Spheria Australian Microcap Fund

ARSN 611 819 651 **APIR** WHT0066AU **ISIN** AU60WHT00667

Product Disclosure Statement 5 June 2026

Issued by: Pinnacle Fund Services Limited

ABN 29 082 494 362 AFSL 238371

Important Information

This Product Disclosure Statement ('PDS') provides a summary of significant information you need in order to make a decision about the Spheria Australian Microcap Fund ARSN 611 819 651 ('Fund'). The PDS should be considered before making a decision to invest in the Fund. This PDS relates to investments in Class A units in the Fund ('Class' or 'Units', as the context requires). You can access the PDS on the internet from the Fund's webpage at www.spheria.com.au ('Website') or you can request a paper copy free of charge by contacting us using the contact details provided.

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 is the responsible entity ('Responsible Entity', 'RE', 'we', 'our', 'us') of the Fund.

We have appointed Spheria Asset Management Pty Limited ABN 42 611 081 326 ('Spheria' or 'Investment Manager') as the investment manager of the Fund.

Neither the Responsible Entity nor Investment Manager guarantees the performance of the Fund or the return of capital or income. Your investment in the Fund is subject to investment risk. This could involve delays in repayment and loss of income or the principal invested.

The information in this PDS is general information only. To the extent the information in this PDS constitutes financial product advice, such advice is general advice only and has been prepared without taking into account your individual objectives, personal financial situation or needs. Before investing, you should consider the appropriateness of the advice in light of your own objectives, financial situation and needs. We strongly recommend that you consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances. You should also read this PDS before making any decision about whether to acquire units in the Class.

A target market determination ('TMD') has been prepared for the Units. A copy of the TMD can be obtained free of charge by visiting the Fund's Website. You should consider this PDS and the TMD before making a decision to acquire units in the Class.

The investment offered in this PDS is available only to persons receiving this PDS (electronically or in hard copy) within Australia or New Zealand and does not constitute an offer or recommendation in any other jurisdiction or to any person to whom it would be unlawful to make such an offer. Units in the Fund may not be offered or sold within the US, or sold to, or for the account or benefit of, any 'US Persons' (as defined in Regulation S of the US Securities Act 1933, as amended).

All monetary amounts referred to in this PDS are given in Australian dollars and all telephone/fax numbers are to telephone/fax numbers in Australia (unless otherwise stated). All calculation examples shown are rounded to the nearest whole dollar.

A reference to a 'Business Day' is a reference to a day which is not a Saturday, Sunday or public holiday in Sydney, New South Wales, Australia.

Terms used in this PDS are defined in Section 14, 'Defined Terms'.

Updated information

The information in this PDS may change over time. We may update this information where this does not involve a material adverse change and make it available to you, where permitted by law, via the Fund's webpage. You can also obtain updated information by contacting us. A paper copy of any updated information will be provided free of charge on request.

Where investors have provided us with their email addresses, we will send notices of meetings, other meeting-related documents and annual financial reports electronically unless the investors elect to receive them in physical form and notify us of this election. As an investor you have the right to elect whether to receive some or all of these communications in electronic or physical form and the right to elect not to receive annual financial reports at all. You also have the right to elect a single specific communication on an ad hoc basis in an electronic or physical form.

Contact details

If you have a query in relation to the Fund, please contact us at:

Telephone: 1300 010 311

Address: PO Box R1313, Royal Exchange NSW 1225

Email: service@pinnacleinvestment.com

Website: www.spheria.com.au

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1. Key features of the Class

For more information on each of the features, please refer to the relevant sections below.

Feature	Summary	Section
Responsible Entity	Pinnacle Fund Services Limited	2
Investment Manager	Spheria Asset Management Pty Limited	2
Administrator	Citigroup Pty Limited	2
Custodian	Citigroup Pty Limited	2
Auditor	PricewaterhouseCoopers	2
Registry	Citigroup Pty Limited	2
Investment objective[1]	The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.	3
Benchmark	S&P/ASX Small Ordinaries Accumulation Index	3
Minimum suggested investment timeframe	7 years or more	3
Risk level[2]	Very High	3
Risks	All investments are subject to risk. The significant risks associated with the Units are described in this PDS.	5
Management fees and costs[3,4]	**Management fee:** 1.35% p.a. on the NAV of the Class. Indirect costs are estimated to be 0.00% of the NAV of the Class **Performance fee:** 20% of the difference in the Class' return (net of management fees and costs) relative to its Benchmark return multiplied by the NAV of the Class.	6
Transaction costs	Estimated to be 0.00% p.a. of the NAV of the Class.	6
Buy/Sell spread	0.50% / -0.50%	6
Distribution frequency	Distributions are payable annually, subject to the Class having sufficient distributable income.	7
Minimum initial investment[5]	$25,000	7
Minimum additional investments[5]	$5,000	7
Minimum investment balance[5]	$25,000	7
Minimum withdrawal amount[5]	$5,000	7
Transaction cut-off time	12pm (Sydney time) on a Business Day.	7

1. The investment objective is expressed after the deduction of management fees, expense recoveries and taxation, i.e. the investment objective is measured relative to the Fund's Benchmark, after management fees and costs and taxes are deducted from the Fund's performance. Refer to Sections 6 and 10 for further information on Fees and other costs and Taxation. The investment objective is not intended to be a forecast; it is only an indication of what the investment strategy aims to achieve over the long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns, capital and income are not guaranteed.
2. The risk level is not a complete assessment of all types of investment risk. It does not address the potential size of a negative return nor the possibility that a positive return may be less than the return expected or required by an investor's objective and is based on the historic variation of Fund returns.
3. Fees and costs may be negotiated for certain investors such as wholesale clients (as defined in the Corporations Act), depending on factors such as the amount invested. See 'Differential fee arrangements' in section 6 for further information about negotiable fees.
4. Fees are inclusive of GST and net of any applicable Reduced Input Tax Credits ('RITC').
5. Or less at the discretion of the Responsible Entity. The minimum initial investment amount does not apply to investments through an IDPS (as defined below).

2. About Pinnacle Fund Services and Key Service Providers

Pinnacle Fund Services Limited

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 is the responsible entity ('Responsible Entity', 'we', 'our', 'us') of the Spheria Australian Microcap Fund ARSN 611 819 651 and issuer of the Units offered under this PDS.

Pinnacle Fund Services Limited is wholly owned by Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140 ('Pinnacle'). Pinnacle supports the development of high-quality investment management businesses and is the distributor of the Fund.

Spheria Asset Management Pty Limited

We have appointed Spheria Asset Management Pty Limited ABN 42 611 081 326 ('Spheria' or 'Investment Manager') as the investment manager of the Fund.

Spheria has been appointed as a corporate authorised representative (1240979) of Pinnacle. Spheria is a fundamental based investment manager with a bottom-up focus, specialising in smaller companies. Spheria's investment philosophy is to purchase securities where the present value of future free cash flows can be reasonably ascertained, and the security is trading at a discount to the calculated intrinsic value, subject to certain risk criteria.

Administrator and Custodian

Citigroup Pty Limited (ABN 88 004 325 080) ('Citi') has been appointed as the Administrator and Custodian of the Fund. Citi as the Fund's Administrator, is responsible for the day to day administration of the Fund, and as Custodian, is responsible for the day to day custody of the Fund's assets.

Citi has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in accordance with the investment administration agreement. Citi was not involved in preparing, nor takes any responsibility for, this PDS and makes no guarantee of the success of the Fund (including Units) nor the repayment of capital or any particular rate of capital or income return.

The Responsible Entity may replace Citi or any of its other service providers and appoint new service providers without notice to investors.

Auditor

PricewaterhouseCoopers ('PwC') has been appointed as the auditor of the Fund. The auditor's role is limited to expressing an opinion on the fairness with which the financial statements present, in all material respects, the Fund's financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles.

PwC has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in accordance with the auditor agreements. PwC was not involved in preparing, nor takes any responsibility for, this PDS and makes no guarantee of the success of the Fund (including Units) nor the repayment of capital or any particular rate of capital or income return.

The Responsible Entity may replace PwC or any of its other service providers and appoint new service providers without notice to investors.

3. Benefits of investing in the Class

The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term. The Fund invests in listed companies on the Australian Stock Exchange and New Zealand Stock Exchange with a market capitalisation less than A$500m at time of initial purchase.

Significant features and benefits

Focus on cash generative businesses | Spheria employs a rigorous, fundamental investment approach centred on the intrinsic value of businesses. The investment process is underpinned by a proprietary discounted cash flow valuation model, which seeks to identify companies that are capable of generating sustainable free cash flows throughout the business cycle. By prioritising cash generative businesses, the Fund seeks to invest in enterprises with demonstrable financial strength and the potential to compound value over time, thereby providing a robust foundation for potential long-term capital appreciation.

Team experience | The Spheria investment team possesses over 100 years of combined experience in equity markets, with extensive investment expertise in both Australian and Global smaller companies. Having successfully navigated the inherent complexities and opportunities within both the Australian small-cap market and comparable smaller company segments around the world, the team use their experience to identify and capitalise on mispriced securities that are frequently overlooked by the broader investment community. The team's international experience enhances the their ability to contextualise domestic smaller companies within a global framework, enabling more informed assessments of competitive positioning, growth potential, and valuation relative to comparable businesses operating in similar industries worldwide.

Potential for higher growth | Spheria believes that smaller companies, by their nature, often possess greater scope for growth compared to their larger counterparts. Operating in the earlier stages of their development lifecycle, these businesses typically introduce innovative products, services, or technologies, or are positioned to capture meaningful market share within expanding or underpenetrated industries. By concentrating on this segment of the market, Spheria believe the Fund provides investors with targeted exposure to companies that have the potential to deliver earnings growth and, consequently, capital appreciation.

Open-minded, holistic thinking | Spheria evaluates investment opportunities through a broad and adaptable lens, recognising that the forces of technological change and global market convergence are increasingly relevant to Australian smaller companies. Rather than constraining analysis to comparable domestic companies or local industries , the investment team draws on global comparables and industry precedents to assess the potential scalability, competitive positioning, and growth trajectory of companies. This comprehensive perspective ensures that investment decisions are informed by an understanding of both the local context and international dynamics.

Risk aware | Risk assessment is an integral component of Spheria's investment philosophy and permeates every stage of the investment process. The Fund's approach to risk management is multifaceted, encompassing detailed bottom-up analysis of a company's financial strength, prudent portfolio construction, and ongoing monitoring of key risk exposures. By focusing on the quality of business models, the predictability of cash flows, and the alignment of valuation with fundamental worth, Spheria seeks to mitigate the inherent volatility associated with smaller companies whilst aiming to provide attractive risk-adjusted returns.

4. How we invest your money

How the Fund operates

In exchange for your invested money, you are issued with interests in the Fund called 'Units'. Each Unit in the Fund gives the investor a beneficial interest in the Fund as a whole, but not in any particular asset of the Fund. Your Units are your proportionate share of the Class of the Fund and reflect the value of your investment, which will change over time as the market value of the assets of the Class rise and fall.

About the Spheria Australian Microcap Fund

WARNING: When it comes to choosing to invest in the Fund, you should consider the likely investment return, the risks and your investment timeframe.

Spheria Australian Microcap Fund - Class A		
Investment objective[1]	The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.	
Benchmark	S&P/ASX Small Ordinaries Accumulation Index	
Suggested minimum investment period	7 years or more	
Risk level[2]	Very High	
Investment guidelines	The Fund aims to hold approximately 20 to 65 securities at any time Individual asset holdings are limited to 10% of the Fund's NAV. The Investment Manager may use exchange traded derivatives for hedging purposes as part of its investment strategy subject to the underlying effective face value being limited to 10% of the NAV of the Fund.	
Net portfolio allocation[3,4]	**Asset class**	**Typical investment range**
	Australian and New Zealand equities	80 – 100%
	Cash and cash equivalents	0 – 20%
Currency exposure	The Fund may have exposure to currencies other than the Australian dollar. The Fund does not aim to hedge this international currency exposure.	
Labour standards or environmental, social or ethical considerations	Spheria applies environmental, social (including labour standards) and ethical (incorporating corporate governance) ('ESG') considerations when selecting, retaining or realising the investments of the Fund in addition to other methods in assessing company value. These ESG considerations are primarily taken into account by Spheria to the extent that they financially affect the investment. Spheria's approach to ESG is one of integration and engagement: ESG factors are considered for each investment opportunity through a proprietary scoring system that affects how Spheria values stocks. That is, a lower ESG score as determined by the Spheria would generally lead to a lower valuation for a company, but the ESG score itself is not determinative in whether an investment decision is made. ESG engagement with investee company is routinely employed.	

1. The investment objective is expressed after the deduction of management fees, expense recoveries and taxation, i.e. the investment objective is measured relative to the Fund's Benchmark, after management fees and other costs and taxes are deducted from the Fund's performance. Refer to Section 6 for details on Fees and other costs and Section 10 for details on Taxation. The investment objective is not intended to be a forecast; it is only an indication of what the investment strategy aims to achieve over the long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns, capital and income are not guaranteed.
2. The risk level is not a complete assessment of all types of investment risk. It does not address the potential size of a negative return nor the possibility that a positive return may be less than the return expected or required by an investor's objective and is based the historic variation of Fund returns.
3. The above ranges are indicative only. The Fund will be rebalanced within a reasonable period of time should the exposure move outside of the above ranges.
4. While the Fund primarily invests in Australian equities, the Fund may at times also invest in overseas listed equities.

If for reasons beyond the control of the Investment Manager such as market movements or investor transactions, the Fund's investments do not comply with the investment guidelines detailed above, the Investment Manager will remedy the situation as soon as practicable.

Additional information about the Fund's strategy

Investment philosophy

Spheria believes equity markets are inefficient, with mispricings most pronounced in the small- and micro-cap segments. Success in these areas requires intellectual flexibility rather than rigid adherence to “growth” or “value” styles of investing. Our research and investment process is style-agnostic, allowing the team to pursue the opportunities across both growth and value.

Spheria focus on higher-quality businesses - those with competitive advantages and reasonable earnings predictability. Investing in shares means buying pieces of real businesses. A company becomes investable for the Fund when its shares trade at a discount to our estimate of intrinsic value, provided it first meets our quality and risk standards.

Assessing risk is fundamental to Spheria’s investment philosophy. Risk is implicitly mitigated by ensuring businesses it invests in are capable of generating free cash flow, and that Spheria is buying them with a margin of safety. Explicit risk controls include a preference for companies with low or no balance sheet gearing. When the company does have debt, Spheria ensures that free cash flow can support the level of gearing and is appropriate for the nature of the business.

Risk management is foundational. Spheria define risk as the probability of permanent capital loss, not short-term volatility. Risk is controlled in three key ways:

1. Selecting companies that have the potential to generate sustainable free cash flow throughout the Business cycle.
2. Insisting on a margin of safety — purchasing shares at a discount to intrinsic value. This discount protects against analytical errors, unforeseen challenges, and overpaying in optimistic markets.
3. Spheria strongly prefer companies with low or no balance-sheet gearing. By combining quality, intrinsic value discipline and a margin of safety, Spheria aims to deliver strong risk-adjusted returns.

Investment Process

Spheria’s investment process is disciplined, repeatable and built around three core stages:

Screening & Identification

A combination of quantitative and qualitative filters is used to identify potential investments from the ASX, NZX and new company listings.

Quantitative screens target companies that exhibit sustainable free cash flow characteristics and trade at apparent discounts to intrinsic value. Key financial data and historical analytics are automatically populated (where possible) into Spheria’s proprietary models.

Qualitative sources include direct industry and company contact, competitor analysis, and monitoring of emerging themes or structural changes that may create mispriced opportunities.

In-Depth Fundamental Analysis

Every idea undergoes rigorous bottom-up research with a clear ownership mindset:

- Detailed review of financial statements, capital allocation history and cash-flow dynamics.
- Comprehensive industry mapping to assess competitive positioning, barriers to entryand the capacity of the company to defend its market share and maintain profitability against industry competition.
- Thorough evaluation of management quality, board composition, alignment of interests and capital-allocation track record.

- Construction of multi-year forecasts for normalised earnings and free cash flow, followed by a probability-weighted valuation range using multiple methodologies (primarily discounted cash flow and multiples of sustainable earnings/free cash flow).

Risk Assessment

Spheria assesses risk on multiple levels, with the primary focus being a company's ability to consistently generate free cash flow and self-fund through the Business cycle.

Additional key considerations forming part of the risk assessment include:

- Balance-sheet gearing: Spheria examines gearing levels to ensure earnings and free cash flow cover all fixed-charge obligations (including interest and leases) on an ongoing basis.
- Business-cycle positioning: Spheria evaluates where the company sits in its own earnings and cash-flow cycle. Spheria considers that companies operating near Business-cycle conditions carry elevated forward-looking risk as there is less potential for growth, while those emerging from the bottom of their cycle typically have greater opportunity for growth.

Portfolio Construction

Each company is assessed on its valuation merit with a rigorous risk overlay. Portfolio weights are determined by the balance of expected return versus assessed risk and are reviewed on an ongoing basis and adjusted to reflect changing market conditions and new information.

- Core holdings (larger active weights) typically exhibit valuation upside combined with lower overall risk.
- Satellite holdings (smaller active weights) have the potential for valuation upside but may carry higher risk.

In cases where a company is assessed as high risk under Spheria's risk assessment as outlined above, the Fund will hold a satellite or no exposure. This disciplined sizing approach, combined with the margin-of-safety requirement, ensures risk management is embedded at both the individual position and overall portfolio level.

Labour standards or environmental, social or ethical considerations

The Responsible Entity has delegated the investment management function (including ESG responsibilities) to the Investment Manager and the Investment Manager has contemplated that ESG considerations may be taken into account in relation to the investments of the Fund. However, the Funs is not designed for investors who are looking for funds that meet specific ESG goals. ESG considerations are integrated as part of the Fund's investment process, but this does not mean that the Fund is marketed or authorised as an ESG product in Australia.

ESG risks are ordinarily considered by Spheria as part of the Fund's investment process. Examples of ESG risks which may be considered by Spheria include (amongst others) workplace health and safety, carbon emissions, data security and corporate governance. Spheria's ESG risk integration approach is primarily focused on assessing and managing the potential financial impact (e.g. reduced future cashflows and/or permanent impairment of asset value) resulting from ESG risks on investment assets.

When reviewing potential investment opportunities for the Fund, Spheria will assess the risk of a permanent loss of capital due to an ESG risk by identifying events that could occur as a result of an asset's exposure to material ESG issues, assigning a probability to each respective event, and assessing the probability and impact of each event on the fair value of the asset. In making this assessment, Spheria relies on various external data providers over whom Spheria exerts no control. The third parties providing data as part of this process may change from time to time at Spheria's discretion. While Spheria has systems and controls in place to oversee and review information provided by third

parties, there is a risk that errors or undisclosed changes from third parties may result in exposure to companies with lower ESG scores.

In terms of the extent to which ESG considerations are taken into account, Spheria's approach is one of integration and engagement: ESG factors are considered for each investment opportunity through a proprietary scoring system that affects how Spheria values stocks. That is, a lower ESG score as determined by Spheria would generally lead to a lower valuation for a company, but the ESG score itself is not determinative in whether an investment decision is made. Spheria's proprietary scoring system focuses on six key areas of enquiry in terms of ESG factors, namely: climate change, resource use, supply chain, labour practices, governance and cybersecurity, and these factors will be considered on a case-by-case basis for each potential investment.

ESG Engagement is through targeted engagement with investee companies. This includes:

- **Regular corporate governance discussions**: At least one formal meeting per year with each investee company to review board practices, risk management, and alignment with our quality criteria.
- **In-depth Environmental and Social (E&S) inquiries**: Conducted for 10–12 companies annually, prioritised based on identified material risks or opportunities (e.g., climate change impacts or modern slavery exposure).

The specific matters raised depend on the company's profile and prevailing ESG themes. Where relevant, Spheria encourage improvements, such as enhanced disclosure on carbon emissions or supply-chain due diligence. This approach supports our focus on resilient, cash-flow-generative businesses while mitigating potential downside risks.

Additionally, Spheria does not have a set time for monitoring or reviewing investments. Where Spheria determines that an investment is no longer suitable due to ESG considerations, Spheria may elect to divest such investment.

For more information on Spheria's approach to ESG, please refer to Spheria's Responsible Investment Policy available at https://spheria.com.au/corporate-responsibility/.

Direct and indirect investments

In addition to holding direct assets, the Fund may also make investments indirectly, for example by investing in other managed funds where these are aligned with the Fund's investment strategy. This may include other funds which are managed by the Investment Manager, and/or for which the Responsible Entity acts as responsible entity.

Any costs associated with these investments are outlined in Section 6 'Fees and other costs'.

Changes to Fund details

We have the right to change the Fund's asset classes, the Benchmark, asset allocation ranges, investment strategy and investment return objectives without prior notice. Where those changes are not materially adverse from an investor's point of view, we can make these changes without prior notice to investors. If changes are materially adverse, this PDS will be updated via the issue of a supplementary or replacement PDS. Other changes will be communicated on the Fund's Website. Upon request, a hard copy of any updated information will be provided without charge.

Derivative exposure

The Investment Manager may invest in derivatives, including futures.

A derivative is a contract between two parties that derives its value from an underlying asset (or group of assets) and can be a highly volatile investment instrument. In addition to managing exposure of the

Fund, the use of derivatives offers the opportunity for higher gains and can also magnify losses to the Fund.

The Fund may invest in derivatives that are traded on a regulated exchange. The Fund may invest in derivatives subject to the underlying notional exposure being limited to 10% of the NAV of the Fund. The Fund will not use derivatives for gearing purposes.

Risks associated with using derivatives might include the risks associated with the derivative's counterparty, the value of the derivative failing to move in line with expectations or that of the underlying asset, potential illiquidity of the derivative, or the derivative's expiration. The use of derivatives may expose the Fund to risks including counterparty default, legal and documentation risk, and the risk of increased sensitivity of the Fund's unit price to underlying market variables through leverage.

5. Risks

Risks of Managed Investment Schemes

All investments carry risk. All managed investment schemes carry different types of risk which can have varying impacts on returns. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of risk.

Due to uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives. The value of your Units at any point in time may be worth less than your original investment even after taking into account the reinvestment of distributions. Future returns may differ from past returns and past performance is not a reliable guide to future performance. Returns are not guaranteed, and you may lose some or all of your money.

Neither the Responsible Entity, Pinnacle, nor the Investment Manager, their directors, associates, nor any of their Related Bodies Corporate guarantee the success of the Fund, the repayment of capital, or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by the Responsible Entity, Pinnacle, the Investment Manager, or any other person or party, and you may lose some or all of your investment.

Risks can be managed but cannot be completely eliminated. It is important to understand that:

- the value of your investment may go up and down;
- investment returns may vary, and future returns may be different from past returns;
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
- laws affecting your investment may change over time, which may impact the value and returns of your investment.

Some of the key risks that may impact the value of your investment in the Fund, and the Class, are outlined below. You need to consider the level of risk that you are comfortable with, taking into account factors such as your objectives, financial situation and needs.

It is recommended that investors obtain professional advice before making any investment decision. The information provided is only a guide to help investors understand the risks of investing in the Fund. It is recommended investors speak with an adviser to decide on an investment strategy that is best suited for them.

The Fund will be exposed to risks directly as a managed investment scheme, and indirectly through its investment in the underlying assets. The significant risks for the Fund and Class are:

Concentration risk

The risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset class. When investments are concentrated in a smaller number of securities than the broader market index, the unit price of the fund may be more volatile than the return of the benchmark or a more diversified fund as the returns from the underlying assets are more correlated.

Cross-class liability risk

As the Fund has a multi-class structure, there is a risk that the assets attributable to a particular class are not sufficient to meet liabilities incurred, and the Fund overall may be required to meet those liabilities.

Counterparty risk

The Fund relies on external service providers in its normal operations and investment activities. There is a risk with external counterparty and service provider arrangements that the party to a contract (such as a derivatives contract, physical security trade or foreign exchange contract) defaults on, or fails to perform, its contractual obligations (either in whole or in part). This may result in a loss for the Fund or the investment activities of the Fund being adversely affected.

Currency risk

The Fund may be exposed to assets denominated in other currencies.

Investing in assets denominated in or primarily exposed to a currency other than the Fund's base currency may cause losses resulting from exchange rate fluctuations. For example, an increase in the value of the Australian dollar relative to other currencies (that the Fund holds assets in) may negatively impact the value of the investment. Conversely, a decline in the Australian dollar relative to other currencies may positively impact the value of the investment.

The Investment Manager may seek to manage the Fund's currency exposure using derivative hedging instruments (for example, foreign exchange forwards swaps, "non-deliverable" forwards, and currency options) or cash foreign exchange trades.

Cyber security risk

As the use of technology has become more prevalent in the course of business, the Responsible Entity, Investment Manager and/or their service providers have become potentially more susceptible to operational risks through breaches of cyber security. A breach of cyber security refers to both intentional and unintentional events that may cause the Responsible Entity, Investment Manager or their service providers to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Responsible Entity, Investment Manager or their service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss.

Derivative risk

The Fund may invest in derivatives as part of its investment strategy. A derivative is an instrument whose value is linked to the value of an underlying asset and can be a highly volatile investment instrument. The derivative itself is a contract between two or more parties based upon the asset or assets. In addition to managing exposure of the Fund, the use of derivatives offers the opportunity for higher gains and can also magnify losses of the Fund.

Risks associated with using derivatives might include the risks associated with the derivative's counterparty, the value of the derivative failing to move in line with expectations or with the value of the underlying asset, potential illiquidity of the derivative, or the derivative's expiration.

Additionally, the use of derivatives may expose the Fund to risks including counterparty default, legal and documentation risk, and the risk of increased sensitivity of the Fund's unit price to underlying market variables through leverage.

Equity security risk

The Fund primarily invests in equity securities issued by listed entities. An equity security represents an ownership interest in an entity (a company, partnership or trust), realised in the form of shares of capital stock, which includes shares of both common and preferred stock.

A security's price can rise and fall as a consequence of many factors including, but not limited to, economic conditions, changes in interest rates or currency rates, adverse investor sentiment, management performance, financial leverage, reduced demand for the company's products and services, or factors that affect the company's industry, including changes in regulation or taxation, as well

as competitive conditions within the industry. This may result in a loss of value in the portfolio of the Fund and a change in value of your investment.

Equity securities may make payments (regular or irregular) as dividends, and these may fluctuate significantly in their market value with the ups and downs in the economic cycle and the fortunes of the issuing firm.

Foreign investment risk

The Fund may invest in a range of international securities or foreign investment vehicles, and in companies that have exposure to a range of international economies and regulatory environments.

Global and country specific macroeconomic factors may impact the Fund's international investments, and therefore the Fund's performance. Governments may intervene in markets, industries and companies; may alter tax and legal regimes; and may act to prevent or limit the repatriation of foreign capital. Such interventions may impact the Fund's international investments. Where the Fund is exposed to international investment vehicles, there is a risk that taxation or other applicable laws may change in Australia and such change may affect the operation of the Fund, including how distributions are paid from the Fund, which may affect the operation of the Fund.

Income risk

The Fund may make payments (regular or irregular) as distributions, depending on the income the Fund receives from underlying assets. These may fluctuate significantly in their value with the ups and downs in the economic cycle and the fortunes of the issuing firms. Additionally, the aggregate effect of holding all assets simultaneously may result in risk due to losses from other assets.

Investment strategy risk

The success of the Fund depends upon the Investment Manager's ability to develop and implement investment processes and identify investment opportunities for the Fund that achieve the investment objectives. Matters such as the loss of key staff, the Investment Manager's replacement as investment manager of the Fund or the Investment Manager's failure to perform as expected may negatively impact on returns, risks and/or liquidity.

Additionally, the Fund may fail to perform as expected or may not be able to achieve its stated objectives thereby reducing the value of your investment and leading to loss.

Investment structure risk

There are risks associated with investing in a managed investment scheme, such as the Fund. These may involve risks of the Fund's termination, changes to the investment strategy or conditions, changes to fees or expenses, or changes to the Fund's operating rules (such as payments or reinvestments of distributions, or additional investments). An investment in the Fund is governed by the terms of the Constitution and the PDS of the Fund, the Corporations Act, and other laws (such as regulatory updates, government policies, or taxation rules). Investing in the Fund can result in different performance from holding the underlying assets of the Fund directly, for example because of the aggregate effect of holding all assets simultaneously, or the impact of other investor's transactions.

The Fund may also invest in other managed investment schemes or collective investment vehicles ('Underlying Funds'). Risks applicable to the Fund may also be applicable to the Underlying Funds. The Fund may also experience the risk that the Underlying Funds will face transaction restrictions or liquidity constraints.The Fund may also invest in other managed investment schemes or collective investment vehicles ('Underlying Funds'). Risks applicable to the Fund may also be applicable to the Underlying Funds. The Fund may also experience the risk that the Underlying Funds will face transaction restrictions or liquidity constraints.

Large transaction risk

If an investor has significant holdings in the Fund, the Fund is subject to the risk that such large investor may request a significant purchase or withdrawal of units of the Fund. Large purchases and withdrawals may result in: (a) the Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g. brokerage); and/or (d) capital gains being realised which may increase taxable distributions to investors. If this should occur, the returns of investors (including other funds) that invest in the Fund may be adversely affected.

Liquidity risk

Under extreme market conditions there is a risk that investments cannot be readily converted into cash or converted at an appropriate price. This may be due to the absence of an established market or as a result of a shortage of buyers. This may result in the Fund being unable to liquidate sufficient assets to meet its obligations (for example payment of withdrawals) within required timeframes, or the Fund being required to sell assets at a substantial loss in order to do so.

Additionally, different securities may be less liquid than other securities or pose a higher risk of becoming illiquid during times of market stress. The less liquid the security, the less likely the Fund will be able to transact quickly, and the more difficult it may be to sell the security when the Investment Manager wishes to do so. Therefore, it may become more challenging to realise the Investment Manager's perception of fair value.

Market risk

The Fund has exposure to different financial markets. Amounts distributed to investors may fluctuate, as may the Unit price.

The Fund may be materially affected by market, economic, social and/or political conditions globally and in the jurisdictions and sectors in which it invests or operates. This includes conditions affecting interest rates, the availability of credit, currency exchange and trade barriers. These conditions are outside the control of the Fund and could adversely affect the liquidity and value of the Fund's investments and may reduce the ability of the Fund to liquidate its positions or make attractive new investments.

The Unit price may vary by material amounts, even over short periods of time. The Fund's net exposure to share markets may vary through the use of derivatives. This means the value of the Fund could fall materially in a short period of time and you could lose some or all of your investment.

Operational risk

The following risks may adversely affect the Fund and its performance: the Fund could terminate, its features could change, we may not be able to continue to act as Responsible Entity; third party service providers engaged by us for the Fund may not properly perform their obligations and duties to the Responsible Entity; or circumstances beyond the reasonable control of the Responsible Entity, Investment Manager and their service providers may occur, such as failure of technology or infrastructure, or natural disasters.

Regulatory risk

The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting registered managed investment schemes. Changes to regulations can affect the Fund's operation (for example changes to taxation rules can affect the Fund's income payments), disclosure (for example new regulations may require different information be reported or disclosed compared to current information), or investment activities (for example new regulations or tax rules may prohibit or restrict practices or activities the Fund relies on).

Small company risk

Investing in securities of smaller companies may be riskier than investing in larger, more established companies as they are more likely to have limited markets, narrower product lines and they may depend heavily on key personnel.

Smaller companies may have limited financial resources, a less established market for their shares, or fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid as they are likely to trade less frequently and in smaller volumes.

Unlisted security risk

Unlike listed equity securities, an unlisted security is a stock or other financial instrument that is not traded on a formal exchange. As they are not exchange traded, unlisted securities can be less liquid than listed securities as there may not be an established market or market participants may not be as accessible. These also may be less transparent than listed securities as they are not regulated by an established exchange.

Withdrawal risk

There may be circumstances where your ability to withdraw from the Fund is restricted. These circumstances may include (but are not limited to):

- market events that affect the liquidity or marketability of the Fund's assets;
- the Fund no longer being Liquid or able to meet its liquidity requirements; or
- investor activity has affected the Fund's ability to realise assets at an acceptable price.

If we, as Responsible Entity, determine that it is in the best interests of all investors, we may suspend or delay withdrawals and these payments may take longer than the typical timeframe. The timeframe in which we have to meet a withdrawal request is set out in the Constitution of the Fund and outlined in Section 8 'Investing in the Class'.

Where the Fund is not Liquid, you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. For information on withdrawal restrictions, refer to 'Delays to withdrawal payments' in Section 8.

6. Fees and other costs

Consumer Advisory Warning

DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees 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') Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows the fees and other costs you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole. Taxes are set out in Section 10 of this PDS.

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

WARNING: Additional fees and costs may be paid to a financial adviser if a financial adviser is consulted. The details of these fees and costs should be set out in the Statement of Advice by your adviser.

Fees and Costs Summary:

Spheria Australian Microcap Fund - Class A		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing Annual Fees and Costs		
Management fees and costs[1,2,3] The fees and cost for managing your investment.	**Management fees and costs are** 1.35% p.a. of the NAV of the Class, comprised of: **Management fee:** 1.35% p.a. of the NAV of the Class; and **Indirect cost estimate:** 0.00% p.a. of the NAV of the Class; and	The management fee is calculated daily based on the NAV of the Class and is reflected in the daily unit price and payable monthly in arrears from the Fund. Ordinary expenses of the Fund referable to the Class are paid for out of the management fee. The management fee component of the management fees and costs can be negotiated. Please see 'Differential fees' in the 'Additional Explanation of Fees and Costs' for further information. Indirect costs are paid out of the assets of the Fund or interposed vehicles in which the Fund invests as and when incurred and reflected in the Unit price. Extraordinary expenses are paid from the Fund's assets as and when incurred.[4]
Performance fee[5] Amounts deducted from your investment in relation to the performance of the product.	2.50% p.a. of the NAV of the Class	If applicable, a performance fee of 20% of the Class's outperformance (net of management fees and costs) relative to its Benchmark return, multiplied by the NAV of the Class may be payable. The performance fee is calculated and accrued each Business Day and is reflected in the daily unit price. The performance fee is payable half-yearly.
Transaction costs The costs incurred by the scheme when buying or selling assets.	Transaction costs are estimated to be 0.00% p.a. of the NAV of the Class[6]	Transaction costs associated with dealing with the Fund's assets will be deducted from the Fund. As some transaction costs will be paid for by investors who are charged the buy/sell spread when they enter or exit the Fund, the transaction costs are shown net of the buy/sell spread.
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)		

Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable
Buy/Sell spread[7] An amount deducted from your investment representing costs incurred in transactions by the scheme.	0.50% upon entry and 0.50% upon exit	The buy/sell spread is applied to each application and withdrawal from the Class and operates to increase the relevant unit price for each new investment and to decrease the unit price for each withdrawal to cover costs of dealing with the Fund's assets.
Withdrawal fee The fee on each amount you take out on your investment.	Nil	Not applicable
Exit fee The fee to close your investment.	Nil	Not applicable
Switching fee The fee for changing investment options.	Nil	Not applicable

1. Fees are inclusive of GST and net of any applicable Reduced Input Tax Credits ('RITC').
2. Fees and costs may be negotiated for certain investors such as wholesale clients (as defined in the Corporations Act), depending on factors such as the amount invested. Refer to 'Differential fee arrangements' below for further information about negotiable fees.
3. Indirect costs reflect our reasonable estimate. For further information, please see "Indirect costs" under the heading "Additional Explanation of Fees and Costs"
4. Refer to 'Extraordinary expenses' below for more information.
5. For more information on how we calculate the performance fee estimate, please see "Performance fees" under the heading "Additional Explanation of Fees and Costs". The actual performance fee payable (if any) will depend on the performance of the Fund and the performance fee estimate provided may not be a reliable indicator of future performance fees of the Fund.
6. Transaction costs reflect our reasonable estimate. For further information, please see "Transaction costs" under the heading "Additional Explanation of Fees and Costs".
7. When money moves in or out of the Fund, you may incur a buy/sell spread which is included in the Unit price of the Fund. Refer to 'Buy/Sell spread' below for more information.

Example of annual fees and costs for the Class

This table gives an example of how the ongoing annual fees and costs for the Class can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

EXAMPLE - Spheria Australian Microcap Fund - Class A		**BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR**
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged $0.
PLUS Management fees and costs	1.35% p.a.	**And** for every $50,000 you have in the Class, you will be charged or have deducted from your investment **$675**
PLUS Performance fees	2.50% p.a.	**And,** you will be charged or have deducted from your investment **$1,250** in performance fees each year
PLUS Transaction Costs	0.00% p.a.	**And** you will be charged or have deducted from your investment **$0** in transaction costs
Equals 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 the year, you would be charged fees of: **$1,925.**[1] **What it costs you will depend on the investment option you choose and the fees you negotiate.**

1. The example assumes management costs are calculated on a balance of $50,000 with the $5,000 contribution occurring at the end of the first year. Therefore, ongoing annual fees and costs are calculated using the $50,000 balance only. Ongoing annual fees and costs actually

incurred will depend on the market value of your investment and the timing of your contributions, including any reinvestment of distributions. The example assumes no abnormal expenses are incurred and no service fees are incurred by you.

Additional explanation of fees and costs

Management fees and costs

The management fees and costs of the Fund referable to the Class, generally comprise the administration and investment fees and costs (excluding transaction costs) of the Class.

These costs include (where relevant):

- Responsible Entity fees;
- administration costs;
- safekeeping fees;
- audit costs;
- indirect costs; and
- legal costs.

The Investment Manager pays for the ordinary expenses incurred by the Class out of the fees it receives as investment manager for the Fund that are referable to the Class.

Indirect costs

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs, where relevant. The Fund's indirect costs are estimated to be 0.00% p.a. which is based on the actual indirect costs incurred by the Fund in the previous financial year. The actual indirect costs payable (if any) will depend on the investments of the Fund and the indirect costs estimate provided may not be a reliable indicator of future indirect costs of the Fund.

Extraordinary expenses

Under certain circumstances, extraordinary expenses may be paid directly by the Fund or Class (where applicable). Extraordinary expenses are not of an ongoing nature. Examples of this type of expense include (but are not limited to):

- convening of a investors' meeting;
- termination of the Fund or the Class;
- amending the Fund's Constitution;
- defending or bringing of litigation proceedings; and
- replacement of the Responsible Entity.

Performance fees

Depending on how well the Class performs, the Investment Manager may be entitled to receive a performance fee which is payable by the Class. The average annual performance fee charged by the Class is estimated to be 2.50% p.a. or $1,250 based on a $50,000 investment, which is calculated as the average of the performance fees charged by the Class for the previous five financial years.

Please note that the performance fee estimate is not a forecast and may not be a reliable indicator of future performance fees. The actual performance fee payable (if any) will depend on the performance of the Class and may vary significantly each year.

The performance fee is equal to 20% of the Class' outperformance (net of management fees) relative to its Benchmark return, multiplied by the NAV of the Class. The performance fee is calculated and accrued each Business Day. The Benchmark used for calculating the performance fee is the S&P/ASX Small

Ordinaries Accumulation Index. If the Benchmark ceases to be published, we will nominate an equivalent replacement index.

The performance fee is calculated each Business Day and may be positive or negative. If the performance fee is positive, the amount is incorporated in the Class' unit price. If the performance fee is negative, the negative amount will be carried forward.

The performance fee amount payable by the Class is equal to the total daily performance fee accrual for each period, ending 31 December and 30 June.

The Investment Manager will only be paid the performance fee if the Class' total daily performance fee accrual is positive at the end of each period. That is, any previous negative performance fee accruals generated when the Class underperformed the Benchmark have been recovered.

Performance fee calculation worked example

The worked example in the following table is shown only for the purpose of illustrating how the performance fee may be calculated for two unrelated days only and assumes there are no applications or withdrawals made during each day. The daily performance fee accrual is actually calculated as the day's opening NAV excluding the performance fee accrual plus any applications, minus any withdrawals (both assumed to be nil in the examples), multiplied by the Class' daily out or underperformance of the Benchmark, multiplied by 20% (performance fee rate). The day's performance fee accrual is then added to the performance fee accrual balance (carried over from the previous day) to give the total performance fee for the period. The actual performance in the ordinary course of business, the unit price and the Benchmark may fluctuate during the period.

It is also important to note the below table is not an indication of the expected or future performance of the Class, and that actual performance may differ materially from that used in the following worked example.

Fee Components	Example A (Fund outperforms Benchmark)	Example B (Fund underperforms Benchmark)
Performance fee rate	20%	20%
Opening NAV excluding performance fee accrual	$10,000,000	$10,000,000
Fund daily return	0.35%	-0.25%
Benchmark daily return	0.05%	0.05%
Daily out/underperformance of Benchmark	0.30%	-0.30%
Performance fee accrual (carried over from previous day)	$20,000	$20,000
Daily performance fee accrual	$6,000	-$6,000
Total performance fee accrual[1]	**$26,000**	**$14,000**

1. If the performance fee accrual was positive on the last day of the performance period, a performance fee would be payable equal to the performance fee accrual (includes the net effect of GST and RITC).

Units withdrawn during a calculation period

The proceeds received by investors for units withdrawn during a calculation period will be net of any payable performance fees accrued.

Where the accrued performance fee is negative and the number of units on a Business Day decreases, the accrued performance fee will be reduced by the proportion that the number of decreased units bears to the number of units on issue prior to the withdrawal. For example, if the accrued performance fee is negative and 5% of the units on issue are withdrawn (net of any applications), then the accrued performance fee amount will be reduced by 5%. An implication of this mechanism is that net redemptions for units could cause negative performance fee accruals to be recovered earlier than if no adjustment to

the negative performance fee accrual were made, provided that the Class subsequently outperforms the Benchmark. There is no reciprocal adjustment where the number of units increase.

Transaction costs

Transaction costs associated with dealing with the assets of the Fund referrable to the Class may be recovered from the Class. Transaction costs, other than any buy/sell spread (which is described below), may include brokerage, settlement fees, clearing costs and applicable stamp duty when underlying assets are bought or sold.

The total gross transaction costs are estimated to be $60, based on a $50,000 holding (approximately 0.12% p.a of total average net assets). The transaction costs, net of buy/sell spread recovery, are estimated to be approximately 0.00% p.a of total average net assets, or $0 based on a $50,000 holding. The transaction cost estimate is based on the actual transaction costs incurred by the Fund in the previous financial year.

The net transaction costs are borne by the Class as an additional cost to investors. These costs are in addition to the management fees and costs set out above. Transaction costs are paid out of the assets of the Fund referable to the Class and are not paid to the Investment Manager.

Buy/sell spread

When you invest or withdraw all or part of your investment we generally apply a cost via a unit price 'buy/sell spread', which is an additional cost to you and retained by the Fund. A buy/sell spread operates to increase the relevant unit price for each new investment and to decrease the unit price for each withdrawal to cover costs of underlying portfolio transactions, which include brokerage, share settlement and clearing fees, government charges/stamp duty, bank charges and foreign exchange transaction fees.

The current buy/sell spread for the Class is 0.50% on both investments and withdrawals. For example, if $50,000 was invested in the Class, the cost of your buy spread would be $250, which is added to the Unit price paid into the Fund on investment. Conversely, if $50,000 was withdrawn from the Class, the cost of your sell spread would be $250, which is deducted from the Unit price paid to the investor on withdrawal.

The purpose of the buy/sell spread is to ensure that the costs to the Fund of buying or selling underlying assets are borne by investors as they invest or withdraw and to not disadvantage longer term investors remaining in the Class.

From time to time, we may vary the buy/sell spread. Any revised spread will be applied uniformly to transacting investors while that spread applies. In circumstances where the Responsible Entity determines that unitholders of the Class are not being treated equitably (for example, withdrawals in stressed and dislocated markets), the costs to the Fund of buying or selling underlying assets may be higher or lower than the buy/sell spread.

The Responsible Entity has discretion to waive or reduce the buy/sell spread where the Class incurs no costs, or reduced costs. Investors will be provided with notification of any changes to the buy/sell spread via the webpage.

Incidental fees and costs

Standard government fees, duties and bank charges may also apply to your investments and withdrawals, including dishonour fees and conversion costs.

Adviser fees

We do not pay fees to financial advisers. If you consult a financial adviser, you may incur additional fees charged by them. You should refer to the Statement of Advice they give you for any fee details.

Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its investment management fee and is not an additional cost to the investor.

Fees for indirect investors (additional master trust or wrap account fees)

Indirect investors must also refer to the fees and costs payable for the IDPS, master trust or wrap account they are investing through. The IDPS operator will be the registered holder of the Units and may charge you fees that are different or in addition to the Fund's fees detailed in this section. You should refer to the offer document for the relevant IDPS, master trust or wrap account for more information.

Differential fee arrangements

The management fees and/or performance fees of the Fund may be negotiated with persons who qualify as wholesale clients within the meaning of the Corporations Act, such as sophisticated or professional investors. In negotiating such fees, we will take into consideration our obligations under the Corporations Act. Such arrangements will be by individual negotiation and will be disclosed separately to relevant clients. Please contact us on 1300 010 311 for further details.

Changes to fees and other costs

We reserve the right to change fees and other costs, subject to any limitations under the Fund's Constitution and applicable law. We will give investors 30 days' notice prior to an increase in any fees and otherwise as required by law.

The Fund's Constitution provides for various fees and sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund's Constitution, we would need the approval of investors.

Please refer to the webpage or any relevant investor notice for any updates on our estimates of any fees and costs (including indirect costs and transaction costs) which are not considered to be materially adverse from a retail investor's point of view.

For more information on fees and costs

If you would like to better understand how our fee structure may impact your investment in the Class, we recommend that you speak to your financial adviser or visit ASIC's moneysmart website at www.moneysmart.gov.au where a fee calculator is available to help you compare the fees of different managed investment products.

7. How the Class Works

How the Class is valued

The Gross Asset Value ('GAV') of the Fund attributable to the Class equals the market value of the assets attributable to the Class. The Net Asset Value ('NAV') of the Fund attributable to the Class is obtained by deducting any liabilities (for example fees and costs) attributable to the Class from the GAV attributable to the Class.

All assets within the Fund are usually valued every Business Day. More frequent valuations are permitted under the Constitution and we may revalue the Fund's assets more or less frequently if it is considered appropriate or in certain circumstances.

The Responsible Entity uses independent pricing services provided by the Fund's Administrator for the valuation of the Fund's assets, which is generally calculated on a daily basis, using security prices as at the close of trading in each relevant market (or any such time determined by the Responsible Entity). Listed investments are marked to market. The value of unlisted investments is determined by the Responsible Entity after consideration of the recommendations from the Fund's Investment Manager or the valuation method adopted by an independent third party. Unit prices may be viewed on the Investment Manager's website.

Unit prices

Units offered under this PDS are Class A units of the Fund. A unit price is calculated for every Business Day, which is equal to the value of the Fund's net assets attributable to the Class A units divided by the number of Class A units. Generally, the unit price changes daily as the market value of the Fund's assets rises or falls.

Unit prices are based on the NAV of the Fund attributable to the Class including provision for income and expenses, which have accrued, and an adjustment for a transaction cost factor (see 'Buy/Sell Spread' in Section 6 'Fees and other costs').

Unit pricing policy

The Responsible Entity complies with ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price of Interests in Managed Investment Schemes) Instrument 2023/693 as it relates to unit pricing requirements and has adopted a compliant policy for unit pricing discretions it uses in relation to the Fund ('Unit Pricing Policy'). This document may be revised or updated from time to time to reflect changes in the Fund Constitution or the pricing policies of the Responsible Entity.

We will exercise any discretion we have under the Constitution for the Fund in relation to Unit pricing in accordance with our Unit Pricing Policy. We keep records of any decisions which are outside the scope of the Unit Pricing Policy, or inconsistent with it.

The Unit Pricing Policy and discretions exercised by the Responsible Entity are available from us, at no charge, upon request.

Income distributions

How you receive income from your investment

Income (such as interest, dividends and realised capital gains) from investments in the Fund will be paid to you via income distributions. Distributions are payable annually, subject to the Class having sufficient distributable income.

Distributable income takes into account income received from the investment activities of the Fund referable to the Class less any fees and costs incurred by the Fund referable to the Class, as well as net

capital gains made due to trading in the assets of the Fund which are attributable to the Class. Revenue losses are not able to be distributed.

Capital gains are generally not distributed until the end (or shortly thereafter) of the period ending 30 June each year. Any net capital losses are carried forward to be offset against capital gains in future income periods.

Impact of investing just before the end of a distribution period

After a distribution is paid, the Unit price usually falls by an amount similar to that of the distribution per Unit. This means that if you invest just before a distribution, the Unit price may already include income that you would be entitled to receive at the distribution date. Consequently, by investing just before a distribution, you may have some of your capital returned as income through the distribution payment.

This could affect your taxation position and we recommend you seek professional taxation advice.

Distribution reinvestment

Distributions will be automatically re-invested unless you advise otherwise. Reinvestment is subject to the terms of the Fund's distribution reinvestment plan ("DRP").

The distribution reinvestment price is the Unit price at the end of the distribution period (without the applicable buy spread) less the distribution per Unit payable. All Units allotted as part of the distribution reinvestment will rank equally in all respects with existing Units. At the time the distribution reinvestment price is set, all information that would, or would be likely to, have a material adverse effect on the price of the Units will be publicly available.

Investors may elect to have their distributions paid as cash any time by notifying us or the Fund's Unit Registry. The change will apply from the date of receipt, as long as it is at least 10 days prior to a distribution date, or such future date as nominated by you.

The Responsible Entity may cancel or suspend distribution reinvestments or modify the terms by which distribution reinvestments are permitted.

Distribution reinvestment will only apply in respect of unitholders who are residents in Australia or New Zealand. Investors who are not residents in Australia or New Zealand will have their distributions paid as cash.

If you are an overseas investor (outside of Australia and New Zealand) you also can provide your EFT details if you have an Australian bank account, otherwise you will be paid by AUD cheque.

If you do not provide your Australian financial institution account details your distribution payment will be set aside and retained on your behalf in AUD. In Australia, this will be subject to the obligations in respect of unclaimed money.

To avoid your distribution payment being delayed, your instructions must be received before the Record Date.

Different classes

As permitted under the Constitution, we may issue more than one class of units in the Fund, with different applicable fees and other different conditions of issue.

Operational governance

The Fund's operation is governed by its Constitution and the Corporations Act, with other Relevant Laws.

Constitution

The Constitution contains the rules relating to a number of operational issues and practices, including rights, responsibilities and duties of the Responsible Entity and investors in the Fund, some of which are outlined in further detail in this PDS.

Copies of the Fund's Constitution can be provided on request by contacting us at service@pinnacleinvestment.com or on 1300 010 311.

Compliance Plan

The Fund's Compliance Plan outlines how we aim to ensure compliance with the Fund's Constitution, the Corporations Act and other Relevant Laws.

The Fund's Compliance Plan has been lodged with ASIC.

8. Investing in the Class

Applications

Making an application

Direct investors

You can apply online by completing an online application which is available on the Investment Manager's Website. To invest through a paper-based application, complete the Application Form (including the provision of other documentation required for identification purposes) and return it, via post, to the Unit Registry.

Applications received, verified and accepted by the Unit Registry prior to 12pm (Sydney time) on a Business Day will generally be processed using the unit price for that day. For applications accepted after 12pm (Sydney time) or on a non-Business Day, generally the next Business Day's unit price will apply.

We reserve the right not to accept (wholly or in part) any application for any reason or without reason. If we refuse to accept an application, any monies received from you will be returned to you without interest.

Additional information about investing

For an application to be valid, the Application Form must be completed correctly and be appropriately signed by the applicant(s). We will not be able to process your application if the Application Form is incomplete or incorrectly completed, or we are not satisfied that we have received the necessary proof of identification requirements to meet our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and associated rules and regulations ('AML/CTF Law'), or we have not yet received your relevant FATCA/CRS declaration.

Incomplete applications

If, for any reason, we are unable to process your application, the application monies will be held by us in a non-interest-bearing trust account for up to 30 days (while we endeavour to verify your identification information or obtain any necessary outstanding information) after which we will return the application monies to you. No interest is received on application monies, including monies for additional investments, and no interest will be paid to you if for any reason your application cannot be accepted.

Effect of the Application Form

In addition to the acknowledgments contained in the declaration on the Application Form, by completing and signing the Application Form, the investor:

a. agrees to be bound by the provisions of the Fund's Constitution;

b. acknowledges having read and understood the PDS located at the Fund's webpage;

c. authorises the provision of information relating to the investor's account to the named financial adviser, and any other authorised person by that adviser, from time to time;

d. authorises the use of the TFN information provided on the Application Form in respect of the investor's Fund account;

e. acknowledges that neither the Responsible Entity, its respective holding companies and officers, nor the Investment Manager and its respective officers and holding companies, guarantees the capital invested by investors or the performance of the specific investments of the Fund;

f. acknowledges that the provision of the product available through the PDS should not be taken as the giving of investment advice by the Investment Manager or the Responsible Entity, as they are not aware of the investor's investment objectives, financial position or particular needs;

g. acknowledges that the investor is responsible for ensuring that the information on the Application Form is complete and correct;

h. acknowledges that neither the Responsible Entity nor its agents are responsible where a loss may be suffered as a result of the investor providing incorrect or incomplete information;

i. agrees that the Responsible Entity may:

   i. require the investor to provide any additional documentation or other information and perform any acts to enable compliance with the AML/CTF Law, FATCA, CRS or any other law;

   ii. at its absolute discretion and without notice to the investor, take any action it considers appropriate including blocking or delaying transactions on the investor's account or refuse to provide services to the investor to comply with the AML/CTF Law or any other law; and

   iii. in its absolute discretion and without notice to the investor report any, or any proposed, transaction or activity to anybody authorised to accept such reports relating to actual or suspected contraventions of the AML/CTF Law or any other law; and

j. acknowledges that the Responsible Entity is required to collect the investor's personal information under the Corporations Act and the AML/CTF Law and agrees that information provided may be used as detailed in the PDS and the Responsible Entity's Privacy Policy.

Electronic offer document

The Application Form may only be distributed when accompanied by a complete and unaltered copy of the PDS. The Application Form contains a declaration that the investor has personally received the complete and unaltered PDS prior to completing the Application Form.

The Responsible Entity will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete paper copy or electronic copy of the PDS or if it has reason to believe the Application Form or electronic copy of the PDS has been altered or tampered with in any way. Whilst the Responsible Entity believes that it is extremely unlikely that, during the period of the PDS, the electronic version of the PDS will be tampered with or altered in any way, the Responsible Entity cannot give any absolute assurance that this will not occur.

Any investor who is concerned with the validity or integrity of an electronic copy of the PDS should immediately request a paper copy of the PDS directly from the Responsible Entity.

Withdrawals

Making a withdrawal

You can decrease your investment in the Fund by redeeming units at any time. The Responsible Entity endeavours to effect payment of withdrawals within five Business Days of processing your withdrawal request, however, this timeframe is not guaranteed and there may be occasions when timeframes are significantly longer. Under the Fund's Constitution, we have 21 days to pay redemption proceeds once Units are redeemed.

In addition to their share of the capital value of the Fund, and as part of the withdrawal proceeds, unitholders will receive their share of any net income of the Fund (corresponding to the unit class, the period of time during which their units were on issue, and the relevant distribution period). These proceeds are included in the applicable withdrawal unit price and will be treated as capital.

Direct investors

Direct withdrawal requests can be made daily, and must be received, verified and accepted by the Unit Registry prior to 12pm (Sydney time) on a Business Day. Withdrawal requests received after that time, or on a non-Business Day, will generally be treated as being received on the next Business Day. Electronic transfer of the withdrawal proceeds can take up to five Business Days, however it will often be completed in a shorter period of time.

There is a minimum withdrawal amount of $5,000 or less at the discretion of the Responsible Entity. In addition, if your withdrawal request would result in your investment balance being less than $25,000, we may treat your withdrawal request as being for your entire investment. We will provide investors with advance notice of any compulsory withdrawals. Alternatively, we may return your withdrawal request to you unprocessed.

Please note that we only make payments to your nominated bank or financial institution account. No third-party payments will be allowed. There may be circumstances, as permitted under the Fund Constitution and Corporations Act, where your ability to withdraw from the Fund is restricted.

Delays to withdrawal payments

Under the Fund's Constitution, the Responsible Entity may suspend withdrawal payments under certain circumstances for such a period as it considers appropriate. This is likely to not exceed more than 30 days. These circumstances include, but are not limited to where:

- we reasonably estimate that we must sell 5% or more of all the Fund's assets to meet outstanding withdrawal requests;
- total outstanding withdrawal requests require us to realise a significant amount of the Fund's assets, which may affect remaining unitholders (for example by creating an expense or tax burden);
- we reasonably consider it to be in the interests of unitholders to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period where withdrawals have been suspended, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

If the Fund becomes Illiquid

We may delay or suspend a withdrawal request where we are unable to realise certain assets due to circumstances outside our control, such as when there is restricted or suspended trading in assets held by the Fund, or where the Fund becomes Illiquid as defined by the Corporations Act.

The Fund will be Illiquid under the Corporations Act if it has less than 80% of liquid assets (generally cash and marketable securities). If the Fund is Illiquid, withdrawals from the Fund may only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do you will only be able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy all withdrawal requests, the requests will be satisfied proportionately among those unitholders wishing to withdraw from the Fund.

Indirect investors

Investors and prospective investors may also access the Fund indirectly. This PDS has been authorised for use by operators through an Investor Directed Portfolio Service ('IDPS') or master trust. An IDPS is an investment and reporting service offered by an operator.

People who invest through an IDPS, master trust or wrap account are indirect investors. Such indirect investors do not acquire the rights of a unitholder of the Fund. Rather, it is the operator or custodian of the IDPS or master trust that acquires those rights. Therefore, indirect investors do not receive income distributions or reports directly from us, do not have the right to attend meetings of unitholders and do not have cooling off rights. Different investment, balance, and withdrawal minimums may also apply. Indirect investors should not complete the Application Form or Withdrawal Form. The rights of indirect investors are set out in the disclosure document for the IDPS or master trust. If you are investing through an IDPS or a master trust, enquiries should be made directly to the IDPS operator or the trustee of the master trust. Any changes to investor details must also be made through the IDPS operator.

All changes to an account for an indirect investor, including but not limited to switches, changes of details, additional investment and redemption requests must be processed through the IDPS, master trust or wrap account provider.

Other transactions

Switches

Direct investors may switch from the Fund to another fund managed by the Investment Manager and operated by us through the same Unit Registry at any time. A switch operates as a withdrawal of units in one fund and the investment of units in the other fund and therefore may have taxation implications. Please contact a licensed financial or taxation adviser for further information.

There is no switching fee applicable as at the date of this document. However, a buy and/or sell spread or a contribution fee may apply (where applicable) to the relevant fund(s) at the time of the switch. Before making a decision to switch, you should read the relevant PDS located at the Investment Manager's website.

Transferring ownership

You can generally transfer some or all of your investment to another person, although we are not obliged to process a transfer that does not meet prescribed criteria. Transfers may be subject to tax or other relevant regulations, and we recommend you acquire financial advice before making a decision regarding transferring your Units.

Changes and delays to permitted transactions

We can vary the minimum investment amounts for the Class at any time and can also change the transaction cut-off time. The Responsible Entity has the right to refuse applications or withdrawals for any reason.

Where we consider it to be in the interests of unitholders, we may suspend application or withdrawal requests. Any application or withdrawal request received during a period where transactions have been suspended, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

Cooling-off

If you are a retail client (as defined in the Corporations Act) investing directly in the Fund, a cooling-off period is permitted for a period of time following a purchase, when the purchaser may choose to cancel a purchase, for any reason, and obtain a full refund.

If you wish to exercise the cooling off rights, investors have a 14-day cooling-off period in which to decide if the investment is right for you. The 14-day cooling-off period commences on the earlier of the end of the fifth Business Day after we issue the units to you or from the date you receive confirmation of your application.

If you exercise your cooling-off rights, we will return your money to you and no fees will apply. However, the repayment of your investment under the cooling-off right is subject to market adjustment (both positive or negative) during the period in which the investment has been held. Where appropriate, administration costs may also be deducted. Therefore, there may be tax implications for you.

Cooling-off rights do not apply:

- to wholesale clients (as defined in the Corporations Act);
- to the operator of an IDPS or trustee of a master trust. Indirect investors do not have cooling off rights in respect of any units held in the Fund. Speak with the IDPS operator or trustee of a master trust to determine whether any cooling off rights are available to you through the service; or
- where units have been issued as a result of an additional investment, switch or distribution reinvestment plan.

Complaints

The Responsible Entity has in place a procedure for handling all complaints. All complaints should be made by contacting us:

Complaints Resolution Officer

Pinnacle Fund Services Limited

PO Box R1313

Royal Exchange NSW 1225

Email: complaints@pinnacleinvestment.com

Telephone: 1300 010 311

Please include the following information in your correspondence:

- your investor number;
- your preferred contact details; and
- a brief description of your complaint and/or matters that you would like addressed.

All complaints received will be acknowledged in writing within one Business Day or as soon as practicable after receiving the complaint. The Responsible Entity will act in good faith to ensure your complaint is investigated and resolved. If your issue has not been satisfactorily resolved within 30 calendar days, you can lodge a complaint with the Australian Financial Complaints Authority ('AFCA'). AFCA provides fair and independent financial services complaint resolution that is free to consumers. You can contact AFCA at:

Telephone: 1800 931 678 (free call)

Website: www.afca.org.au

Email: info@afca.org.au

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

Please quote the Responsible Entity's membership number 10252 in communications with AFCA.

The dispute resolution process described in this PDS is only available in Australia.

If you are an indirect investor, you may either contact your IDPS operator or us with complaints relating to the Fund. Complaints regarding the operation of your account with the IDPS should be directed to the IDPS operator. If you have first raised a complaint with your IDPS operator and are not happy with how

the complaint has been handled, you should raise that with the IDPS operator or the IDPS operator's external dispute resolution service.

9. How we keep you informed

Statements and reports

For the most up to date information on your investment visit the Investment Manager's website.

At the Investment Manager's website, you can:

- access the PDS documents and the annual financial reports for the Fund;
- download Fund forms which includes the Application Form and other standard administration forms;
- monitor unit prices, investment performance and changes to the Fund (including changes to the Fund's risk profile, Fund's strategy, key service providers and key investment personnel); and
- read the latest views and opinions of the Investment Manager's investment team.

Confirmation statement

A statement of confirmation will be sent to you for your initial investment, as well as any additional investments and withdrawals within three Business Days of processing via your preferred method of communication.

Transaction statement

You will be sent a transaction statements periodically via your preferred method of communication. The transaction statement will provide you with the total value of your investment as at the end of that period, including any switches, withdrawals, investments and distributions received.

Annual taxation statement

After making any distribution for the final distribution period (ending 30 June) each year, an annual taxation statement will be sent to you via your preferred method of communication.

Distribution statement

A distribution statement will be sent to you via your preferred method of communication in the month following the end of a distribution period, detailing your income distribution and current balance.

Financial report

The annual financial report for the Fund you are invested in, detailing the financial performance of the Fund for the financial year ending 30 June, can be downloaded from www.pinnacleinvestment.com and will be available by 30 September each year.

Continuous disclosure

The Responsible Entity will comply with the continuous disclosure requirements for disclosing entities under the Corporations Act where the Fund is a disclosing entity.

This means that the Fund will be subject to regular reporting and disclosure obligations and copies of documents the Responsible Entity lodges with ASIC for the Fund may be obtained from or inspected at an ASIC office.

Upon request, and at no charge, the Responsible Entity will also send you copies of:

- the most recent annual financial report for the Fund lodged with ASIC;
- any half year financial reports for the Fund lodged with ASIC after the lodgment of the most recent annual financial report and before the date of the relevant PDS; and
- any continuous disclosure notices given by the Fund after the lodgment of that annual report and before the date of the PDS.

Also, we will comply with our continuous disclosure obligations for the Fund by publishing material information on the Fund's website www.spheria.com.au.

10. Taxation

WARNING: Investing in a registered managed investment scheme may have tax consequences. The guidance below is general in nature and is not to be relied upon as tax advice. You are strongly advised to seek independent professional tax advice before making an investment decision.

The taxation implications of investing in the Fund can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units on capital account or revenue account. This summary may not be relevant for investors that are subject to special tax rules such as banks, superannuation funds, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

The Fund is an Australian resident for tax purposes and does not generally pay tax on behalf of its investors. Investors are generally subject to tax on their share of taxable income and capital gains attributed to them by the Fund.

The following tax comments have been prepared on the assumption that:

- the investor is an Australian resident for taxation purposes;
- the investor holds the units on capital account as a long-term investment;
- the Fund qualifies as an attribution managed investment trust ('AMIT') within the meaning of Section 276-10 of the Income Tax Assessment Act 1997 (Cth) and the Responsible Entity of the Fund elects to apply the AMIT regime to the Fund; and
- the Fund has made an irrevocable “capital election” to apply the Capital Gains Tax (‘CGT’) provisions pursuant to Section 275-115 of the Income Tax Assessment Act 1997 applicable to certain “covered assets".

Income of the Fund

The Fund has been established as an Australian resident unit trust. In accordance with the AMIT provisions, the Fund is required to determine certain amounts (e.g. assessable income, exempt income, non-assessable non-exempt income and tax offsets). The Fund then attributes these amounts of assessable income, exempt income, non-assessable non-exempt income and tax offsets (referred to as “characters”) to investors on a fair and reasonable basis in accordance with their interests. The attributed trust amounts retain their tax character in the hands of investors and investors will be taxed on their attributed amounts even where amounts are not distributed in cash. Investors will be provided with an AMIT Member Annual ('AMMA') Statement for tax purposes after 30 June each year to assist the investor in determining their tax position. The AMMA Statement will advise all amounts attributed to an investor by the Fund for inclusion in their income tax returns. The AMMA Statements will also advise the character of the income, and any cost-base adjustments required to the units. Generally, no Australian income tax will be payable by the Fund where investors are attributed with all taxable characters of the Fund each year.

The Fund’s investments and activities are likely to give rise to income, dividends, capital gains and losses. Further detail in respect of the Australian tax treatment of these income/gains and losses at the Fund level is provided below.

In normal circumstances, you should expect the Fund to derive assessable income and/or capital gains each year.

Fund franking credits

The Fund may derive franking credits from the receipt of franked dividends. These franking credits will be attributed to investors if certain conditions are met. One of these conditions is that the 45-day holding

period rule has been satisfied by the Fund. The 45-day holding period rule broadly requires that the Fund hold shares at risk for at least 45 full days (excluding the day of acquisition and day of disposal) in order to be eligible to utilise a franking credit tax offset. The holding period rule for preference shares requires shares to be held at risk for at least 90 days.

Tax losses

In the case where the Fund makes a loss for tax purposes, the Fund cannot distribute the loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to take into account the losses in determining the income tax position in subsequent years.

Taxation of Financial Arrangements ('TOFA') rules

The TOFA rules apply tax timing methods to certain “financial arrangements”. The TOFA rules mandatorily apply to all financial arrangements entered into by the Fund (for example debt securities and hedging arrangements), provided that the TOFA eligibility criteria is met by the Fund and no exclusions from the TOFA rules apply. Broadly, the TOFA rules have the effect of treating gains and losses from financial arrangements on revenue account and recognise certain gains and losses on an accruals basis which may, in certain circumstances, result in a taxing point prior to the realisation of the investments (unless a specific TOFA elective methodology is adopted).

Taxation of Australian resident investors

Investors are generally subject to tax on their share of the taxable characters attributed to them by the Fund each year. Investors are treated as having derived their share of the taxable characters of the Fund directly on a flow through basis.

The way in which investors are taxed will depend on the underlying nature of each character they receive (for example, franked dividends to which franking credits may attach, capital gains, foreign income to which foreign income tax offsets (‘FITOs') may attach, or interest income).

The AMMA Statement, provided to investors after 30 June each year (within three months of the end of the income year), will outline the amounts attributed to you by the Fund and the nature of those amounts (i.e. the characters of the total amount attributed), including any FITOs and franking credit entitlements.

Capital gains

To the extent that an investor is attributed with characters of assessable capital gains, investors will include the capital gain in their net capital gain calculation. Certain investors may be entitled to apply the relevant CGT discount in working out the net capital gain (i.e. after offsetting capital losses) to include in their assessable income (refer further comments below)..

Investor franking credits

If franking credits are attributed to investors by the Fund and the investor is entitled to the franking credit, investors must include the amount of the franking credits in addition to the franked dividend income in their assessable income.

Certain requirements, including the 45-day holding period rule, may need to be satisfied in order to utilise franking credits in relation to dividends. The investor’s particular circumstances will be relevant to determining whether the investor is entitled to any franking credits, in respect of franked dividends. Where entitled, a tax offset equal to the franking credits will be applied against the tax otherwise payable by investors on their total assessable income, subject to the investor satisfying specific conditions. Corporate investors may be entitled to convert any excess franking credits into tax losses. Certain other investors may be entitled to obtain a refund of any excess franking credits.

Under and overstatements of taxable income

If the Responsible Entity discovers understatements or overstatements of taxable income and tax offsets in prior years, the Responsible Entity has the ability under the AMIT regime to deal with these understatements and overstatements in the financial year in which they are discovered ('discovery year') or to carry these forward to be dealt with in a future income year. That is, the distribution statements in relation to the discovery year may be adjusted to take into account these understatements or overstatements from a prior financial year, rather than re-issuing amended distribution statements for the prior financial year to which the understatements or overstatements relate.

The amount of attributed income from the Fund which the investor is required to include in their assessable income may be different to the cash distributions received by an investor in respect of their units. This is because the distributions received on the units may be determined by reference to the cash returns received in respect of the Fund, whereas the attributable income of the Fund is determined by reference to the overall tax income position of that Fund.

An investor may be required to make, in certain circumstances, both upward or downward adjustments to the cost or cost base of their unit holdings, where there is a difference between the cash and tax offset amounts distributed by the Fund and the taxable characters attributed by the Fund to investors for any income year.

If the amount of cash distribution plus tax offsets received in relation to an income year exceeds the taxable characters (including the discount component of any discounted capital gains) attributed by the Fund, the cost base of the investor's units in the Fund should be reduced by the excess amount. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's units in the Fund. Should the cost base of the units be reduced to below zero, the amount in excess of the cost base should be treated as a capital gain that is to be included in the investor's calculation of their net capital gain.

Conversely, where the cash distribution plus tax offsets amount received in relation to an income year falls short of the taxable characters (together with the discount component of any discount capital gain) attributed by the Fund during a financial year, the cost base of the investor's units in the Fund should be increased by the shortfall amount.

Foreign Source Income and Foreign Income Tax Offset ('FITO')

The Fund is expected to derive foreign source income that might be subject to tax overseas, such as withholding tax and/or foreign income tax. Australian resident investors may be entitled to a FITO for foreign tax paid by the Fund in respect of the foreign income received by the Fund. Australian resident investors should include in their assessable income the gross amount of foreign income (i.e. inclusive of any FITO) attributed to them by the Fund.

To the extent investors do not have sufficient overall net foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

Withdrawals from the Fund and disposal of units

The withdrawal or disposal of a unit in the Fund is the disposal or cancellation of a CGT asset by an investor and a CGT event for tax purposes. To the extent that the proceeds exceed the cost base of the unit, you will make a capital gain. However, if the proceeds are less than your reduced cost base, you will make a capital loss. Generally, a capital loss can only be used to offset against capital gains derived in the current or a future tax year (subject to satisfying certain conditions).

Capital gains or income arising from a significant redemption may be attributed or distributed to the redeeming investor on a fair and reasonable basis. A significant redemption is generally one where an

investor's redemption request comprises 10% or more of the Fund's NAV. However, this may be less than 10% of the Fund's NAV where we believe it is fair and reasonable.

An individual, trust or complying superannuation entity may be able to claim the benefit of the CGT discount if they have held the units for 12 months (excluding the acquisition date and disposal date). A corporate investor cannot claim the benefit of the CGT discount. Gains and losses realised by an investor who holds their units on revenue account will be taxable as ordinary income or an allowable deduction, and will not qualify for the CGT discount.

Non-resident individual unitholders

The above taxation summary is only for investors who are residents of Australia for tax purposes. The tax treatment of non-resident investors in the Fund depends on the investor's particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and the country of residence. It is important that non-resident investors seek independent professional taxation advice before investing in the Fund.

The Fund may be required to withhold tax on part, or all, of the distributions made to non-resident investors Non-resident investors may also be subject to the tax laws in the country in which they reside, but may be entitled to a credit for some or all of the tax withheld in Australia.

Goods and Services Tax ('GST')

Unless otherwise stated, the fees quoted in this PDS are inclusive of the net effect of GST and Reduced Input Tax Credits ('RITC'). The rate of GST and any other taxes may change if the relevant law changes.

Investors should not be directly subject to GST when applying for or withdrawing Units. However, the Fund may incur GST as part of the expenses of the Fund. The Fund may then be entitled to claim RITCs for GST incurred on certain expenses.

Tax File Numbers and Australian Business Numbers

You are not required to quote your Tax File Number ('TFN') or, if you have one, an Australian Business Number ('ABN')[1] or claim an exemption from providing a TFN.

However, if a TFN or ABN is not provided, or an exemption is not claimed, we are required by law to withhold tax from distributions at the top marginal tax rate plus the Medicare Levy (and any other levies required to be withheld from distributions from time to time). If you are making this investment on behalf of a business or enterprise you carry on, you may quote your ABN instead of a TFN. The ABN, TFN, or an appropriate exemption can be provided on the Application Form when making an Initial Investment. The collection of TFNs is authorised and their use is strictly regulated by tax and privacy laws.

Tax reforms

The expected tax implications of investing in the Fund may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Taxation Office.

It is recommended that investors obtain independent taxation advice that takes into account your specific circumstances regarding investing in the Fund and the potential application of any changes in the tax law.

Foreign Account Tax Compliance Act ('FATCA') and OECD Common Reporting Standard ('CRS')

Tax evasion is a global problem and international cooperation and sharing of high quality, predictable information between revenue authorities will help them ensure compliance with local tax laws. FATCA was enacted by the United States (U.S.) Congress to improve compliance with U.S. tax laws by imposing due diligence and reporting obligations on foreign financial institutions, notably the obligation to report U.S. citizen or U.S. tax-resident account holders to the U.S. Internal Revenue Service ('IRS').

[1] Under AML/CTF Law, disclosure of an ABN is required for those individual investors who are a sole trader.

Similar to FATCA, the CRS for the automatic exchange of information, is a single global standard for the collection and reporting to tax authorities of information by financial institutions on non-Australian residents.

Accordingly, we may request certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for the Fund to comply with its FATCA or CRS obligations. Failure to comply with our obligations under FATCA and CRS could result in the Fund being subject to a 30% US withholding tax on payments of US income or gross proceeds from the sale of particular US securities (in relation to FATCA only) and administrative penalties under Australian taxation law. In the event that the Fund suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor the Responsible Entity acting on behalf of the Fund, will be required to compensate you for any such tax, except in exceptional circumstances.

11. Privacy

All Personal Information will be collected, used and stored by the Responsible Entity in accordance with our Privacy Policy, a copy of which is available at www.pinnacleinvestment.com or on request.

Collecting and using your information

The Unit Registry on behalf of the Responsible Entity may collect Personal Information during the application process. We may gather information about you from a third party. These include credit agencies, financial advisers, fund managers or intermediaries and appointed agents. We may also collect details of your interactions with us and our products and services (including from our records of any telephone and email interactions).

If you provide someone else's personal information to us, you must ensure that they first agree on the basis of this privacy section.

We will only collect Personal Information that is reasonably necessary for one or more of our functions or required or authorised by law. Generally, this means we collect information for the following purposes:

- to process your application;
- to administer your investment and provide you with reports;
- to monitor and improve the quality of service provided to you; and
- to comply with regulatory or legal requirements, including the Corporations Act, the AML/CTF Law, FATCA and CRS.

We may use your Personal Information so that we and our related companies can communicate with you to promote products and services that may be of interest to you. Please contact us if you do not wish your details to be used for marketing purposes.

Accessing and correcting your details

You can access, correct or update any Personal Information we hold about you, subject to some exceptions allowed by law, by contacting 1300 010 311. We may charge a reasonable fee for access to your Personal Information. To ensure that the Personal Information we retain about you is accurate, complete and up to date, please contact us, if any of your details change.

What happens if you do not provide information

If, for any reason, you do not provide all necessary information, we may not be able to process your application, and this may have implications for your investment account. For example:

- we may not be able to give effect to subsequent transaction requests (including additional applications or withdrawals) until all required information has been provided; or
- we may need to notify the Australian Taxation Office or international tax offices, or apply the highest marginal tax rate to any payments made to your accounts.

Disclosing your information

We may exchange your Personal Information with your adviser, authorised representative, Power of Attorney and any other third parties if you request or provide consent to us. In addition, we may exchange Personal Information about you in the following circumstances:

- you consent to the disclosure;
- such disclosure is to your joint investor (if any);
- such disclosure is to companies that provide services to us, to our Related Bodies Corporate, to the Fund, or on our behalf (and our Related Bodies Corporate may also exchange personal

information with these companies) - for example administration, custody, investment management, technology, identity verification, auditing, registry, mailing or printing services. These service providers may be located outside Australia (for example in Malaysia, or elsewhere), where your personal information may not receive the same level of protection as that afforded under Australian law;

- where required or authorised by law, which may include disclosures to the Australian Taxation Office and other Government or regulatory bodies; or
- such disclosure is to organisations related to us, whether in Australia or any overseas jurisdiction.

12. Investment by New Zealand investors

WARNING: Issues to NZ investors.

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

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

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

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

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

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

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

The offer may involve a currency exchange risk. The currency for the financial product is not New Zealand dollars.

The value of the financial product will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

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

If the financial product is able to be traded on a financial product market and you wish to trade the financial product through that market, you will have to make arrangements for a participant in that market to sell the financial product on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial product and trading may differ from financial product markets that operate in New Zealand.

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

13. Additional Information

Consents

Spheria, PwC, and Citi have consented to be named in this PDS in the form and context in which they are named and, as at the date of this PDS, have not withdrawn their consent. Spheria consents to the inclusion of statements about its investment strategy, statements about the extent to which it takes labour standards and environmental, social and ethical considerations into account in making investment decisions and information about its investment team. Spheria, PwC, and Citi have not authorised or caused the issue of any part of this PDS and takes no responsibility for any part of this PDS other than the inclusion of the statements referred to above.

Appointment of authorised representative

A person appointed as your authorised representative is authorised by you to:

- apply for Units in the Class and sign all documents necessary for this purpose;
- make requests to redeem all or some of your Units (note: withdrawals processed as directed by the authorised representative fully discharges our withdrawal obligations to you); and
- make written requests for information regarding your Units.

The Responsible Entity may act on the sole instructions of the authorised representative until the Responsible Entity is notified that the appointment of the authorised representative is terminated.

You can cancel your appointment of the authorised representative by giving the Responsible Entity 14 days prior notice. Termination of an appointment does not prejudice the following statement. By appointing an authorised representative, you agree to release, discharge and indemnify the Responsible Entity from and against any loss, expense, action, claims or other liability which may be suffered by you or brought against the Responsible Entity for any actions or omissions by you or your authorised representative, whether authorised or not by you or your authorised representative. Any request for information by an authorised representative will be responded to in writing only. Such written responses will be sent to the authorised representative's email/fax/residential address nominated on the Authorised Representative Form.

If an authorised representative is a partnership or a company, any one of the partners or any director of the company is each individually deemed to have the powers of the authorised representative. It is sufficient for the Responsible Entity to show that it had reasonable grounds for belief that an action was taken or a request given by or for an authorised representative, when determining whether an action or request was taken or given by the authorised representative.

14. Defined terms

Term	Definition
ABN	Australian Business Number.
Administrator	the appointed administrator of the Fund is Citigroup Pty Limited ABN 88 004 325 080 AFSL 238098, or such other person appointed by the Responsible Entity from time to time.
AFSL	an Australian financial services licence issued by ASIC.
AMIT	attribution managed investment trust.
AML/CTF Law	our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and associated rules and regulations.
Application Form	the application form for the Fund.
ARSN	Australian registered scheme number.
ASIC	Australian Securities and Investments Commission.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Business Day	a day which is not a Saturday, Sunday or public holiday in New South Wales, Australia.
Buy/Sell Spread	the difference between the entry and exit price for a Fund, relating to transaction costs. It is a set, average percentage amount paid by investors when they transact.
CGT	Capital Gains Tax.
Class	Class A Units in the Fund offered under this PDS.
Constitution	the trust deed that establishes and governs the Fund, as amended from time to time.
Corporations Act	the Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth).
CRS	OECD Common Reporting Standards.
Custodian	the appointed custodian of the Fund is Citigroup Pty Limited ABN 88 004 325 080 AFSL 238098, or such other person appointed by the Responsible Entity from time to time.
FATCA	Foreign Account Tax Compliance Act.
Fund	Spheria Australian Microcap Fund ARSN 611 819 651
Gross Asset Value ('GAV')	the market value of a Fund's assets determined in accordance with the Constitution and applicable accounting standards.
Illiquid	that a fund has liquid assets that amount to less than 80% of the fund's assets having regard to Section 601KA of the Corporations Act.
Initial investment	an Investor's initial investment which requires the opening of a new Fund account.
Investment Manager or Spheria	Spheria Asset Management Pty Limited ABN 42 611 081 326.
Investor Directed Portfolio Service ('IDPS')	or IDPS-like scheme or a nominee or custody service (collectively referred to as master trusts or wrap accounts), refers to a service that allows a person to access the Fund indirectly.
Liquid	that a fund has liquid assets that amount to at least 80% of the fund's assets having regard to Section 601KA of the Corporations Act.
Net Asset Value ('NAV')	the total value of the Fund's underlying investment portfolio, less any fees, charges, expenses and other liabilities accrued by the Fund, but excludes unitholder liabilities.
PDS	Product Disclosure Statement for the Fund.
Personal Information	information or an opinion (including information or an opinion forming part of a database) whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion, which is collected or held by the Responsible Entity.
Pinnacle	Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140.
Related Body Corporate	as that term is defined in Section 9 of the Corporations Act.

Relevant Law	any requirement of the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth), the Superannuation Industry (Supervision) Act 1993 (Cth), the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth), the Superannuation Prudential Standards issued by the Australian Prudential Regulation Authority from time to time, the AML/CTF Law and any other present or future law of the Commonwealth of Australia or any State or Territory with which the Responsible Entity, Investment Manager, or the governing rules of the Fund must satisfy in order: 1. to secure imposition at a concessional rate of any income tax which, in the opinion of the Responsible Entity, is or may become payable in connection with the Fund; or, 2. for the Responsible Entity or Investment Manager to avoid a relevant penalty, detriment or disadvantage.
Responsible Entity or Pinnacle Fund Services Limited	Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371.
RITC	Reduced Input Tax Credits.
TFN	Tax File Number.
The US Securities Act	US Securities Act of 1933, as amended.
Unit	Class A Units in the Fund offered under this PDS.
Unit Pricing Policy	a compliant policy adopted by the Responsible Entity for unit pricing discretions it uses in relation to the Fund.
Unit Registry	the appointed unit registry of the Fund is Citigroup Pty Limited
US Persons	US Person, as defined in Regulation S of the US Securities Act 1933, include: • any natural person resident in the United States; • any partnership or corporation organised or incorporated under the laws of the United States; • any estate of which any executor or administrator is a US Person; • any trust of which any trustee is a US Person; • any agency or branch of a foreign entity located in the United States; • any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; • any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or • any partnership or corporation if organised or incorporated under the laws of any foreign jurisdiction and formed by a US person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended ('the Act'), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Act) who are not natural persons, estates or trusts.
Website	means www.spheria.com.au
Withdrawal Form	the form that must be completed when making a withdrawal of your investment from the Fund.