462 438 and wholly owned subsidiary of Microequities Asset Management Group Limited AFSL number 287526 (Microequities).

### READ THIS

**!** This Product Disclosure Statement (PDS) is prepared in accordance with the shorter PDS regime and summarises significant information relating to the Fund. It also contains a number of references to important information which is contained in the 'Additional Information to the Product Disclosure Statement' (which forms part of the PDS) marked with a ! symbol. **This is important information you should read together with this PDS before making a decision to invest in the Fund.** You can access the 'Additional Information to the Product Disclosure Statement' on the Fund's website ([www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund)) or request a copy free of charge by calling the Fund Administrator, Mainstream Fund Services Pty Limited (Mainstream) on 1300 133 451. The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. You should consider the appropriateness of the information in this PDS and the 'Additional Information to the Product Disclosure Statement' having regard to your personal objectives, financial situation and needs before acting on the information in this PDS and the 'Additional Information to the Product Disclosure Statement'. You may wish to obtain financial advice tailored to your personal circumstances.

An investment in the Fund is subject to investment and other risks, including possible delays in payment and loss of income and capital invested. Investments in the Fund are not deposits with or other liabilities of the Responsible Entity, the Investment Manager or any of its related bodies corporate, affiliates, associates or officers. None of these entities guarantee any particular rate of return or the performance of the Fund, nor do they guarantee the repayment of capital from the Fund.

### UPDATED INFORMATION

The information in this PDS is up-to-date at the time of preparation. However, some information may change from time to time. If a change is considered materially adverse we will issue a replacement PDS. Information in this PDS that is not materially adverse to investors can be updated by us. The updated information will be available on our website, [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). Please check our website, contact your financial adviser or call Mainstream on 1300 133 451 for any updates prior to investing. A paper copy of any updates will be provided free of charge on request.

The offer in this PDS is available only to persons receiving this PDS (electronically or otherwise) in Australia and does not constitute an offer or recommendation in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

### CONTACT DETAILS

If you have any questions or would like more information about the Fund, you may contact the Investment Manager or the Responsible Entity:

#### RESPONSIBLE ENTITY

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

#### INVESTMENT MANAGER

Microequities Asset Management Pty Ltd  
Level 31, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000  
[www.microequities.com.au](http://www.microequities.com.au)  
02 9009 2900

## 1. ABOUT THE TRUST COMPANY (RE SERVICES) LIMITED

### THE RESPONSIBLE ENTITY

The Trust Company (RE Services) Limited (**Responsible Entity**) is the responsible entity for the Fund. The Trust Company (RE Services) Limited is a wholly owned subsidiary of Perpetual Limited which has been in operation for over 130 years. Perpetual Limited is an Australian public company that has been listed on the Australian Securities Exchange for over 40 years.

The Responsible Entity issues units in the Fund and is legally responsible to the unit holders of the Fund for its operation.

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

### THE INVESTMENT MANAGER

Microequities Asset Management Pty Ltd, the Investment Manager of the Fund, is a corporate authorised representative and wholly owned subsidiary of Microequities Asset Management Group Limited AFSL number 287526 (**Microequities**), which is listed on the Australian Securities Exchange (ASX). Microequities is a specialist fund manager that invests in small, profitable and growing listed companies, predominantly on the ASX. Microequities has a track record of over 9 years and manages several other equity investment funds.

The Investment Manager will be utilising predominately in-house research from the investment research team. Microequities' research capabilities and expertise have been developed specifically for analysing the microcap and small cap asset class. The investment approach of Microequities is to invest in businesses for the long term. Microequities does not use any gearing, derivatives or short selling in any of its funds – the only assets of its funds are cash and long only equity positions.

## 2. HOW THE MICROEQUITIES VALUE INCOME FUND WORKS

### ABOUT THE FUND

The Fund is a registered managed investment scheme that is an unlisted Australian unit trust. The Fund is governed by a constitution together with the *Corporations Act 2001* (**Corporations Act**) and other laws. The Fund pools the money invested to buy assets on behalf of all the investors in the Fund. The Responsible Entity operates the Fund. Investors do not have day to day control over the operation of the Fund.

### UNITS AND UNIT PRICES

Investors in the Fund are issued units in the Fund which represent their beneficial interest in the assets of the Fund, but do not give an investor an interest in any particular asset of the Fund. We may, at our discretion, issue additional classes of units in the Fund with different terms and conditions to those applicable to the units.

When you make an investment in the Fund, you are issued units based on the entry price. When you withdraw from the Fund, we redeem your units based on the exit price.

The Net Asset Value unit price for units in the Fund is calculated by taking the total market value of all of the assets attributable to the Fund's units on a particular day, adjusting for any attributable liabilities including management and performance fees payable (**Net Asset Value**) and then dividing this by the total number of units held by all investors in the Fund on that day. The entry and exit unit prices are determined by adjusting the Net Asset Value price by the buy and sell spreads (respectively).

Unit prices will vary as the market value of the Fund's assets rise or fall. Unit prices are calculated each business day except where withdrawals are suspended (see 'Making a withdrawal' in Section 2 'How the Microequities Value Income Fund works' of the 'Additional Information to the Product Disclosure Statement').

### INVESTING DIRECTLY

The minimum initial investment in the Fund is \$20,000. We may waive this minimum requirement at our absolute discretion and in certain circumstances may reject an application. Please refer to Section 8 'How to apply'.

Generally, if your valid application request is received by 1:00pm Sydney time on a NSW business day (**transaction cut-off time**), then subject to receipt of cleared funds, it will usually be processed using the unit price as determined as at the close of business on that day. If we receive your request on or after the transaction cut-off time or a non-business day it will usually be processed using the applicable unit price calculated as at the close of business on the next business day. If we receive an invalid or incomplete application request, the request will be processed using the unit price applicable on the business day we receive the correct or complete documentation, subject to receipt of cleared funds. No interest is payable on application funds.

You may add to your investment at any time by sending us an additional application form, which can be downloaded from our website, or simply send us your written instructions with your payment. The minimum additional investment is \$5,000.



You should read the important information about '**About your application money**', '**Incomplete or rejected application forms**', '**Making an additional application**', '**Amending your investor details**', '**Valuations**', '**Instructions received via email and facsimile**', '**Privacy and your personal information**' and '**Anti-Money Laundering & Counter Terrorism Financing Act 2006**' before making a decision. Go to Section 2 'How the Microequities Value Income Fund works' of the 'Additional Information to the Product Disclosure Statement' at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'About your application money', 'Incomplete or rejected application forms', 'Making an additional application', 'Amending your investor details', 'Valuations', 'Instructions received via email and facsimile', 'Privacy and your personal information' and '**Anti-Money Laundering & Counter Terrorism Financing Act 2006**' may change between the time you read this PDS and the day when you acquire the product.

## WITHDRAWING

You may redeem some or all of your units by either mailing, emailing or faxing a completed withdrawal form which can be obtained upon request from Mainstream. Please telephone Mainstream on 1300 133 451, email [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com) or send a fax to +61 2 9251 3525. The transaction cut-off time on a NSW business day for receiving a withdrawal request is 1:00pm Sydney time and it will usually be processed using the unit price as determined as at the close of business on that day. Valid redemption requests received on or after the transaction cut-off time or on a non business day will generally be processed using the applicable unit price calculated as at the close of business on the next business day. Withdrawals will generally be paid to your nominated Australian bank account within seven business days. However, the Fund's Constitution allows us up to 21 days to pay withdrawal requests.

The minimum withdrawal amount is \$5,000 or your investment balance if it is less than \$20,000. Valid redemption requests to withdraw must be signed by the appropriate authorised signatories. If the value of your units in the Fund falls below the minimum investment amount, we may redeem your remaining units in the Fund and pay you the redemption proceeds.

There may be circumstances where withdrawals are suspended and you may not be able to withdraw your investment from the Fund in the usual time period. We may delay or suspend the redemption or issue of units; for example, because of financial market disruptions or closures, or if the Fund becomes illiquid. If the Fund becomes illiquid (as defined in the *Corporations Act*), units may only be withdrawn if we make a withdrawal offer to all unit holders in the Fund in accordance with the Fund's Constitution and the *Corporations Act*.

**!** You should read the important information about **'Making a withdrawal'**, **'Restrictions on withdrawing your investment'** and **'Transferring units'** before making a decision. Go to Section 2 'How the Microequities Value Income Fund works' of the Additional Information to the Product Disclosure Statement at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Making a withdrawal', 'Restrictions on withdrawing your investment' and 'Transferring units' may change between the time you read this PDS and the day when you acquire the product.

## INDIRECT INVESTORS

We authorise the use of this PDS for investors who wish to access the Fund indirectly through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service (collectively referred to as "master trust or wrap accounts").

If you invest in the Fund through a master trust or wrap account, you should note that some information in this PDS may be relevant only for direct investors. This includes information relating to cut-off times for investing, processing times, cooling off rights, fees and other costs, and the time frame for payment of distributions as well as Fund reporting and investor notices.

**!** You should read the important information about **'Indirect investors'** before making a decision. Go to Section 2 'How the Microequities Value Income Fund works' of the Additional Information to the Product Disclosure Statement at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Indirect investors' may change between the time you read this PDS and the day when you acquire the product.

## DISTRIBUTIONS

The Fund aims to pay cash distributions on a semi-annual basis in January and July each year. The Fund's unit price will generally fall at the end of the distribution period to reflect the distributions. The distribution amount

will vary between distribution periods and is not guaranteed. There may be circumstances when a distribution is not made by the Fund and circumstances when a special distribution is made outside of the usual distribution periods.

The distributions you receive generally represent assessable income and can be made up of income and capital gains generated by the Fund. We calculate the distribution based on the Fund's net income at the distribution date divided by the number of units on issue. The amount you receive for each distribution will depend on the number of units you hold in the Fund at the end of the distribution period.

You can choose to have your distributions

- automatically re-invested. There is no buy/sell spread on distributions that are reinvested. The additional units will be issued using the unit price applicable immediately after the distribution; or
- you may have your distribution directly credited to your nominated Australian bank account.

Please nominate your choice on your application form. If you do not make a choice, we will automatically credit your distribution to your nominated Australian bank account.

If you invest in the Fund through a master trust or wrap account, please review the disclosure document for the master trust or wrap account, for information on how and when you will receive any income distributions.

## 3. BENEFITS OF INVESTING IN THE MICROEQUITIES VALUE INCOME FUND

### SIGNIFICANT FEATURES AND BENEFITS

The Microequities Value Income Fund (the **Fund**) will invest in ASX listed securities generally outside the ASX200 index at the time of initial investment, and seek to protect capital, provide investors with a sustainable income stream and achieve long term capital growth. The Fund's investment strategy will be based on the Microequities High Income Value Microcap Fund (**HIMF**), a wholesale fund launched in March 2012. Please refer to [www.microequities.com.au](http://www.microequities.com.au) for more information regarding HIMF.

Investing in the Fund offers investors a range of benefits including:

- portfolio structured with the objective of providing long term capital growth and regular (semi-annual) cash income;
- higher long term growth profile than large cap funds;
- Investment Manager with extensive experience in the microcap sector;
- value investing philosophy;
- in-house research expertise and capability;
- bottom-up investment research based experience;
- early access to potential high growth companies;
- performance based incentive for the Investment Manager;
- Microequities is a co-investor in the Fund;
- distributions may carry imputation tax credits; and
- investments are generally held for longer than 12 months thus delivering mostly discounted capital gains to unitholders.

**!** You should read the important information about **'Additional Information about the Features and benefits of the Fund'** before making a decision. Go to Section 3 'Additional Information about the features and benefits of the Fund' of the "Additional Information to the Product Disclosure Statement" at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Additional Information about features and benefits of the Fund' may change between the time you read this PDS and the day when you acquire the product.



## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different investing strategies carry different levels of risk depending on the underlying mix of assets that make up the strategy. Usually assets with the potential for the highest long term returns may also have the highest levels of short term risk.

It is important that you carefully consider the risks of investing in the Fund to understand that:

- the value of your investment will vary;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and you may lose some of the money you invest; and
- laws affecting registered managed investment schemes may change in the future.

**WARNING:** The appropriate level of risk for you will depend on a range of factors including your investment goals, your age, your investment time frame, where other parts of your wealth are invested and your level of risk tolerance. The significant risks of investing in the Fund include but are not limited to:

**Company specific risk** – An investment in a company may be affected by unexpected changes in that company's operations (such as changes in management, loss of a significant customer or contract), and business environment.

**Concentration risk** – The Fund will invest a relatively high percentage of its assets in a limited number of securities. The value of the Fund may be adversely affected by any single adverse business, economic, political or regulatory event than the investments in a more diversified portfolio.

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

**Investment Manager risk** – The risk that in implementing the Fund's investment strategy the Investment Manager's investment decisions will not achieve the Fund's return objectives.

**Investment selection risk** – Some investments chosen will not perform as well as other investments in terms of capital return or income.

**Key person risk** – The Investment Manager is to some extent is dependent upon the expertise of its existing investment team. Consequently, the Fund's performance could be adversely affected if key members of the investment team do not continue to provide their services to the Investment Manager. The reliance on any key person is reduced by the use of quantitative and systematic processes in the overall investment process that are not heavily dependent on a particular key person.

**Liquidity risk** – The risk that securities in which the Fund is invested may be difficult to realise within a reasonable timeframe, or the Fund itself, may become illiquid. This could have a detrimental effect on the value of the investments, or may impact an investor's ability to withdraw from the Fund.

**Market risk** – Changes in legal, tax and economic conditions, political events, investor sentiment and market variables such as interest rates and exchange rates can all influence (negatively or positively) the value of the Fund's investments.

**Small company risk** – Shares in small companies may trade less frequently and in smaller volumes and may experience greater price volatility than larger companies. In times of heightened market volatility small companies could face an illiquid securities market, thereby limiting the ability of the Investment Manager to disinvest out of positions. Small companies may also have more limited operating histories, markets, product lines or financial resources than larger companies. They may also depend heavily on key personnel.



You should read the important information about 'Additional information about risks' before making a decision. Go to section 4 'Additional information about risks' of the "Additional Information to the Product Disclosure Statement" at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Additional information about risks' may change between the time you read this PDS and the day when you acquire the product.

## 5. HOW WE INVEST YOUR MONEY

You should consider the likely investment return, risk and your investment time frame when choosing to invest in the Fund.

### MICROEQUITIES VALUE INCOME FUND

#### INVESTMENT RETURN OBJECTIVE

The Fund aims to protect capital, provide a sustainable income stream to investors and attain long term capital growth. The Fund's investment strategy will be based on the HIMF. It intends to provide semi-annual income in the form of cash distributions (paid January and July). Returns are not guaranteed.

#### MINIMUM SUGGESTED TIME FRAME FOR HOLDING INVESTMENT

More than five years.

#### PERFORMANCE FEE BENCHMARK

S&P/ASX Emerging Companies Accumulation Index (for the purposes of calculating the performance fee only)

#### DESCRIPTION OF FUND

The Fund is intended to be suitable for investors who are prepared to invest for at least 5 years; seek exposure to an income plus growth portfolio with attractive income and capital appreciation potential; and are prepared to accept the risks of the Fund set out in Section 4 'Risks of managed investment schemes'.

The Fund invests primarily in ASX listed securities, which at the time of initial investment are generally outside the ASX200 index.

The Fund holds a concentrated portfolio generally not exceeding forty companies. All securities selected for the Fund have met a rigorous investment selection process. They need to be paying regular dividends, and have robust business models in place that provide solidity and security in the dividend income stream. In addition, securities purchased by the Fund are acquired at a large discount to our assessed intrinsic value.

The Fund manages its risk not by portfolio diversification but rather through a fundamentally research-based investment process. Risk mitigation is also undertaken by buying companies at a large discount to their intrinsic value.

The Fund may at times invest in companies that are included in the ASX200, but these will be limited to no more than 20% of the assets of the Fund. This 20% is not inclusive of companies which were outside of the ASX200 at the time the Fund made its initial investment and which have subsequently been included in the index.

If the Fund invests in an Australian securities exchange listed company which spins off an entity or relists on a foreign stock exchange, the Fund is allowed to continue to hold the security.

The Fund will be limited to investing no more than 20% of its assets in any single security or company. The Fund will make investments with a medium to long term time horizon of 5+ years.

The Fund will not speculate in derivatives. It will be permitted to hold other securities that are directly associated with a particular investment, such as options granted with a specific company issue. The Fund will not engage in short selling or stock lending, and will not hold financial debt of any kind.

The base currency of the Fund is the Australian dollar.

#### INDICATIVE ASSET CLASSES AND ASSET ALLOCATION RANGES<sup>1</sup>

ASSET CLASS	MIN (%)	MAX (%)
Securities	80	100
Cash	0	20

<sup>1</sup>Allocation ranges are indicative only and actual allocation may be outside these ranges.

#### RISK LEVEL

High.

**Compared to an investment in funds that have invested in assets such as fixed interest or cash there is a relatively high risk of the value of your investment going down in any year.** See Section 4 'Risks of managed investment schemes' for more information on the risks of an investment in the Fund.

#### FUND PERFORMANCE

Please see [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund) for information about the Fund's performance, including performance history. **Due to the historical nature of performance information and the volatility of returns, future returns may differ from past returns.**

#### CHANGES TO FUND DETAILS

We reserve the right to close or terminate the Fund and change the Fund's investment return objective, investment strategy, benchmark, asset allocation ranges and currency strategy, without prior notice in some instances. We will inform you of any material change to the Fund's details in the next regular Fund communication or as otherwise required by law. Information in this PDS that is not materially adverse to investors may be updated by us and will be available on our website [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). A paper copy of any updates will be provided free of charge on request.

**!** You should read and consider the important information about **'Additional information about how we invest your money'** before making a decision. Go to section 5 'Additional information about how we invest your money' of the "Additional Information to the Product Disclosure Statement" at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Additional information about how we invest your money' may change between the time you read this PDS and the day when you acquire the product.

## 6. FEES AND COSTS

### DID YOU KNOW?

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

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

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

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

### TO FIND OUT MORE

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

The managed funds fee calculator can also be used to calculate the effect of fees and costs on account balances.

**WARNING:** You should read all the information about fees and costs because it is important to understand their impact on your investment in the Fund. If you are investing in the Fund via a master trust or wrap account operator, you will need to consider the fees and other costs of the master trust or wrap account, when calculating the total cost of your investment.

**WARNING:** If you consult a financial adviser you may also pay an additional fee that will be set out in the Statement of Advice between you and the financial adviser. This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. The following information can be used to compare costs between different managed investment schemes.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund<sup>1</sup></b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Exit fee</i>	Nil
<b>Management Costs<sup>1, 2, 3, 4, 5</sup></b>	
The fees and costs for managing your investment	<p><b>Management fee</b> 1.30% p.a.</p> <p><b>Performance fee</b> 20.5% of the excess return of the units in the Fund above the Performance Fee Benchmark. The performance fee is calculated and accrued daily and is payable following the end of each calendar quarter. No performance fee will be payable until any underperformance from prior periods has been recovered.</p> <p>Refer to 'Fees and other costs' in the Additional Information to the Product Disclosure Statement for more information on fees and costs of investing in the Fund.</p>

<sup>1</sup> An allowance for transaction costs may apply to investments into, and withdrawals from, the Fund. Please see 'Transaction costs' on page 10 of the Additional Information to the Product Disclosure Statement.

<sup>2</sup> Unless otherwise stated, all fees and costs set out in this section are inclusive of any Goods and Services Tax (GST) and any applicable stamp duty and net of any applicable input tax credits (ITCs) or applicable reduced input tax credits (RITCs).

<sup>3</sup> For certain wholesale clients (as defined in the *Corporations Act*) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Differential fees' on page 11 of the Additional Information to the Product Disclosure Statement.

<sup>4</sup> All estimates of fees in this section are based on information available as at the date of this PDS. As the Fund is newly established, and does not have any actual performance history to estimate the performance fee, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS.

<sup>5</sup> The reasonable estimate of the performance fee has been determined using an estimation methodology that the Responsible Entity considers appropriately represents what the performance fees will be for the current financial year (adjusted to reflect a 12 month period). Fund performance is not guaranteed and a performance fee is not always payable. The performance fee payable depends on the Fund's performance against its benchmark. The level of performance against the Fund's benchmark can vary over time. Past performance is not a reliable indicator of future performance. Please refer to 'Performance fee' on page 9 of the Additional Information to the Product Disclosure Statement.

## EXAMPLE OF ANNUAL FEES AND COSTS

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

<b>EXAMPLE – MICROEQUITIES VALUE INCOME FUND</b>		<b>BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR<sup>1</sup></b>
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs <sup>2</sup>	1.30% p.a. plus estimated performance fee of 1.355% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$1,328 each year.
<b>EQUALS</b> Cost of the Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$1,328<sup>3</sup></b>

<sup>1</sup> This example assumes that the \$5,000 contribution is made at the end of the year and the value of the investment is otherwise consistent, therefore the management costs associated above are calculated using the \$50,000 balance only. Please note that this is just an example. In practice, actual investment balances will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily.

<sup>2</sup> The figures used for the Management Costs (consisting of the management fee and performance fee net of any GST Input Tax Credits) in the example above reflects the Responsible Entity's reasonable estimates at the time of this PDS of typical ongoing amounts for the current financial year (adjusted to reflect a 12 month period).

<sup>3</sup> Additional fees may apply. An allowance for transaction costs may apply to investments into and withdrawals from the Fund. Please see 'Transaction costs' in the 'Additional Information to the Product Disclosure Statement' for information regarding the buy/sell spread.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### ADDITIONAL FEES TO FINANCIAL ADVISERS

Additional fees may be paid to a financial adviser if one is consulted. You should refer to the financial adviser's statement of advice which provides details of the fees payable.

### CHANGE TO FEES

We may elect to change the fees and costs outlined in this section (e.g. due to changes in economic conditions and size of the Fund). We will provide you at least 30 days written notice of any proposed increase in these or other fees.



You should read the important information about '**Additional information about fees and costs**' before making a decision. Go to section 6 'Additional information about fees and costs' of the 'Additional information to the Product Disclosure Statement' at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Additional information about 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

**WARNING:** Investing in managed funds is likely to have tax consequences. Before investing in the Fund you are strongly advised to seek professional tax advice that takes account of your particular circumstances.

Managed funds generally distribute all of their income each year so that the fund is not subject to tax. Managed funds do not pay the tax liability on behalf of Australian resident investors. As an investor, you will be assessed for tax on your share of the income and capital gains generated by the Fund. In normal circumstances, you should expect that some income and/or capital gains will be generated each year.



You should read the important information about **'Additional information about how managed investment schemes are taxed'** before making a decision. Go to Section 7 'Additional information about how managed investment schemes are taxed' of the "Additional Information to the Product Disclosure Statement" at [www.microequities.com.au/valueincomefund](http://www.microequities.com.au/valueincomefund). The material relating to 'Additional information about how managed investment schemes are taxed' may change between the time you read this PDS and the day you sign the application form.

## 8. HOW TO APPLY

### DIRECT INVESTORS

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

We are not bound to accept an application and accept no responsibility for applications that have been sent to an incorrect address. You are responsible for ensuring that you use the correct contact details and accept that if you use incorrect address details your application may be delayed or not processed. Application money will be held in a bank account until invested in the Fund or returned to you. Any interest paid on that account will be paid to the Fund and not to you regardless of whether your application is successful.

### INDIRECT INVESTORS

If you are an Indirect Investor, you must complete the documentation which your master trust or wrap account operator requires.

### COOLING-OFF PERIOD

If you are a retail investor (as defined in the *Corporations Act*) you have a 14-day 'cooling-off period' commencing on the earlier of the fifth business day after we issue the units to you or within 14 days from the date you receive confirmation of your transaction. If, during the "cooling-off" period, you decide that the investment does not meet your needs, then you should immediately notify us. If you exercise your cooling-off rights we will return your money to you and no management fees will apply. However, the amount you receive will reflect any market movement up or down which means there may be taxation implications for you. We will also deduct any tax or duty incurred and a reasonable amount for transaction and administration costs. As a result, the amount returned to you may be less than your original investment.

The cooling-off period does not apply if you invest in the Fund indirectly via a wrap account or master trust. You should seek advice from your financial adviser or master trust or wrap account operator about the cooling-off rights (if any) that might apply to your investment in your master trust or wrap account.

### COMPLAINTS RESOLUTION

The Responsible Entity has established procedures for dealing with complaints. If an investor has a complaint, they can contact the Responsible Entity or the Investment Manager during business hours. The Responsible Entity will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case, no later than 45 days after receipt of the complaint. If an investor is not satisfied with the outcome, the complaint can be referred to the Australian Financial Complaints Authority (AFCA). You can contact AFCA on 1800 931 678, or by writing to:

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

All investors (regardless of whether you hold Units in the Fund directly or hold Units indirectly via a platform) can access the Responsible Entity's complaints procedures outlined above. If investing via a platform and your complaint concerns the operation of the master trust or wrap account, then you should contact the master trust or wrap account operator directly.