



# eInvest Core Income Fund (Managed Fund)

Product Disclosure Statement (PDS) | Dated: 2 June 2022

Cboe Australia Code: [ECOR] | ARSN 631 537 810

Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637 | AFSL 275101



# IMPORTANT INFORMATION

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## About this PDS

This Product Disclosure Statement (PDS) is dated 2 June 2022.

Perennial Investment Management Limited (**PIML**, **Responsible Entity, we, our or us**) ABN 13 108 747 637, AFS Licence No. 275101 as responsible entity for the eInvest Core Income Fund (Managed Fund) (ARSN 631 537 810) (**Fund**) is the issuer of this PDS and is responsible for its contents. A copy of this PDS was lodged with both the Australian Securities & Investments Commission (**ASIC**) and Cboe Australia Pty Ltd (**Cboe**). No responsibility as to the contents of this PDS is taken by ASIC or Cboe or their respective officers.

This PDS sets out information and is an offer document for units in the Fund. As at the date of lodgement of this PDS, units in the Fund (Units) are trading on Cboe. The information provided in this PDS is general information only. New Zealand Investors should refer to section 7.14 Important Statement for New Zealand Investors.

The Fund is an Australian registered managed investment scheme. Units in the Fund are offered and issued by us on the terms and conditions described in this PDS. By becoming an Investor in the Fund, you agree to be bound by this PDS. You should not base your decision to invest in the Fund solely on this information. You should obtain professional financial advice tailored to your personal circumstances and consider the suitability of the Fund in view of your financial position, investment objectives and needs before making an investment decision.

PIML has appointed Daintree Capital Management Pty Limited ABN 61 619 989 912 AFS Licence 487489 (**Daintree** or the **Investment Manager**) to provide investment and other services for the Fund, pursuant to an investment management agreement entered into between PIML and Daintree. Further, ETF Investments Australia Pty Ltd ABN 88 618 802 912 trading as 'eInvest Australia' (**eInvest**) has been appointed by PIML, as its corporate authorised representative to provide marketing, distribution and client services for the Fund.

Daintree is a related bodies corporate of PIML. An investment in the Fund does not represent an investment in, deposit or other liability of PIML or Daintree.

PIML and Daintree do not guarantee the performance of the Fund or the return of capital or income. Your investment in the Fund is subject to investment and other risks. This could involve delays in repayment and loss of income or the principal invested.

## The offer

This PDS does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. Units have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulations of such Act).

## PDS updates

Information in this PDS that is not materially adverse to Investors is subject to change from time to time and may

be updated by the Responsible Entity by publishing such information on the eInvest website at [www.einvest.com.au](http://www.einvest.com.au). A paper copy of any updated information will be provided free of charge on request. Any new or updated information that is materially adverse to Investors will be available to Investors via a supplementary or new PDS accessible via the Cboe Market Announcements Platform.

## Risks

An investment in a Unit is subject to risks, which may include possible delays in repayment and loss of income and capital invested. None of PIML, Daintree or any of their related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital or income invested in the Fund. PIML and its related entities may invest in, lend to or provide other services to the Fund.

This PDS is prepared for general information only and is not financial product advice. It is not intended to be a recommendation by the Responsible Entity, any of the Responsible Entity's associates or any other person to invest in the Fund. In preparing this PDS, the Responsible Entity did not take into account the investment objectives, financial situation or particular needs of any particular person.

Before making an investment decision, Investors need to consider whether an investment in the Fund is appropriate to their needs, objectives and circumstances. Investors should consult an independent professional financial adviser and ensure they understand the risks of the Fund before investing.

## Definitions

Certain capitalised terms used in this PDS are defined in the Glossary in section 9. All references to dollar amounts in this PDS are to Australian dollars unless otherwise stated. For further details on PIML's funds, please contact a stockbroker or financial adviser or visit [www.perennial.net.au](http://www.perennial.net.au) or [www.einvest.com.au](http://www.einvest.com.au).

# 1. KEY FEATURES

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## 1.1 WHAT IS AN ACTIVE ETF?

Active ETFs can provide you with a convenient way to gain exposure to a wide variety of investments. They can also be used as the building blocks for a well-diversified portfolio.

In the Australian Market, ETFs are primarily “passively managed” meaning the investment strategy of the ETF is to track an index, or other benchmark. Some active ETFs, such as the Fund, are “actively managed”, meaning they do not seek to track the performance of a stated benchmark. Whilst an active ETF may also have a benchmark like an ETF, the Investment Manager may change sector allocations, portfolio positions etc. as they see fit. This produces investment returns that may not mirror the underlying benchmark of the Fund.

Information about and the investment process of the Fund is set out in section 2 of this PDS.

The Fund may carry certain investment risks. For more information on the investment risks applicable to the Fund see section 4 of this PDS.

## 1.2 EINVEST

eInvest is a provider of active ETF investments. eInvest provides you with easy, tradeable investment solutions for your everyday investment needs by offering high quality portfolios based on the research, skill and intellect of experienced investment professionals.

eInvest is driven by a passion and desire to deliver a positive investment experience to all Australians. eInvest believes that all Australians should have the ability to access high quality investment solutions upon which to build the foundations of their investment, superannuation and retirement income portfolios. eInvest also believes that Investors can have the control and flexibility they desire from their investments, at a reasonable price.

## 1.3 SUMMARY OF KEY INFORMATION

The following table briefly summarises some of the key information contained in this PDS. It is not a complete summary of this PDS and you should read the PDS in its entirety. You should seek your own professional investment advice before deciding to invest in the Fund. Sections 1 to 9 of this PDS contain general information concerning the key features of the Fund.

# 1. KEY FEATURES

<b>Fund Names</b>	eInvest Core Income Fund (Managed Fund)
<b>ARSN</b>	631 537 810
<b>Cboe Code</b>	ECOR
<b>About the Funds</b>	<p>ECOR invests in the Daintree Core Income Fund (ARSN 617 947 690) (Underlying Core Income Fund) and cash.</p> <p>In this PDS we refer to the assets held in ECOR on a 'look through' basis. This means we are referring to the assets in the Underlying Daintree Core Income Fund.</p>
<b>Responsible Entity</b>	PIML is the Responsible Entity of the Fund and is the issuer of this PDS.
<b>Investment Manager</b>	Daintree is the Investment Manager of the Fund.
<b>Investment objectives &amp; Benchmark</b>	<p>ECOR aims to provide Investors with a higher income than generally available through term deposit and banking products.</p> <p>ECOR aims to provide Investors a steady stream of income and capital stability over the medium term, by investing in a diversified portfolio of fixed income securities, credit and cash, and to provide a total return (after fees) that exceeds the RBA Cash Rate measured within a market cycle.</p>
<b>Use of derivatives</b>	<p>Derivatives may be used by the Fund for investment and risk management purposes. Derivatives will not be used to gear the Fund. The Fund will not engage in short selling and will not use derivatives to a material extent. We note that whilst the Fund may use various derivative instruments, including futures and options, to manage cash flow and investment risk of the portfolio, it may only do so in the following two scenarios:</p> <ol style="list-style-type: none"> <li>for the dominant purpose of managing foreign exchange or interest rate risk; or</li> <li>for the dominant purpose of more efficiently gaining an economic exposure, through the use of derivatives, to the underlying reference assets of those derivatives. Provided the Fund will not use derivatives to obtain exposure to more than 10% of the underlying reference assets of the fund by net asset value (<b>NAV</b>), and related cash and cash-like instruments. This includes aggregate exposure of the Fund to all OTC derivative counterparties, including assets held by the Fund as collateral under an OTC derivative. If a larger exposure is attributable to circumstances that were not reasonably foreseeable by the Responsible Entity, such as unforeseen market movements or large redemption requests, such exposure will remain in the Fund for a period of no more than 3 consecutive Business Days.</li> </ol> <p>Where over-the-counter (OTC) derivatives account for more than 5% of the NAV of the Fund, the aggregate exposure of the Fund to all OTC derivative counterparties, including assets held by the Fund as collateral under an OTC derivative, is managed so that it does not exceed a maximum of 10% of the NAV of the Fund. Only cash may be held by the Fund as collateral under an OTC derivative. Margining is managed daily. Where the Fund uses derivatives for the dominant purpose of managing foreign exchange or interest rate risk, this does not count towards the 10% net derivatives exposure limit for derivatives in accordance with ASIC Regulatory Guide 240.12.</p>
<b>Benchmark</b>	The benchmark for the Fund is the RBA Target Cash Rate.
<b>Asset Allocation</b>	<p>Cash and cash equivalents: 0 – 100%</p> <p>Fixed Income Securities: 0 – 100%</p>
<b>Suitable Investor</b>	<p>Investors seeking a high level of capital security.</p> <p>ECOR may be suitable for Investors with an investment horizon of 3+ years</p>

# 1. KEY FEATURES

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<b>Investing in the Fund</b>	<p>Investors can invest in the Fund by buying units on the market through a stockbroker or share trading account.</p> <p>Units are quoted on Cboe. The purchase of units on the market is not governed by the terms of this PDS and therefore the minimum investment does not apply to purchases of units.</p>
<b>Distributions</b>	<p>The distribution period for the Fund is set out in section 3 of this PDS. The Responsible Entity intends to make monthly distributions in respect of the Fund (assuming there is distributable income).</p>
<b>Risks</b>	<p>Before investing in the Fund, Investors should carefully consider the risks associated with the investment and obtain independent financial advice on whether an investment in the Fund is suitable for their objectives, financial situation and needs.</p> <p>For further details on the risks of investing, see section 4 of this PDS.</p>
<b>Fees and costs</b>	<p>The Responsible Entity charges a management fee of 0.45% pa, inclusive of GST and RITC.</p> <p>Note: There will be no fees payable for investments in the Underlying Core Income Fund.</p> <p>Fees and costs as described in section 5 of this PDS will apply.</p>
<b>Tax</b>	<p>Tax information of a general nature is set out in section 8. Investors should seek their own professional tax advice which takes into account their particular circumstances.</p>
<b>Complaints</b>	<p>The Responsible Entity has a process in place to deal with complaints from Investors. The complaints process is set out in section 7.6 of this PDS.</p>

# 1. KEY FEATURES

## 1.4 ADMISSION TO TRADING UNDER THE CBOE OPERATING RULES

The Cboe Operating Rules provide a tailored framework for the quotation of investment products, including exchange traded funds, and managed funds on Cboe. The Cboe Operating Rules are accessible at [www.Cboe.com.au](http://www.Cboe.com.au)

In operational terms, the market for investment products quoted under the Cboe Operating Rules operates in the same way that it does for listed equities on Cboe, with continuous matching of bids.

### Cboe Operating Rules: fundamental difference

The key distinction between listed equities quoted on Cboe pursuant to the ASX Listing Rules and those quoted on Cboe under the Cboe Operating Rules is the level of control and influence that the issuer of the relevant product has over the value of the underlying assets of the product.

Typically, listed equity securities reflect the value of the business operated by the issuer. By contrast, the value of the fund product quoted under the Cboe Operating Rules typically reflects the performance of the underlying assets of the fund. In this way, the Cboe Operating Rules perform the same function as the ASX AQUA Rules.

The following table highlights the key specific differences between the Cboe Operating Rules and the typical main board Listing Rules

Requirement	Typical Main Board Listing Rules	Cboe Operating Rules
<b>Continuous disclosure</b>	Issuers are typically subject to continuous disclosure requirements under typical main board listing rules and section 674 of the Corporations Act.	<p>Issuers of products quoted under the Cboe Operating Rules are not subject to continuous disclosure requirements under any listing rules or under section 674 of the Corporations Act. The Responsible Entity will comply with the disclosure requirements in section 675 of the Corporations Act. This means that we will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the units, provided that such information has not already been included in this PDS (as supplemented or amended).</p> <p>PIML will publish such information on the Cboe announcements platform and the website at the same time as it is disclosed to ASIC. PIML is required to disclose information about the NAV of each fund daily.</p> <p>The Fund's NAV will be calculated by the Fund Administrator in accordance with PIML's Unit Pricing Policy. PIML must also disclose information about:</p> <ul style="list-style-type: none"> <li>net monthly applications and redemptions;</li> <li>distributions and other disbursements;</li> <li>any other information which is required to be disclosed to ASIC under section 675 of the Corporations Act; and</li> <li>any other information that would be required to be disclosed under the Corporations Act.</li> </ul> <p>In addition, under the Cboe Operating Rules the Responsible Entity must immediately notify Cboe of any information the non-disclosure of which may lead to the establishment of a false market in the Units or which would be likely to materially affect the price of the Units.</p>
<b>Periodic disclosure</b>	Issuers are typically required to disclose half-yearly and annual financial information and reports to the home exchange's announcements platform.	Issuers of products quoted under the Cboe Operating Rules are not required to disclose half-yearly or annual financial information or reports to the Cboe announcements platform. The Responsible Entity is required to lodge financial information and reports in respect of the Fund with ASIC under Chapter 2M of the Corporations Act.

# 1. KEY FEATURES

<p><b>Corporate governance</b></p>	<p>Listed companies and listed managed investment schemes are typically subject to notification requirements under the Corporations Act and the home exchange's listing rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings.</p>	<p>Although the Units are intended to be quoted under the Cboe Operating Rules, neither the Fund nor the Responsible Entity itself are considered listed for the purposes of the Corporations Act and therefore they are not subject to certain corporate governance requirements.</p> <p>The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act, and with section 601FM of the Corporations Act including that the Responsible Entity may be removed by an extraordinary resolution of members on which the Responsible Entity would not be entitled to vote.</p>
<p><b>Related party transactions</b></p>	<p>The home exchange's listing rules typically regulate transactions between an entity and a person in a position to influence the entity and sets out controls over related party transactions.</p>	<p>No corresponding listing rules apply to products quoted under Cboe Operating Rules.</p> <p>The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.</p>
<p><b>Auditor rotation obligations</b></p>	<p>Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.</p>	<p>Issuers of products quoted under the Cboe Operating Rules are not subject to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act.</p> <p>An auditor will be appointed by the Responsible Entity to audit the Fund's financial statements and Compliance Plan.</p>
<p><b>Net Asset Value (NAV)</b></p>	<p>Typically, main board listing rules do not address disclosure of NAV as a separate matter, rather disclosure of matters that are relevant to the value of main board quoted securities is typically required on a continuous disclosure basis.</p>	<p>A Cboe quoted managed fund that is an actively managed fund, must immediately disclose its NAV whenever the product issuer's management activities have caused the net asset value of the fund to move by more than 10% since the last NAV.</p>

## Spread Requirements

Typically there are requirements under home exchange listing rules that main board issuers satisfy certain minimum spread requirements (i.e. a minimum number of Investors each having a minimum parcel size). Equivalent requirements do not apply to issuers of fund products quoted under Cboe Operating Rules. Unless and until a suitable spread of Investors is achieved, a fund product issuer must ensure a reasonable bid and volume is maintained for the fund on Cboe except in permitted circumstances or have in place other arrangements which meet Cboe's requirements for providing liquidity, generally through the appointment of market making agents.

## About CHES

The Responsible Entity through its outsourced Unit Registry

services provider participates in the Clearing House Electronic Sub-register System (**CHES**). CHES is a fast band economical clearing and settlement facility which also provides an electronic sub-register service. The Unit Registry has established and will maintain an electronic sub-register with CHES on behalf of the Responsible Entity.

The Responsible Entity will not issue Investors with certificates in respect of their Units. Instead, when Investors buy Units on the Cboe they will receive a holding statement from the Unit Registry which will set out the number of Units they hold. The holding statement will specify the "Holder Identification Number" or "Securityholder Reference Number" allocated by CHES. Subject to the Cboe Operating Rules and the ASX Clear and ASX Settlement Operating Rules, PIML as the Responsible Entity may decline to register a purchaser of a Unit or Units.

## 2. ABOUT THE FUNDS

### 2.1 INVESTMENT MANAGER

Daintree has been appointed as the investment manager of the Fund. Daintree specialises in the management of absolute return income portfolios. Daintree's core investment philosophy is based on a robust credit culture, a pragmatic investment process and a focus on the core reason why fixed interest is a key part of your investment portfolio; namely the preservation of capital and, importantly, protection against downside risk.

PIML and Daintree believe that our clients should achieve good results from their fixed interest portfolio in most market environments. Daintree builds its portfolios with this as the cornerstone of its investment philosophy.

At the heart of Daintree's investment process is a strong risk management framework. Daintree believes that this approach will deliver strong risk adjusted returns over time.

Daintree offers you:

#### **An experienced investment team, actively managing your defensive portfolio**

The investment team is led by Mark Mitchell and Justin Tyler who lead a team of experienced investment professionals actively managing your cash and fixed income portfolios.

#### **Access to diversified absolute return focused, fixed income portfolios**

The Fund will comprise a diverse portfolio of cash and fixed income securities, providing Investors the prospect of regular income and a low to medium level of capital growth throughout a market cycle. The Fund can provide you with a holistic, diversified investment for your defensive portfolio.

### 2.2 INVESTMENT OBJECTIVE

ECOR aims to provide Investors with a higher income than generally available through term deposit and banking products.

ECOR aims to provide Investors a steady stream of income and capital stability over the medium term, by investing in a diversified portfolio of fixed income securities, credit and cash, and to provide a total return (after fees) that exceeds the RBA Cash Rate measured within a market cycle.

### 2.3 INVESTMENT STRATEGY & PHILOSOPHY

Daintree believes that investment markets are not fully efficient as asset prices are sometimes driven by irrational influences. As Daintree's investment process is fundamentally driven, Daintree believes that applying a rational and disciplined framework will enable it to take advantage of situations where market pricing has become misaligned with economic and investment fundamentals. This approach should improve the likelihood of delivering a superior risk adjusted return over time.

### 2.4 PORTFOLIO CHARACTERISTICS

The Funds will offer Investors the following characteristics:

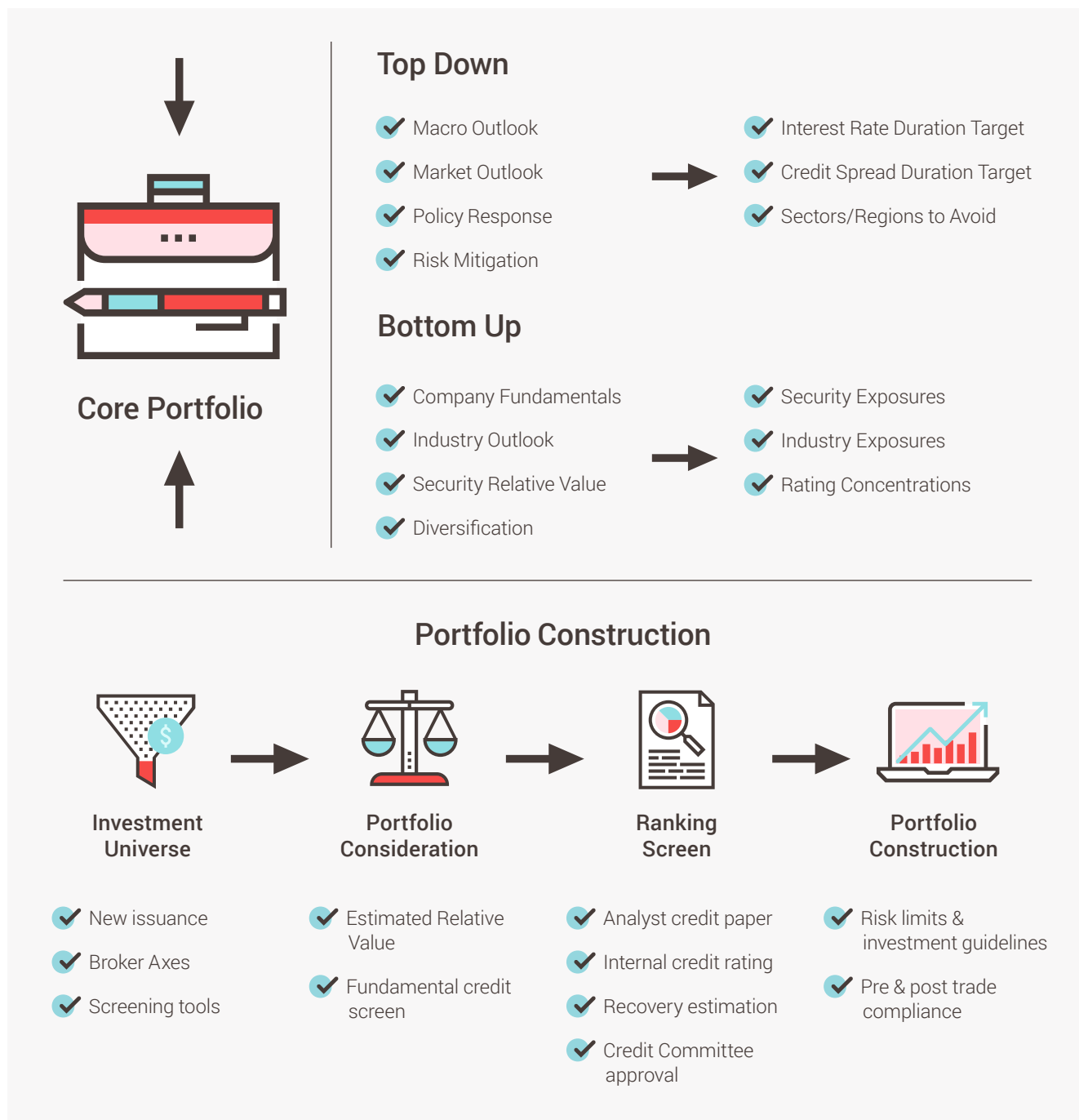
<b>Distributions</b>	Monthly
<b>Expected average credit portfolio quality</b>	A+ /A
<b>Asset allocation</b>	Cash and cash equivalents: 0 – 100% Fixed Income Securities: 0 – 100%
<b>Gearing</b>	Not allowed.
<b>Foreign Currency &amp; Offshore exposure</b>	Exposure to global securities including but not limited to AUD, NZD, USD and EUR denominated securities. Most offshore exposure is hedged back into AUD.



## 2. ABOUT THE FUND

### 2.5 INVESTMENT PROCESS

The investment process to be employed for the Fund involves research and financial modelling and can be summarised in the diagram below:



#### Environmental, social and governance considerations

Daintree takes a number of environmental, social and governance (ESG) considerations into account when selecting, retaining or realising investments. ESG is a core element of the investment process and is integrated into portfolio construction and risk management processes. Daintree has devised and implemented an ESG policy which guides the investment team when selecting, retaining and realising investments of the Fund

#### Currency Management

The Fund will invest in securities that are denominated in Australia as well as offshore. Therefore, the portfolios are expected to have foreign currency risk. Currency risk is mostly hedged.

## 2. ABOUT THE FUND

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### Derivatives

Derivatives may be used for investment and risk management purposes. Derivatives will not be used to gear the Fund. The Fund will not engage in short selling and will not use derivatives to a material extent. We note that whilst the Fund may use various derivative instruments, including futures and options, to manage cash flow and investment risk of the portfolio, it may only do so in the following two scenarios:

- (a) for the dominant purpose of managing foreign exchange or interest rate risk; or
- (b) for the dominant purpose of more efficiently gaining an economic exposure, through the use of derivatives, to the underlying reference assets of those derivatives.

Derivatives will not be used to obtain exposure to more than 10% of the underlying reference assets of the Fund by net asset value, and related cash and cash-like instruments.

This includes aggregate exposure of the Fund to all OTC derivative counterparties, including assets held by the Fund as collateral under an OTC derivative. If a larger exposure is attributable to circumstances that were not reasonably foreseeable by the Responsible Entity, such as unforeseen market movements or large redemption requests, such exposure will remain in the Fund for a period of no more than 3 consecutive Business Days.

Where OTC derivatives account for more than 5% of the NAV of the Fund, the aggregate exposure of the Fund to all OTC derivative counterparties, including assets held by the Fund as collateral under an OTC derivative, is managed so that it does not exceed a maximum of 10% of the NAV of the Fund. Only cash may be held by the Fund as collateral under an OTC derivative. Derivative counterparties, including assets held by the Fund as collateral under an OTC derivative, is managed so that it does not exceed a maximum of 10% of the NAV of the Fund. Only cash may be held by the Fund as collateral under an OTC derivative.

Where the Fund uses derivatives for the dominant purpose of managing foreign exchange or interest rate risk, this does not count towards the 10% net derivatives exposure limit for exchange-traded derivatives in accordance with ASIC Regulatory Guide 240.12.

### Changes to investment objectives and strategy

The Responsible Entity may from time to time vary the investment mandate (i.e. the investment objective and strategy as described in sections 2.2 to 2.3) for the Fund as set out in this PDS.

Any significant change to the investment mandate will be notified to Investors and potential Investors via a Supplementary, or new PDS accessible through the Cboe Market Announcements Platform.

### 2.6 PERFORMANCE

Performance information for the Fund, will be published on the eInvest website or on the Cboe website [www.Cboe.com.au](http://www.Cboe.com.au) (code: ECOR). Information relating to past performance is not a reliable indicator of future performance.

The Fund will use a liquidity model that involves the daily disclosure of a pricing basket of assets that track the performance of the Fund through the trading day. PIML will disclose the correlation between the pricing basket and the full portfolio of holdings at the same time that the full portfolio is disclosed. See section 3.4 for more details.

## 3. BENEFITS OF INVESTING IN THE FUND

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### **An experienced investment team, actively managing your defensive portfolio**

The Daintree investment team is led by Mark Mitchell and Justin Tyler who are highly experienced fixed income investment professionals. Mark and Justin lead a team of experienced investment professionals to actively manage your cash and fixed income portfolios.

### **Access to diversified absolute return focused, fixed income portfolios**

The Fund will comprise a diversified portfolio of cash and fixed income securities, providing Investors the prospect of regular income and a low to medium level of capital growth throughout a market cycle. The Fund can provide you a holistic, diversified investment for your defensive, cash and fixed income portfolio.

### **3.1 DISTRIBUTIONS**

The Fund intends to pay distributions monthly (if there is distributable income). Distribution amounts may include realised gains from disposal of securities, or other assessable income derived by the Fund, after allowing for fees and expenses.

Investors in the Fund at the end of a distribution period are entitled to a pro-rata share of the distributable income (if any) for that period based on the number of Units held in the Fund at the end of the distribution period. The amount of distributable income at the end of any distribution period will be determined by the Responsible Entity. Distributions will generally be paid within 15 Business Days of the end of the distribution period to which they relate.

The amount of the distribution paid by the Fund will vary from period to period, and there may be periods where the Fund will not pay a distribution. The Responsible Entity may, in its discretion, change the duration of a distribution period for a Fund (provided that distribution periods cannot be longer than one year).

Information about the timetable for each distribution and the declared distribution amount will be announced via the Cboe Market Announcements Platform.

Distributions can only be paid electronically and the Fund will not pay distributions by cheque.

### **3.2 TAX STATEMENT**

The Responsible Entity will, as soon as reasonably practicable after the end of each financial year, issue to each Investor who received an entitlement to the distributable income of the Fund during the financial year, a tax statement which outlines the amount and composition of the taxable income to which the Investor became entitled.

### **3.3 DISTRIBUTION REINVESTMENT PLAN**

The Distribution Reinvestment Plan (**DRP**) is a convenient way for you to increase your holding of Units by allowing you to automatically reinvest all or part of your Cash Distributions in additional Units, without incurring brokerage, commissions or

other transaction costs. The DRP is not available to Investors in the Fund with registered addresses outside Australia and New Zealand.

If you wish to participate in the DRP, you must either:

- a) complete and lodge the DRP Electronic Election by logging into your holding on the Link Market Services Investor Centre website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); or
- b) complete the DRP Application Form which is available from the Unit Registry and return it to the Unit Registry.

If you do not nominate your preferred distribution method, this will be taken to be a direction to reinvest distributions as part of the DRP. If you do not wish to participate in the DRP, you are required to make a selection to pay your Distributions in the form of Cash Distributions.

### **3.4 ASSET DISCLOSURE AND MARKET MAKING**

The underlying assets of the Fund will not be disclosed on a daily basis as such disclosure would create an unacceptable risk to the Fund and its holding Investors, by disclosing the Fund's ongoing investment strategy.

ECOR will agree with the market maker on a pricing basket that will enable the market maker to determine the price at which it buys and sells units on the Cboe market. The Fund will disclose the pricing basket on a daily basis. The pricing basket is intended to represent the value of the applicable Fund during the Cboe trading day.

The market maker creates and redeems units in ECOR with the Issuer at prices that are determined by the published NAV of the Fund. The NAV is based on the value of the underlying asset of the Fund. This means the market maker has a strong incentive to ensure there is minimal or no difference between the price at which it buys and sells units based on the pricing basket and the price of units created in the NAV of the Fund.

However, there is a risk to transacting Investors that unit prices determined by the material portfolio information during the trading day will not accurately represent the value of the Fund. This risk could arise due to, for example, market volatility or stale prices in the underlying assets.

## 4. RISKS

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Investors in the Fund face a number of risks. There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns.

The market price and NAV per Unit can fluctuate within a wide range. When considering an investment in the Fund, personal tolerance for fluctuating market values should be taken into account.

The most common risks associated with investing in the Fund are described below, but there could be other risks that affect the performance of the Fund. The discussion of risks below is general in nature and should not be relied upon as personal financial product advice.

PIML and Daintree do not provide assurances or guarantees on future profitability, returns, distributions or return of capital. An investment in the Fund could lose money over short or long periods.

You should seek your own professional advice on the appropriateness of this investment to your circumstances. You should also consider how an investment in the Fund fits into your overall investment portfolio.

### 4.1 RISKS OF INVESTING IN THE FUND

The risks, in no particular order, that may affect the value of your investment and the distributions paid by the Fund include:

#### **Investment objective risk**

There is a risk that the Fund will not meet its investment objective.

#### **ESG change risk**

There is a risk that company specific, legislative, or other events may change the ESG risks associated with an investment.

#### **Market risk**

Market risk is the risk that the NAV of the Fund will fluctuate as a result of fluctuations or changes in the market prices of the securities held by the fund and the financial markets as a whole. Unexpected conditions (e.g. economic, technological or political) can have a negative impact on the returns of all investments within a particular market.

#### **Cboe Market risk**

The ability to buy and sell Units on Cboe could be limited and may impact the liquidity of the Units. No trading will occur during any period where Cboe suspends trading of the Units.

#### **Concentration risk**

When investments are concentrated in a smaller number of securities, the Unit price may be volatile.

#### **Company or security-specific risk**

A number of factors can adversely affect the value of a specific security in which the Fund invests and therefore can impact the Fund.

#### **Interest rate risk**

Changes in interest rates can influence the value and returns of investments.

#### **Liquidity of investments risk**

If a security cannot be bought or sold quickly enough to reduce or minimise a potential loss, the Fund may experience difficulty satisfying commitments associated with financial instruments.

#### **Cboe Liquidity risk**

The liquidity of trading in the Units on the Cboe may be limited. This may affect an Investor's ability to buy or sell Units. Investors will not be able to purchase or sell Units on Cboe during any period that Cboe suspends the trading of Units in the Fund. Further, where trading in the Units on Cboe has been suspended for 5 consecutive Business Days, the availability of the Fund's off-market redemption facility will be subject to the provisions of the Constitution.

#### **Currency and Interest Rate risk**

Fund assets will be predominately in AUD, however it may have exposure to other global currencies, and therefore to changes in interest and exchange rates. Changes in interest rates and exchange rates may impact economic conditions across the market and, thus, may affect stock valuations both positively and negatively.

#### **Derivative risk**

In limited circumstances, Daintree may use derivatives to control the various risks associated with investing by modifying the exposure to particular assets, asset classes or currencies or to enhance the yield of the portfolio. Most commonly, derivatives are used for hedging and investment purposes. Hedging involves establishing offsetting positions in derivative markets to protect the value of the underlying physical assets from unanticipated adverse price movements over time. Derivatives may also be used by Daintree as an alternative to investing in physical assets because of their cost and liquidity efficiency. To the extent that derivatives are used, they will be limited to the scenarios set out in the Investment Strategy in section 2.3.

Gains or losses can result from investments in derivatives. In addition to any risk associated with the underlying asset (or index) for which a derivative is valued, derivative prices are affected by other factors including market liquidity; interest rates; and counterparty risk.

#### **Investment manager risk**

There is a risk that the investment objective of the Fund will not be achieved and/or it may underperform the Benchmark Index or may underperform other investment managers in the same asset class.

#### **Responsible entity risk**

There is a risk that the Fund could terminate, that fees or expenses could change or that the Responsible Entity could be replaced as the responsible entity of the Fund. We aim to keep responsible entity risk to a minimum by acting in your best interests and ensuring compliance with legislative requirements.

#### **Market making risk**

Under Cboe Operating Rules, we have certain market making obligations in respect to the Fund. To facilitate an orderly and liquid market in the Fund, we will appoint market maker(s) to provide alternative liquidity. Whilst we monitor our market makers ability to maintain a continuous liquidity to the market,

## 4. RISKS

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there is no guarantee that these requirements will always be met, particularly if there is a failure by a market maker.

### Other risks

Managed investment schemes are also subject to external macroeconomic risks in that circumstances beyond our control may prevent us from managing the Fund in accordance with its investment strategy. These circumstances may include strikes or industrial disputes, fires, war, civil disturbances, terrorist acts, state emergencies and epidemics.

### Tax risk

Taxation law is complex and subject to changes by the Australian Government, possibly with retrospective effect. As the circumstances of each Investor are different, the Responsible Entity strongly recommends that Investors obtain professional independent tax advice relating to the tax implications of investing in the Fund. A general summary of the tax treatment of holding Units is set out in section 8 of this PDS.

### Fund risk

There is a risk that the Fund could terminate, that fees or expenses could change or that the Responsible Entity may not be able to continue to act, for example if it loses its AFS Licence (in which case it could be replaced as responsible entity of the Fund or the Fund could be wound up). Any replacement responsible entity might achieve different results for Investors, positive or negative, than would otherwise be the case. There is also a risk that investing in the Fund may give a different result than investing directly into the constituents or assets that make up the Fund's underlying Index.

### Operational risk

The Fund's Day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by the Responsible Entity, or its service providers may also adversely affect the operation and performance of the Fund.

### Personnel risk

The skill and performance of Daintree can have a significant impact on the investment returns of the Fund. Changes in key personnel and resources of the Responsible Entity or Investment Manager may also have a material impact on investment returns of the Fund.

### Pooled Investment Scheme risk

The market prices at which the Fund is able to invest inflows, or sell assets to fulfil outflows, may differ from the prices used to calculate the NAV per Unit. Investors in the Fund may therefore be impacted by the Investors entering and exiting the Fund. The impact will depend on the size of inflows or outflows relative to the Fund, and on the price volatility of the securities in which the Fund invests. Inflows and outflows may also affect the taxable income distributed to an Investor during a financial year.

### iNAV risk

The iNAV published for the Fund is indicative only, it may not be up to date and may not reflect the true value of a Unit.

### Trading risk

In certain circumstances, Cboe may suspend trading of the Units in the Fund and in that event Investors will be unable to buy or sell Units on Cboe. In these circumstances, the Responsible Entity may suspend the application and redemption process. There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities that form part of the Index. This may cause the Fund's Units to be suspended from trading on Cboe.

Cboe also imposes certain requirements for Units to continue to be quoted. The Responsible Entity will endeavour to meet these requirements at all times to ensure the Units remain quoted, although there can be no assurance that Units will remain quoted on Cboe. Under these circumstances, the Responsible Entity may take measures such as suspending the application and redemption process or potentially terminating the Fund.

The Responsible Entity may elect, in accordance with the relevant Constitution and Corporations Act, to terminate the Fund for any reason including if Units cease to be quoted on Cboe. Information about Cboe Operating Rules applicable to quotation of Units in the Fund on Cboe is set out in section 1.4 of this PDS.

### Liquidity risk

Although the Units are quoted under the Cboe Operating Rules, there can be no assurances that there will be a liquid market for Units, and an Investor's ability to buy or sell Units may be restricted. Although the Responsible Entity has appointed a market maker for the Units to assist in maintaining liquidity for the Fund on Cboe, the Responsible Entity cannot guarantee this service will be available at all times and in some circumstances the market maker may be unable to provide these services (such as where there are operational disruptions, market disruptions or unusual conditions, or other events set out in the Cboe Operating Rules). Additionally, there is the risk that one or more securities or other assets held by the Fund may be difficult or impossible to sell, preventing the Fund from closing out its position or rebalancing in a timely manner and at a fair price. This may be due to factors specific to that investment or to prevailing market conditions. A lack of liquidity could potentially result in the suspension of withdrawals, which may cause the Fund's Units to be suspended from trading on Cboe.

### Settlement risk

The application and redemption processes associated with the issue or redemption of Units are subject to settlement procedures through CHESS. The Fund will be exposed to some risk if a market participant fails to comply with its settlement obligations. These risks are mitigated by the fact that market participants are subject to usual ASX trading practices including ASX fail fees. The Fund may also suffer loss if a market participant fails to deliver the application consideration for Units, or redeliver Units in relation to a redemption, by the settlement time and the Fund has entered into transactions in reliance on delivery occurring.

## 4. RISKS

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### **Counterparty risk**

Counterparties used in connection with the Fund's investment activities may default on their obligations, for instance by failing to make a payment when due. This may be due to insolvency or other events of default. Such counterparties may include service providers and derivatives counterparties, as well as the Fund's custodian. Default on the part of a counterparty could result in financial loss to the Fund.

### **Trading price of units may differ from NAV per Unit risk**

As with any exchange traded fund, it is possible that the trading price of Units on Cboe may differ from the NAV per Unit. The trading price is dependent on a number of factors including the demand for and supply of Units, Investor confidence, the availability of market maker services during the course of the trading day and the buy-sell spread applied by a market maker. The application and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the NAV per Unit. If the application or redemption facility for the Fund is closed on a particular day, the trading price might diverge further from the NAV per Unit.

### **Changes in law and regulatory risk**

There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

### **Cyber risk**

There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to Investors' personal information as a result of a threat or failure to protect this information or data.

### **Conflicts of interest risk**

A conflict might arise between the Fund and Investors buying or selling Units in the Fund. The Responsible Entity maintains a conflicts of interest policy to ensure that it manages its obligations to each Fund and to Investors to ensure that any conflicts are managed fairly.

## 5. HOW TO INVEST IN THE FUND

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Applications for creations and redemptions of Units in the Fund must be made by an Authorised Participant. Authorised Participants must enter into an Authorised Participant Agreement with Perennial and are required to comply with any additional requirements set out in that agreement. Authorised Participants must apply to create and redeem units in cash.

### 5.1 PURCHASING UNITS ON-MARKET

Investors can invest in the Fund by purchasing Units on Cboe through a stockbroker or share trading account. There is no minimum number of Units Investors can buy on Cboe. The purchase of Units on-market is settled through the CHESSE settlement service, and Investors do not need to complete any application form.

The cost of investing in the Fund on-market will be the price at which you purchase Units on Cboe, plus any brokerage fees you incur where the purchase price will be the prevailing market price for the purchase of Units at the time of the transaction. Investors can purchase additional Units on Cboe at any time, through a stockbroker or share trading account. Investors do not have a right to a cooling off period for Units purchased on Cboe.

### 5.2 SELLING UNITS ON-MARKET

Investors can sell Units on Cboe through a stockbroker or share trading account, without completing any forms. Proceeds from any sale of Units will be delivered through the CHESSE settlement service. An Investor's exit price will be the price at which the Units were sold on Cboe, less any brokerage fee that is incurred.

There is no minimum number of Units Investors can sell on Cboe.

The market maker provides liquidity to Investors on Cboe by acting as a buyer and seller of Units. At the end of each Business Day, the market maker will create or cancel Units by applying for or redeeming its net position in Units bought or sold on Cboe.

The liquidity provided by the market maker will ultimately be constrained by day-to-day events including but not limited to, the continuing ability of the market maker to create and redeem Units. See section 5.3 of this PDS for more information on off-market withdrawal rights and the risks associated with market making under section 4.

### 5.3 OFF-MARKET WITHDRAWAL RIGHTS

In the event that trading in the Fund's Units on Cboe have been suspended for 5 consecutive Cboe Trading Days, Investors may be able to apply to the Responsible Entity directly to make an off-market withdrawal of their investment from the Fund. Investors can request a withdrawal form by contacting the Unit Registry.

The off-market withdrawal process, including the calculation of the NAV per Unit, applies only when the Fund is 'liquid' (within the meaning given to that term in the Corporations Act). Where the Fund ceases to be liquid, Units may only be

withdrawn pursuant to a withdrawal offer made to all Investors in the Fund in accordance with the Constitution and the Corporations Act. PIML is not obliged to make such offers. Where the Fund is not liquid, Investors do not have a right to withdraw from the Fund and can only withdraw where the Responsible Entity makes a withdrawal offer in accordance with the Corporations Act. The Responsible Entity is not obliged to make such offers. Investors will be notified in writing of any changes to their withdrawal rights.

There may be other circumstances where off-market withdrawals from the Fund are suspended, and Investors may have to wait a period of time before they can make a withdrawal.

Off-market withdrawals from the Fund may be suspended for up to 28 days including where:

- it is impracticable for PIML, or PIML is unable, to calculate the NAV of the Fund, for example, because of financial market disruptions or closures;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in PIML's opinion, result in remaining Investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of Units held;
- the quotation of Units on Cboe is suspended, halted or revoked;
- in respect of any period of 5 consecutive Business Days where investors request the withdrawal of a number of Units that in aggregate represent more than 10% of the number of Units in issue, the Responsible Entity may in its discretion determine that each withdrawal request made in that period (each an "original withdrawal request") must be and be deemed to be 5 separate withdrawal requests each for a one-fifth portion of the total number of Units in the relevant original withdrawal request;
- PIML reasonably considers it would be in the interests of Investors, or it is otherwise permitted by law;
- a redemption would cause the Responsible Entity to breach any law, regulation, or obligation under which it operates; or
- the Responsible Entity is allowed to do so by any form of ASIC relief or otherwise permitted by law.

No Units may be issued or withdrawn during such periods of suspension.

## 6. FEES AND OTHER COSTS

### Did you know?

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

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

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

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

### To find out more

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed investment fee calculator to help you check out different fee options. You can use the ASIC calculator to calculate the effect of fees and costs on your account balances. This section provides summary information about the main fees and costs that you may be charged for the Fund. The fees and costs charged by the Fund may be deducted from your account, from the returns on your investment or from the Fund assets as a whole.

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

TRANSACTION COSTS TABLE 6.1

Type of fee or cost	Amount	How and When Paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	N/A
Contribution fee* The fee for each amount contributed to your investment	Nil	N/A
Withdrawal fee* The fee on each amount you take out of your investment	Nil	N/A
Exit fee The fee to close your investment	Nil	N/A
Management costs <sup>1</sup>		
The fees and costs for managing your investment	Investment management fee 0.35% per annum of the Fund's NAV Plus Expense recoveries: capped at 0.10% per annum of the Fund's NAV Plus Indirect costs: NIL	Calculated and accrued daily as a percentage of the Fund's NAV, and reflected in the daily NAV per Unit. The amount is deducted from the Fund's assets monthly on or after the first day of the following month



## 6. FEES AND OTHER COSTS

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Fees and cost can be paid directly from your account or deducted from your investment returns.

The fees are inclusive of the Goods and Services Tax (GST) and take into account any expected Reduced Input Tax Credit (RITC). Where fees are shown to two decimal places, the actual fee may have been rounded up.

Each fee set out in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees" in the "Additional Explanation of Fees and Costs" section 6.2.

1. Management costs includes the investment management fee and expense recoveries (excluding any unusual or non-recurrent expenses). Management costs reduce the NAV of the Fund and are reflected in the unit price
2. Certain expense recoveries may be deducted from the Fund on an uncapped basis. See explanation of "Management Costs" in the "Additional Explanation of Fees and Costs" section below for more information.

\* Cash applications and redemptions are only available if agreed by the Responsible Entity. Additional contribution and withdrawal fees may apply in the case of a cash application or redemption as agreed with the Responsible Entity from time to time.

## 6. FEES AND OTHER COSTS

### 6.2 EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

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

**Table 6.2**

Balance of \$50,000 with total contributions of \$5,000 during the year.		
Contribution fee* The fee for each amount contributed to your investment	\$0	For every additional \$5,000 you put in, you will be charged: \$0
PLUS Management Costs (investment management fee plus capped expense recovery plus indirect costs)	0.45% p.a.	And, for every \$50,000 you have in a Fund you will be charged \$225 each year.
Exit fee The fee to close your investment	Nil	N/A
EQUALS cost of the Fund <sup>1 2 3</sup>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$225  What it costs you will depend on the fees you negotiate with PIML or your financial adviser.

When calculating management costs in this example, the law says we must assume that the value of your investment remains at \$50,000 and the Fund's Unit price does not fluctuate. Management Costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions).

Management Costs are made up of the investment management fee, capped expense recovery and estimated indirect costs. As stated, this varies between the Funds. Please see section 6 for more detail. Certain additional costs may apply, such as transactional and operational costs. For more information, refer to "Management Costs" in the "Additional Explanation of Fees and Costs" section 6.2.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) and use their managed investment fee calculator.

1. Certain additional costs apply, such as extraordinary expense recoveries. For more information, refer to the "Additional Explanation of Fees and Costs" section 6.2.
2. This is an example only. It assumes that the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year.
3. Additional fees may be paid to a broker or financial adviser, if you have consulted one. You should refer to the Statement of Advice provided by your broker/financial adviser in which details of the fees are set out.

## 6. FEES AND OTHER COSTS

### 6.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

#### Management costs

The Fund pays Management Costs on a per annum basis to the Responsible Entity for managing the assets of the Fund and overseeing the operations of the Fund.

The Management Costs include the ongoing fees and other costs involved in managing the Fund and deriving investment returns. The management costs comprise:

- Responsible Entity's fee (from which Daintree's fee as the Investment Manager is paid);
- Expense Recoveries; and
- any indirect costs.

Management costs do not include:

- Transactional and operational costs, such as brokerage on securities transactions for Fund assets fees and other Transaction costs associated with buying and selling the Fund's assets; and
- other costs that an Investor would ordinarily incur when investing directly in the Fund's underlying assets.

These costs are therefore not included in the Management Costs set out in Table 6.1, but they are paid out of the Fund's assets.

#### Indirect costs

These form part of Management Costs and include any fees and expenses not already charged to a member as a fee that will directly or indirectly reduce the return on a product. The Fund's indirect costs as at 30 June 2021 are NIL. Actual indirect costs for future years may differ.

#### Investment Manager's fee

This fee is paid by the Responsible Entity to the Investment Manager to provide investment and other services for the Fund. It is paid from the Responsible Entity's fee and is not an additional cost to the Fund.

#### Expense Recoveries

These represent the operating expenses incurred in the operation of the Fund. The Fund's constitution allows for all properly incurred expenses to be recovered from the Fund and does not place any limit on the amount or types of expenses that can be recovered. As detailed, these expenses will be capped.

The expenses normally incurred in the day-to-day operation of the Fund include custodian, fund administration, unit registry, Cboe fees and audit costs (other than transactional costs described above). The normal expenses charged to the Fund will be capped as set out in Table 6.1 above. Any such expenses in excess of the cap will be borne by the Responsible Entity from its own resources, on the basis that the Responsible Entity has the right to be reimbursed for them at a later time, provided that the cap will not be exceeded at the time of reimbursement.

#### Extraordinary expenses

Expenses that are not normally incurred in the day-to-day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with holding unitholder meetings, changing the Fund's constitution, or

defending or pursuing legal proceedings. Extraordinary expense recoveries are not included in the cap on expenses described in this section and are not included in the Management Costs set out in Table 6.1 and Table 6.2 above. If the cap on expenses is exceeded because of the payment of extraordinary expenses, Investors will be notified. Any such expenses will be recovered from the Fund and reflected in the Fund's NAV per Unit.

#### Stockbroker fees

Investors may incur customary brokerage fees and commissions when buying and selling Units on Cboe, as for any listed or quoted security. Please consult a stockbroker for more information in relation to their fees and charges.

#### Can fees and costs change and what are the maximums?

Yes, fees and costs can change subject to maximums in the Fund's Constitution. The Constitution of the Fund limits the amount of the Responsible Entity's fee to a maximum of 5% p.a. of the Fund's NAV (plus GST). The Constitution of the Fund provides for the following maximum application and redemption fees:

- a maximum application fee of 5% of the aggregate issue price of the Units applied for (plus GST);
- a maximum redemption fee of 5% of the aggregate withdrawal amount of the relevant Units (plus GST).

As at the date of this PDS, the Responsible Entity does not have any intention to change the fees and costs described in this PDS, although it has the right to do so at any time. Any increase in the fees and costs for the Fund will be announced to Cboe via the Market Announcements Platform at least 30 days before it occurs.

#### Transactional and operational costs

Transactional and operational costs include brokerage, settlement costs, clearing costs, bid-offer spreads on investments, currency transactions and stamp duty costs.

Transactional and operational costs are an additional cost and are not included in the Management Costs. These costs are incurred in connection with day-to-day trading within the Fund. Transactional and operational costs are not charged to you as a fee; however, they will have an effect on the value of your investment by reducing the NAV of the Fund.

#### Invest Core Income Fund (Managed Fund)

The total transaction and operational costs of the Fund for the year ended 30 June 2021 was 0.07% of the NAV of the Fund for the year, of which approximately 0.05% is estimated to be recouped via the buy/sell spread when applications and redemptions take place.

The difference of 0.02% reflects the day-to-day trading costs and is factored into the net investment return of the Fund. These costs may vary in future. If an Investor had a balance of \$100,000 through the year, their investment would be impacted by \$20 for the year. We have also assumed that application monies received in respect of the Fund are fully invested. In practice, your incurred transaction and operational costs will vary from year to year based on your investment balance, the Fund's volume of trading and the number and value of applications processed.

## 6. FEES AND OTHER COSTS

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### **Differential fees**

A rebate of part of the Responsible Entity fee may be negotiated with Investors who are wholesale clients for the purposes of Section 761G of the Corporations Act.

The amount of any fee rebate is at the Responsible Entity's discretion. The Responsible Entity will achieve these reductions by payments from its own resources. Further information can be obtained by contacting PIML.

### **Adviser remuneration**

No commissions will be paid by us to financial advisers. Additional fees may be paid by you to your financial adviser if one is consulted. You should refer to the Statement of Advice they give you in which details of the fees are set out.

## 7. ADDITIONAL INFORMATION

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### 7.1 THE ROLE OF CERTAIN ENTITIES IN REGARD TO THE FUND(S)

There are a number of parties in addition to the Responsible Entity involved in the ongoing operation and administration of the Fund:

#### **Custodian and administrator**

The custodian provides custodial services to the Responsible Entity, including holding the assets of the Fund. The custodian may, from time to time, appoint sub-custodians. The custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations.

As of the date of this PDS, the custodian is:

National Australia Bank Limited (ABN 12 004 044 937)

Level 1, 395 Bourke Street

Melbourne, VIC 3000

The administrator provides administration services to the Responsible Entity. These services include Fund accounting, maintenance of books and records, calculating distribution amounts, valuing the Fund's assets and liabilities, calculating the Issue Price and Withdrawal Amount, and taxation and other services.

As of the date of this PDS, the administrator is:

Mainstream Fund Services Pty Limited (ABN 81 118 902 891)

Level 10, 12 Shelley St,

Sydney NSW 2000

#### **Unit Registry**

As for any quoted security, the role of the registry is to keep a record of the Investors in the Fund. This includes details such as the quantity of Units held, tax file numbers (if provided) and details of distribution reinvestment plan participation. The Responsible Entity may change the registry provider, without prior notice to Investors.

As of the date of this PDS, the Registry is:

Link Market Services Limited (ABN 54 083 214 537)

Level 12, 680 George Street

Sydney, NSW 2000

The Responsible Entity may change the custodian, administrator and register without prior notice to Investors.

#### **The market maker and market making**

We have appointed an experienced market maker for the Fund under a Market Making agreement. The role of a market maker is to provide liquidity in the market for Units and to satisfy supply and demand for Units. It does this by:

- subject to certain conditions, providing liquidity to the market through acting as the buyer and seller of Units during a significant part of the trading day; and
- creating and redeeming Units in the primary market pursuant to this PDS, which helps to ensure the number of Units on issue matches supply and demand.

The Responsible Entity seeks to appoint market making firms that:

- have experience in making markets in exchange-traded securities in Australia;
- have the necessary skill and expertise to perform market making functions; and
- are Cboe participants (or trade through a Cboe participant).

To qualify for admission as a Cboe participant, a firm must meet the admission requirements set out in the Cboe Operating Rules. The requirements include:

- a) a firm must hold an AFS Licence that authorises it to carry on its business as a market participant. Unless it satisfies Cboe that an AFS Licence is not so required; and
- b) satisfy Cboe of various matters including organisational competence and business integrity.

Generally, arrangements with a market maker will specify certain permitted circumstances in which the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions, other circumstances as permitted under the Cboe Operating Rules, the suspension or rejection by the Responsible Entity of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If the market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker. Subject to the Cboe Operating Rules and arrangements with the market maker, the Responsible Entity may replace or terminate the market maker. The Responsible Entity may determine to no longer appoint the market maker in respect of the Fund in circumstances where it is no longer required to do so under the Cboe Operating Rules.

#### **Auditor**

The Responsible Entity has engaged KPMG as the independent auditor.

#### **Monitoring of service providers**

The Responsible Entity has procedures in place to monitor the performance of those service providers to whom functions have been outsourced.

#### **PIML as the Responsible Entity**

Level 27, 88 Phillip Street

Sydney, NSW 2000

[www.perennial.net.au](http://www.perennial.net.au)

1300 730 032 (Australia)

+612 8823 2534 (NZ)

PIML, as the Responsible Entity, is responsible for the management and administration of the Fund. The Responsible Entity holds an Australian Financial Services Licence (AFSL 275101). The powers and duties of the Responsible Entity are set out in the Constitution of the Fund, the Corporations Act and general trust law.

## 7. ADDITIONAL INFORMATION

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The Responsible Entity has the power to appoint an agent, or otherwise engage a person, to do anything that it is authorised to do in connection with the Fund. For the purpose of determining whether the Responsible Entity has properly performed its duties as responsible entity, the Responsible Entity is taken to have done (or failed to do) anything that the agent or person has done (or failed to do) because of the appointment or engagement, even if they were acting fraudulently or outside the scope of their authority or engagement.

### **Daintree as the Investment Manager**

The Responsible Entity has appointed Daintree as the Investment Manager of the Fund.

See section 2.1 for more information on the Investment Manager and section 7.15 for information on the terms of this agreement.

### **7.2 THE CONSTITUTION**

The Fund is a registered managed investment scheme governed by a Constitution. Under the Constitution, the Responsible Entity has all the powers, it is possible to confer on a trustee as though it were the absolute owner of the Fund's assets and acting in its personal capacity.

The Constitution addresses matters such as NAV per Unit, withdrawals, the issue and transfer of Units, unitholder meetings, Investors' rights, the Responsible Entity's powers to invest, borrow and generally manage the Fund and the Responsible Entity's fee entitlement and right to be indemnified from the Funds' assets. The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect Investors' rights. Otherwise, the Responsible Entity must obtain Investors' approval at a meeting of Investors.

To the extent that any contract or obligation arises in connection with the acceptance by the Responsible Entity of an application or reliance on this PDS by Investors, any amendment to the Constitution may vary or cancel that contract or obligation. Further, that contract or obligation may be varied or cancelled by a deed executed by the Responsible Entity with the approval of a special resolution of Investors, or without that approval if the Responsible Entity considers the variation or cancellation will not materially and adversely affect Investors' rights.

The Responsible Entity may retire or be required to retire as responsible entity (if there is a resolution passed by Investors of a majority by value of interests who vote for the Responsible Entity's removal). No Units may be issued after the 80th anniversary of the date of the Constitution. The Responsible Entity may exercise its right to terminate the Fund earlier.

Investors' rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

The Responsible Entity may resolve at any time to terminate and liquidate the Fund in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated) the net proceeds will be distributed pro rata

among all Investors according to the aggregate of the Redemption Price for each of the Units they hold in the Fund.

A copy of the Constitution of the Fund may be Inspected by Investors at the Responsible Entity's office, during business hours. The Responsible Entity will provide an Investor with a copy of the Constitution upon request.

### **7.3 THE COMPLIANCE PLAN**

The Responsible Entity prepares and lodges a compliance plan for the Fund with ASIC. The compliance plan sets out the key criteria that the Responsible Entity will follow to ensure that it is complying with the Corporations Act and the Constitution of the Fund. Each year the compliance plan, and the Responsible Entity's compliance with the plan, will be independently audited as required by the Corporations Act, and the auditor's report will be lodged with ASIC.

### **7.4 THE COMPLIANCE COMMITTEE**

The Responsible Entity has established a compliance committee with a majority of members that are external to the Responsible Entity. The compliance committee's functions include:

- monitoring the Responsible Entity's compliance with the compliance plans and reporting its findings to the Responsible Entity;
- reporting breaches of the Corporations Act or the Constitution to the Responsible Entity;
- reporting to ASIC if the committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the compliance plan, recommending any changes to the Responsible Entity.

### **7.5 UNIT PRICING POLICY**

The Responsible Entity has documented its policy on how it exercises discretions when determining Unit prices for the Fund.

The policy has been designed to meet the ASIC requirements and is available on request to all Investors and prospective Investors at no charge.

## 7. ADDITIONAL INFORMATION

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### 7.6 IF YOU HAVE A COMPLAINT

If you have a complaint (or wish to obtain further information about the status of an existing complaint), please contact us on 1300 088 660 (+61 3 8623 4202 - New Zealand) or write to:

eInvest Client Services  
hello@einvest.com.au

c/o Perennial Investment Management Limited  
PO Box R1709

Royal Exchange NSW 1225

Where possible, concerns will be resolved immediately.

If an issue has not been resolved to your satisfaction, 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 by emailing [info@afca.org.au](mailto:info@afca.org.au), by calling 1800 931 478 (free call) or by writing to AFCA at GPO Box 3, Melbourne VIC 3001.

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

### 7.7 PROTECTING YOUR PRIVACY

Privacy laws regulate, amongst other things, the way organisations collect, use, disclose, keep secure and give people access to their personal information.

The Responsible Entity is committed to respecting the privacy of an Investor's personal information. The Responsible Entity's privacy policy states how the Responsible Entity manages personal information. Some information must be collected for the purposes of compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2006.

The Responsible Entity may provide personal information to an Investor's adviser if written consent is provided to the

Responsible Entity. The Responsible Entity may disclose personal information to authorities investigating criminal or suspicious activity and to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) in connection with anti-money laundering and counter-terrorism financing.

The Responsible Entity may provide an Investor's personal information to its service providers for certain related purposes (as described under the Privacy Act 1988) such as account administration and the production and mailing of statements. The Responsible Entity may also use an Investor's personal information and disclose it to its service providers to improve customer service (including companies conducting market research) and to keep Investors informed of the Responsible Entity's or its partners' products and services, or to their financial adviser or broker to provide financial advice and ongoing service.

The Responsible Entity will assume consent to personal information being used for the purposes of providing information on services offered by the Responsible Entity and being disclosed to market research companies for the purposes of analysing the Responsible Entity's Investor base unless otherwise advised. Investors may request access to the personal information held about them at any time and

ask the Responsible Entity to correct this information if it is incomplete, incorrect or out of date.

To obtain a copy of the privacy policy, contact the Responsible Entity on 1300 088 660 (within Australia) or +61 3 8623 4202 (outside Australia).

### 7.8 ATTRIBUTION MANAGED INVESTMENT TRUST REGIME

The Australian government introduced a new tax system for certain managed investment trusts (referred to as attribution managed investment trust or AMIT regime) to reduce complexity, increase certainty and minimise compliance costs for managed investment trusts and their Investors.

One benefit of the application of the AMIT regime is that it gives the Responsible Entity the discretion to deal with under and over distributions for a previous income year in the year in which they are discovered, called the 'discovery year', rather than the income year they relate to. "Unders" and "overs" distributions arise where net income and tax offset entitlement amounts reported to Investors understate or overstate the amounts correctly determined under the law.

By investing in the Units each Investor of the Fund acknowledges and agrees that under the AMIT regime the trustee of the Fund has the choice with respect to how it addresses any amounts which give rise to under/over distributions in respect of a particular income year, including whether such amounts are addressed by issuing amended AMMA Statements to Investors for the income year to which they relate or adjusting the trust components in the income year in which the under/over distribution is discovered.

### 7.9 ANTI-MONEY LAUNDERING (AML) / COUNTER TERRORISM FINANCING (CTF)

The AML/CTF Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity, regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML/CTF Act is enforced by AUSTRAC. However, both the issue of Units in the Fund and secondary trading of Units in the Fund are exempt from the AML Requirements by section 247(3) of the AML/CTF Act and Chapter 21 of the Anti-Money Laundering and Counter Terrorism Rules.

### 7.10 FOREIGN ACCOUNT TAX COMPLIANCE ACT

Under the Foreign Account Tax Compliance Act (FATCA), the Responsible Entity is required to collect and report information about certain investors identified as U.S. tax residents or citizens. In order to comply with its FATCA obligations, the Responsible Entity may request investors to provide certain information (FATCA Information). To the extent that all FATCA Information is obtained, the imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply. Although the Responsible Entity attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition

## 7. ADDITIONAL INFORMATION

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of the withholding tax, this outcome is not guaranteed. Under the terms of the intergovernmental agreement between the US and Australian governments, the Responsible Entity may provide FATCA Information to the Australian Taxation Office (ATO). Please be aware that the Responsible Entity may use an investor's personal information to comply with FATCA and may contact an investor if additional information is required.

### 7.11 COMMON REPORTING STANDARD

The Common Reporting Standard (CRS) requires the Responsible Entity to collect certain information about an investor's tax residence. If an investor is a tax resident of any country outside Australia, the Responsible Entity may be required to pass certain information about the investor (including account-related information) to the ATO. The ATO may then exchange this information with the tax authorities of another jurisdiction or jurisdictions, pursuant to intergovernmental agreements to exchange financial account information. Although the CRS does not involve any withholding tax obligations, please be aware that the Responsible Entity may use an investor's personal information to comply with the CRS obligations, and may contact an investor if additional information is required. For investors who apply for Units directly with the Responsible Entity, the account opening process cannot be completed until all requested information has been provided.

### 7.12 OTHER SERVICES

The Responsible Entity, in its personal capacity, or companies related to the Responsible Entity, may invest in or provide services to the Fund. Any such services will be provided on terms that would be reasonable if the parties were dealing at arm's length.

### 7.13 INDICATIVE NAV PER UNIT (iNAV)

As at the date of this PDS, the Responsible Entity intends to take all reasonable steps to make available, or may designate other persons to make available on its behalf, an estimated indicative Net Asset Value per Unit (iNAV) for the Fund no less frequently than every 900 seconds during a Cboe Trading Day. Such information will be calculated based upon information available to the Responsible Entity or its designate during the Cboe Business Day. As at the date of this PDS, the Responsible Entity has arranged for ICE Data Indices LLC (ICE) to calculate and publish the iNAV. The iNAV for each Fund will be accessible from broker websites and other financial information services and at our website.

The iNAV calculations are estimates of the NAV per Unit calculated using market data. The iNAV price is a calculation of the value of a portfolio of assets as at the open of trading on the relevant day based on quotes and last sale prices, less any liabilities of the Fund. Any iNAV is not, and should not be taken to be or relied on as being, the value of a Unit or the price at which Units may be bought or sold on any stock exchange, and may not reflect the true value of a Unit. Investors buying or selling Units on a stock exchange, should not rely on any iNAV which is made available, in making investment

decisions but should consider other market information and relevant economic factors. Neither the Responsible Entity nor any designate or other service provider to the Responsible Entity shall be liable to any person who relies on the iNAV. No assurance can be given that any iNAV will be published continuously, will be up to date or free from error. The publication of an iNAV is dependent on the availability of a suitable data provider and other factors.

### 7.14 IMPORTANT STATEMENT FOR NEW ZEALAND INVESTORS

The following disclosure is made to enable the Fund's Units to be offered by the Responsible Entity in New Zealand under the mutual recognition scheme between Australia and New Zealand:

1. This offer to New Zealand Investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Australian Corporations Act 2001 (Cth) and the regulations made under that Act set out how the offer must be made.
3. 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.
4. 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.
5. 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 ([www.fma.govt.nz](http://www.fma.govt.nz)). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

### Currency exchange risk

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



## 7. ADDITIONAL INFORMATION

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in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

### Trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products 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 products and trading may differ from financial product markets that operate in New Zealand.

### 7.15 MATERIAL CONTRACTS

The Responsible Entity has entered into (or will enter into prior to the date Units are first issued in the Fund) a number of contracts in relation to the offer of the Fund, as set out below:

#### Management agreement

PIML has appointed Daintree as Investment Manager for the Fund. In performing this role, Daintree must comply with the investment guidelines issued by PIML and the investment objectives set out in this PDS, as amended by PIML from time to time.

PIML may terminate the agreement without cause by giving at least 5 Business Days' notice to Daintree and Daintree may terminate the agreement without cause by giving PIML at least 20 Business Days' notice. PIML may also terminate the agreement for cause immediately.

Under the agreement, the parties give indemnities to each other consistent with market practice for a management agreement of this nature. In consideration for performing its obligations under this agreement, PIML must pay Daintree the fees it receives for acting as responsible entity of the Fund less withholdings required to meet expenses of the Fund and PIML's AFSL solvency requirements.

#### Market-making agreement

Experienced market makers have been appointed for the Fund.

#### Custody agreement

National Australia Bank Limited is responsible for the custody of the Funds' assets.

#### Investment administration agreement

Mainstream Fund Services is responsible for the administration of the Fund.

#### Registry agreement

Link Market Services Limited is responsible for establishing and maintaining the Fund registry.

### 7.16 ASIC RELIEF

#### Equal Treatment relief

ASIC has granted individual relief under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent that it would prevent PIML from permitting only Authorised Participants to withdraw from the Fund. For the purposes of this relief (and for so

long as we are permitted to rely on it), except in exceptional circumstances, only Authorised Participants may withdraw from the Fund, but other unitholders may sell their units on Cboe. However, if the units are suspended from trading on Cboe for more than 5 consecutive Business Days, Investor's will have the right to withdraw from the Fund and receive payment of their interests in money within a reasonable time of request, unless any of the following apply:

- the Fund is being wound up;
- the Fund is not liquid as defined in subsection 601KA(4) of the Corporations Act; or
- we suspend redemptions in accordance with the Constitution.

In the event that such a redemption occurs, any withdrawal fee per Unit payable by Investors who are not Authorised Participants will not be greater than the withdrawal fee per unit that would generally be payable by an Authorised Participant receiving redemption proceeds in cash when withdrawing the minimum parcel of Units.

The Responsible Entity will not treat members of the same class equally to the extent that it restricts redemptions from the Fund to Authorised Participants.

#### Class Order Relief - Ongoing Disclosure

ASIC has granted Class Order relief (CO 13/721) under section 1020F(1)(a) of the Corporations Act from the ongoing disclosure requirements in section 1017B on the condition that PIML complies with the continuous disclosure requirements in section 675 of the Corporations Act as if the Fund was an unlisted disclosing entity. PIML will comply with these continuous disclosure requirements of the Corporations Act as if the Fund was an unlisted disclosing entity.

#### Class Order Relief - Periodic Statements

ASIC has granted relief under Class Order 13/1200 which exempts PIML from certain periodic statement requirements. In particular, we are not required to include purchase or sale price information or return on investment information where we are unable to determine such information provided, we explain why this information is not included and how it can be obtained or calculated. Class Order 13/1200 also requires us to report in the periodic statement whether the Fund has met its investment objectives.

### 7.17 DOCUMENTS LODGED WITH ASIC

The Responsible Entity is subject to certain regular reporting and disclosure obligations in relation to the Fund under the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. As an Investor in the Fund, an Investor may obtain the following documents from the Responsible Entity:

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

## 7. ADDITIONAL INFORMATION

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The Responsible Entity will send a requesting Investor a printed or electronic copy of any of the above documents free of charge within 5 Business Days of the request.

### 7.18 INDIRECT INVESTORS

When an Investor invests through a master trust or wrap platform or an IDPS, the operator of the trust, platform or IDPS is investing on the Investor's behalf. Consequently, the operator (or the custodian of the platform), and not the Investor as an indirect Investor, holds the Units and therefore has the rights of an Investor in the Fund. For example, if an Investor is an indirect Investor, they will not have rights to attend and vote at Investor meetings, to withdraw Units or receive distributions.

Instead, the platform operator will exercise those rights in accordance with their arrangements with the Investor. For information about their investment, an Investor should contact their platform operator.

### 7.19 INFORMATION AVAILABLE FROM THE RESPONSIBLE ENTITY

The Responsible Entity is subject to regular reporting and disclosure obligations, in its capacity as Responsible Entity of the Fund and issuer of the Units. As part of each Fund's conditions of admission to trading status on Cboe under the Cboe Operating Rules, PIML has agreed to:

- provide the iNAV as described in this PDS
- disclose the Fund's portfolio holdings on a quarterly basis; and
- make available half year and annual financial reports, distribution information and other required disclosures on the Cboe Market Announcements Platform (by visiting [www.Cboe.com.au](http://www.Cboe.com.au))

The following information can be obtained from us by visiting the eInvest website at [www.einvest.com.au](http://www.einvest.com.au) or by contacting eInvest on 1300 088 660 (within Australia) or +61 3 8623 4202 (outside Australia):

- the daily NAV for the Fund;
- the daily NAV per Unit for the Fund;
- the iNAV per Unit for the Fund;
- the Responsible Entity's Unit pricing policy;
- the latest PDS for the Fund;
- announcements made to Cboe;
- information about distributions as soon as possible after they are declared;
- annual and any half-year reports and financial statements for the Fund;
- details of any Distribution Reinvestment Plan; and
- the pricing basket and portfolios

### 7.20 DISCLAIMER

We have appointed National Australia Bank Limited (ABN 12 004 044 937) (**NAB**), as the Custodian of the assets of the Fund. In its capacity as Custodian, NAB's role is limited to holding the assets of the Fund as an agent of the responsible entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement.

Neither NAB, nor any other division or subsidiary of NAB, guarantees the performance of the investment or the underlying assets of the Fund, or provides a guarantee or assurance in respect of the obligations of the responsible entity or its related entities.

The Custodian holds the Funds' investments as a bare trustee and such, investments are not investments of, NAB or any other member of the NAB group of companies (NAB Group). Neither NAB, nor any other member of NAB Group, guarantees the performance of the investment or the underlying assets of the Fund, or provides a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities. As Responsible Entity of the Fund, we pay fees to NAB in consideration for providing those services.

### 7.21 CONSENTS

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- Daintree Capital Management Pty Limited
- Mainstream Fund Services Pty Limited
- Link Market Services Limited
- National Australia Bank Limited

Each party named above who has consented to be named in the PDS:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in the PDS (or any statement on which a statement in the PDS is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the PDS other than the reference to their name in a statement included in the PDS with their consent as specified.

## 8. TAXATION

### 8.1 TAXATION

The taxation information in this PDS is provided for general information only. It is a broad overview of some of the Australian tax consequences associated with investing in the Fund for a potential Australian resident Investor. It does not take into account the specific circumstances of each person who may invest in the Fund. It should not be used as the basis upon which potential Investors make a decision to invest. As the circumstances of each Investor are different, the Responsible Entity strongly recommends that Investors obtain professional independent tax advice relating to the tax implications of investing in and dealing in Units in relation to their own particular circumstances before making any investment decision.

The taxation information in this PDS has been prepared based on the Australian tax laws and administrative interpretations of such laws in effect as at the date of this PDS. Investors should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Federal Commissioner of Taxation (Commissioner) or a Commissioner of State Revenue administers the law and interpretations may change at any time.

#### **Investors should obtain independent taxation advice that takes into account their specific circumstances regarding investing in the Fund.**

This tax summary has been prepared on the assumption that:

- the Fund is a managed investment trust within the meaning of section 995-1 of the Income Tax Assessment Act 1997 (1997 Act);
- the Fund qualifies as an attribution managed investment trust (AMIT) within the meaning of section 995-1 of the 1997 Act and the trustee of the Fund elects to apply the AMIT regime to the Fund;
- the Fund is not a public trading trust under Division 6C of the Income Tax Assessment Act 1936; and
- the Taxation of Financial Arrangement (TOFA) provisions in Division 230 of the 1997 Act do not apply to the Fund (and no election will be made to voluntarily apply these provisions).

#### **Distributions**

The Fund is a resident of Australia for tax purposes. The Fund is required to determine its tax components for the income year. These components may include assessable income, exempt income, non-assessable non-exempt income, tax offsets and credits of different characters. Investors should be entitled to their share of the Fund's tax components each year. Investors are treated as having derived their share of the tax components of the Fund directly on a flow through basis. In the case where the Fund makes a loss for tax purposes, that Fund cannot distribute the loss to Investors. However, subject to the Fund meeting certain conditions, such Fund may be able to take into account the losses in subsequent years.

The distributions an Investor receives may include a number of different types of income which reflect the income derived by the Fund. These components may include

- capital gains;
- foreign income and foreign income tax offsets; and
- tax deferred distributions

The components of the distribution (if any) may be comprised of a combination of income and capital amounts or may be comprised solely of amounts of the same character. Interest earned on cash and dividends received from shares will be income, while gains and losses on the sale of listed securities are generally expected to be on capital account. Gains and losses on derivatives contracts may be on either revenue or capital account, subject to the application of the TOFA rules.

An Australian Investor's share of the tax components of the Fund for a year of income form part of the Investor's assessable income of that year.

The Investor will be provided with a statement for tax purposes after 30 June each year to assist the Investor in determining their tax position. This tax statement will advise the Investor of the share of the tax components of the Fund (if any) to include in the Investor's tax return as assessable income, capital gains and any foreign income/foreign income tax offsets.

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 income year in which they are

discovered. That is, the distribution statements in the discovery year may be adjusted to take into account these understatements or overstatements from a prior income year, rather than re-issuing amended distribution statements for the prior income year to which the understatement or overstatements relate to.

An Investor may be required to make, in certain circumstances, both upward and downward adjustments to the cost or cost base of their unit holdings. This occurs where during an income year there is a difference between:

- (a) the total of the amounts (money or property) that an Investor is entitled to from the Fund and the tax offsets that are allocated to an Investor during the year; and
- (b) the tax components included in that Investor's assessable income or non-assessable non-exempt income.

If the amount in (a) exceeds the amount in (b), the cost or 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 be reduced to below zero, the amount in excess of the cost base should be a capital gain that is to be included the Investor's taxable income.

An Australian resident Investor may be entitled to the CGT discount in respect of this gain if the Units have been held for over 12 months. An Investor may be eligible for the 50% CGT discount (where the Investor is an individual or trust) or a 33 1/3% CGT discount (where the Investor is a complying superannuation fund) in respect of the gain that forms part

## 8. TAXATION

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of that Investor's assessable income. A corporate Investor cannot claim the benefit of the CGT discount. Any available capital losses incurred by the Investor reduce the capital gain before the remaining net capital gain is discounted in the hands of the Investor. Capital losses can only be used to reduce capital gains under the CGT provisions.

Conversely, where the amounts in (a) falls short of the amounts in (b) during an income year, the cost or cost base of the Investor's units in the relevant Fund should be increased by the shortfall amount.

For Investors who hold Units as trading stock or as part of a securities trading business, similar adjustments need to be made to the tax cost base of the Units to reflect the difference in the amounts referred to above in (a) and (b). Should the tax cost base be reduced to below zero, the amount in excess of the tax cost base should be included in the Investor's assessable income.

In the case where the Fund makes a loss for tax purposes, that 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 subsequent years.

To assist Investors (and their advisers) determine their tax position each income year, Investors will be provided with distribution statements after the end of each financial year detailing the components, for tax purposes, of any distributions received from the Fund during the financial year, including on the redemption of Units.

### Capital gains and losses

A trust that qualifies as a managed investment trust (MIT) can elect to treat its gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding certain financial arrangements under TOFA) as capital gains and losses. The Fund is expected to make this election, where eligible. If the Fund disposes of any of its investments (e.g. on the sale of any assets when Units are redeemed), the Fund may realise assessable capital gains. A capital gain derived by the Fund may be eligible for the 50% CGT discount where the investment has been held for at least 12 months (excluding the acquisition and disposal dates).

Any assessable capital gains derived by the Fund to which an Investor becomes entitled forms part of the Investor's assessable income.

Where an Investor becomes entitled to a discounted capital gain from the Fund, the Investor will be required to gross-up the capital gain for the discount at the time that they are required to include that gain in their assessable income. An Investor may also be eligible for the 50% CGT discount (where the Investor is an individual or trust) or a 33 1/3% CGT discount (where the Investor is a complying superannuation fund) in respect of the gain that forms part of that Investor's assessable income.

### Selling or redeeming Units

If an Investor disposes of Units by selling or transferring the Units to another person (e.g. selling on-market) their Units, the Investor may be liable for tax on any gains realised on that disposal of Units.

If an Investor is assessed otherwise than under the CGT provisions on a disposal or redemption of Units (e.g. if the

Holder is in the business of dealing in securities like Units), any profits made on the disposal or redemption of the Units should be assessable as ordinary income. Such Investors may be able to deduct any losses made on the disposal of Units.

As mentioned above under "Distributions", an Investor may be required to make both upward and/or downward adjustments to the cost base of their unit holdings, very broadly, where there is a difference between the cash distribution received by an Investor in respect of their Units and the amount of the tax components of the Fund which the Investor is required to include in their assessable income. These tax cost base adjustments should be taken into account in working out any revenue gain or loss made on the disposal of the Units.

If an Investor is assessed under the CGT provisions on disposal of Units, the Investor may make a capital gain or loss on the disposal of those Units, in the year in which the contract for the disposal is entered into. An Australian Investor should make a capital gain on the disposal of the Unit if the capital proceeds received by the Investor exceed the asset's cost base. If the capital proceeds received by an Investor are less than the asset's reduced cost base, then the Investor should make a capital loss. Capital losses may be offset against taxable capital gains made by an Investor but not against other types of income.

The cost base that an Investor has in a Unit is, broadly, the sum of:

1. the amount the Investor paid to acquire the Unit;
2. incidental costs of acquisition and disposal; and
3. the costs of ownership of the Unit (e.g. interest incurred by an Investor as a result of borrowing funds to acquire the Unit where the interest is not otherwise allowable as a tax deduction).

In the case of Units acquired under the Distribution Reinvestment Plan, the cost base of the Unit acquired will include the amount of the distribution applied to acquire the Units. In addition, an Investor may be required to make both upward and/or downward adjustments to the cost base of their unit holdings, very broadly, where there is a difference between the cash distribution received by an Investor in respect of their Units and the amount of the tax components of the Fund which the Investor is required to include in their assessable income. Refer to the comments above under "Distributions". Some Investors may be eligible for the CGT discount upon disposal of Units if the Units have been held for at least 12 months (excluding the acquisition and disposal dates) and the relevant requirements are satisfied (as explained above).

Refer to the comments above under "Distributions". Some Investors may be eligible for the CGT discount upon disposal of Units if the Units have been held for at least 12 months (excluding the acquisition and disposal dates) and the relevant requirements are satisfied (as explained above).

### Goods and Services Tax (GST)

The issuance and redemption of Units should not be subject to GST. However, fees and expenses, such as management costs, incurred by the Fund would likely attract GST (at the rate of 10%). Given the nature of the activities of the Fund, the Fund may not be entitled to claim input-tax credits for the full

## 8. TAXATION

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amount of the GST incurred. However, for the majority of the expenses, a RITC may be able to be claimed. The GST and expected RITC relating to fees and expenses is incorporated in the management cost for the Fund.

### Stamp Duty

As the Units will be listed on Cboe, stamp duty should not be payable in any State or Territory on the issue or transfer of a Unit. This is provided that all of the Units are quoted on Cboe at all relevant times (including for example the date of issue of a Unit) and an Investor does not, either alone or together with related persons, acquire 90% or more of the issued Units of a Fund.

### AMIT

This tax summary has been prepared on the basis that the Responsible Entity will elect to apply the AMIT regime to the Fund. Whether a Fund qualifies as an AMIT each year will depend on a number of factors, some of which are outside the control of the Fund, such as the profile of the ultimate beneficiaries. If a Fund does not qualify as an AMIT and/or does not make an election to apply the AMIT provisions, the income tax implications for Investors in the Fund may differ from that set out earlier in this tax summary. For example:

- The existing present entitlement to income method in Division 6 of the 1936 Act may apply rather than the attribution method under the AMIT provisions. In these circumstances, very broadly, it is intended that Investors will be presently entitled to all of the income (including net taxable capital gains) of the Fund for each income year. Investors should include in their assessable income their share of the Fund's net taxable income, calculated by reference to the portion of the Fund's trust law income to which they are presently entitled.
- The Investor may be required to make downward (but not upward) adjustments to the cost base of their unit holdings for the tax-deferred portion (if any) of a distribution to an Investor (i.e. those amounts that have been distributed to the Investor but are not included in taxable income). If the asset's cost base is reduced below zero after one or more cumulative tax-deferred distributions, the Investor may make a capital gain if they are paid amounts in excess of their cost base. An Australian Investor may be entitled to the CGT discount in respect of this gain.

### Tax Reform

The expected tax implications of investing in the Fund described in this tax disclosure may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Tax Office. Tax reform activity that affects trusts is generally ongoing.

Investors should seek their own advice on the potential impact of any proposed legislative changes or judicial developments. The Responsible Entity will also closely monitor any impact or developments in this regard.

### Tax File Number ("TFN") or Australian Business Number ("ABN")

Investors will be requested by the Fund to provide their TFN or ABN (if applicable) or claim an exemption in relation to their investment in the Fund. It should be noted that there is no obligation to provide a TFN, however, Investors who do not

provide their TFN or ABN or claim an exemption may have tax deducted from distributions at the highest marginal rate. If this withholding tax applies it is noted that it is merely a collection mechanism and an Investor may claim a credit in their annual income tax return in respect of the tax withheld.

### Other comments

In cases where Units are to be redeemed by an Investor that is an Australian resident for tax purposes, the Fund should generally not be required to withhold any amounts from the Withdrawal Amount paid on redemption of Units. Distributions to non-resident Investors (including on redemption) may have tax withheld by the Responsible Entity. It is recommended that non-resident Investors should obtain independent taxation advice in relation to their own particular circumstances, before making any investment decision in relation to the Units.

## 9. GLOSSARY

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These definitions are provided to assist Investors in understanding some of the expressions used in this PDS:

**AFSL** means an Australian Financial Services Licence issued by ASIC.

**AMIT** means the Attribution Managed Investment Trust tax regime.

**AML/CTF Act** means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), as supplemented, amended, varied or replaced from time to time.

**Applicant** means a person who has submitted an Application Form.

**ASIC** means the Australian Securities and Investments Commission.

**AUD** means the lawful currency of the Commonwealth of Australia.

**Authorised Participant** means a financial institution which is a participant under the Cboe Operating Rules (or which has engaged a participant to act on its behalf), which has entered into an Authorised Participant Agreement with the Responsible Entity.

**Authorised Participant Agreement** means an agreement between the Responsible Entity and an Authorised Participant in relation to unit applications and redemptions.

**Australian Financial Complaints Authority (AFCA)** means the ombudsman who investigates and resolves legitimate complaints about investments and financial products.

**Australian Securities and Investment Commission (ASIC)** means the Australian Securities and Investments Commission or any Government Agency which replaces it or performs its functions.

**Australian Tax Office (ATO)** means the Australian Tax Office or any Government Agency which replaces it or performs its functions.

**Australian Transaction Reports and Analysis Centre (AUSTRAC)** means the Australian Transaction Reports and Analysis Centre or any Government Agency which replaces it or performs its functions.

**Benchmark, Benchmark Index or Index** means the RBA Cash Rate.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne.

**Cboe** means Cboe Australia Pty Ltd (ABN 47 129 584 667) or the financial market operated by Cboe, as the context requires.

**Cboe Operating Rules** means:

- (a) the Cboe Operating Rules and the Cboe Operating Rules Procedures;
- (b) such other rules issued by Cboe that govern the quotation of the Fund; and
- (c) such other rules issued by Cboe that govern the transfer of the Fund, as amended from time to time.

**Cboe Trading Day** means the day during which securities are traded on Cboe. Weekends, and most (but not all) Public Holidays are not Cboe Trading Days.

**Clearing House Electronic Sub Register System (CHES)** means the Clearing House Electronic Sub register System established and operated in accordance with the ACH Clearing Rules.

**Compliance Plan** means the arrangement that sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Constitution when operating the Fund.

**Constitution** means the constitution establishing the Fund dated 12 November 2019, and as amended from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Custodian** means the entity that holds the assets of the Fund on behalf of the Responsible Entity.

**Daintree** means the Investment Manager, Daintree Capital Management Pty Limited (ACN: 610 989 912 ASFL No: 487489)

**eInvest** means ETF Investments Australia Pty Limited (ABN 88 618 802 912) trading as 'eInvest Australia' who has been appointed by PIML as its corporate authorised representative.

**Active ETF, ETMF** means Exchange Traded Managed Fund.

**ESG** means Environmental, Social and Governance

**Foreign Account Tax Compliance Act (FATCA)** means the Foreign Account Tax Compliance Act, as supplemented, amended, varied or replaced from time to time.

**Fund** means ECOR.

**Government or Government Agency** means, whether foreign or domestic:

- (a) a government, whether federal, state, territorial or local or a department, office or minister of a government acting in that capacity; or
- (b) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not, and includes any self-regulatory organisation established under statute or any stock exchange.

**GST** means goods and services tax.

**GST Act** means the A New Tax System (Goods and Services) Tax Act 1999 (Cth) as amended or varied from time to time.

**Investor** means the person recorded in the Register as the holder of a Unit (including persons jointly registered).

**Indicative Net Asset Value or iNAV** means the estimated NAV per Unit that will be published on the Website during the Cboe Trading Day to take into account movements in security prices during that Cboe Trading Day.

**Issue Price** means the price at which a Unit is issued and is determined in accordance with the Constitution.

**Liabilities** means the liabilities of the Fund including any provision which the Responsible Entity decides should be taken into account in accordance with generally accepted accounting principles applicable in Australia in determining the liabilities of the Fund, but excluding any liabilities:

- (a) to applicants for Units in respect of application

## 9. GLOSSARY

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money or property in respect of which Units have not yet been issued; or

- (b) to Investors, arising by virtue of the right of Investors to request redemption of their Units or to participate in the distribution of the assets on termination of the Scheme.

**Liquid or Liquidity** has the same meaning as in the Corporations Act.

**Management Fee** means the fees and costs charged by the Fund for the management of an investment in the Units, as set out in section 6 of this PDS.

**Net Asset Value or NAV** means the value of the Fund's assets minus the value of its liabilities.

**Net Asset Value per Unit or NAV per Unit** means the Net Asset Value of the Fund divided by the number of Units on issue.

**Operating Rules** means the Cboe Operating Rules published by Cboe.

**Perennial, PIML, Responsible Entity, we, our or us** means Perennial Investment Management Limited (ABN 13 108 747 637, AFS Licence 275101).

**Privacy Act 1988 (Cth)** means the Privacy Act 1988 (Cth) as supplemented, amended, varied or replaced from time to time.

**Product Disclosure Statement or PDS** means this Product Disclosure Statement as amended or supplemented from time to time.

**Register** means the register of Investors kept by the Responsible Entity under the Corporations Act.

**Transaction Costs** means the costs incurred by the Responsible Entity and payable by an Investor in dealing with the assets of the Fund on behalf of an Investor, and include commissions, brokerage and slippage costs (for example, foreign exchange slippage costs, if any).

**Tax** means all kinds of taxes, duties, imposts, deductions, withholding taxes and charges imposed by a government including GST or any amount recovered from the trustee by way of reimbursement of GST or any amount included either expressly or impliedly in an amount paid or payable by the trustee on account of GST, together interest and penalties imposed or levied by a Government or Government agency.

**RITC** means reduced input tax credits.

**Unit or Units** means the securities on offer under this PDS

**Unit Registry** means Link Market Services Limited ABN 54 083 214 537, being the entity that will operate the registry for the Units.

**Website** means [www.perennial.net.au](http://www.perennial.net.au) and [www.einvest.com.au](http://www.einvest.com.au).

**Withdrawal Amount** means the withdrawal price of Units, calculated in accordance with the Constitution.

**Valuation Time** means a time determined by the Responsible Entity as at which the Responsible Entity calculates the Net Asset Value.