

# HMC Capital Partners Retail Fund 1

Product Disclosure Statement

Issued: 25 September 2024

ARSN: 666 525 677

# Important Information

This Product Disclosure Statement ('PDS') is a summary of significant information relating to the HMC Capital Partners Retail Fund 1 (ARSN 666 525 677) ('Fund'). This PDS is issued by HMC Capital Investments Limited ('Responsible Entity', 'our', 'we', or 'us') as responsible entity for the Fund. You should read and consider all the information in this PDS before making a decision to invest in the Fund. No other fund or trust is offered in this PDS.

Investors should only rely on the information contained in and representations made in this PDS. No person is authorised to give any information or to make any representation in connection with the offer of Units which is not contained in this PDS.

No HMC Capital Group company, other than us, makes any statement or representation in this PDS. The information contained in this PDS is general information only and does not take into account your objectives, financial situation or needs. Before acting on the information contained in this PDS you should consider the appropriateness of the information in this PDS having regard to your objectives, financial situation and needs. The target market determination ('TMD') for the Units is available at the Fund website. You should consider seeking professional financial advice tailored to your objectives, financial situation and needs.

An investment in the Fund is subject to investment and other risks, including possible delays in payment and loss of income and capital invested. Investments in the Fund are not deposits with or other liabilities of the Responsible Entity or any of its related bodies corporate, affiliates, associates or officers. Neither the Fund, the Responsible Entity, HMC Capital, nor any of the Responsible Entity's related bodies corporate or associates, guarantees in any way the performance of the Fund, repayment of the capital from the Fund, any particular return from, or any increase in the value of, the Fund. For more details on the risks, please refer to Section 3 of this PDS, 'Risks of investing in the Fund.'

The offer of Units is available to persons receiving a copy, electronic or otherwise, of this PDS within Australia or New Zealand.

This does not constitute an offer or invitation in any jurisdiction, or to any person, to whom it would be unlawful to make such an offer.

All references to dollars are in Australian dollars unless otherwise specified. Capitalised terms in this PDS are defined terms and have the meaning given to those terms in the glossary in Section 12 of this PDS or defined elsewhere in the PDS. Days are calendar days unless otherwise specified as Business Days.

## Up-to-date information

The information in this PDS is up-to-date at the time of its preparation. Certain information in this PDS is subject to change from time to time and, if the change is not materially adverse to Unitholders, we will notify Unitholders of any changes by publishing the updated information on the Fund website. A paper copy of any updated information will be given to you without charge, upon request by contacting the Responsible Entity. Where a change is considered materially adverse, we will issue a supplementary PDS or a replacement PDS.

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## Issuer and responsible entity

### Contact details

#### Issuer and responsible entity

HMC Capital Investments Limited  
(ABN 34 606 555 480)  
(AFSL 478061)

#### Registered office

Level 7, 1 Macquarie Place,  
Sydney NSW 2000

#### Registry

Automic Registry Services  
GPO Box 5193,  
Sydney NSW 2001

#### Websites

HMC Capital website:  
[www.hmccapital.com.au](http://www.hmccapital.com.au)

Fund website:  
<https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/>

#### Email

[invest@hmccapital.com.au](mailto:invest@hmccapital.com.au)

#### Client services telephone

1300 466 326

## SECTION 1

# Key Fund Information

### Fund details

<b>Fund name</b>	HMC Capital Partners Retail Fund 1
<b>ARSN</b>	666 525 677
<b>APIR</b>	HMC0622AU
<b>Minimum investment</b>	<p>\$25,000 for the initial investment, which may be waived at the Responsible Entity's absolute discretion.</p> <p>The minimum additional investment is \$5,000.</p>
<b>Responsible entity</b>	HMC Capital Investments Limited (ABN 34 606 555 480) (AFSL 478061)
<b>Investment Strategy</b>	<p>The Fund is a feeder fund and will invest substantially all of its assets in HMC Capital Partners Trust C (the '<b>Underlying Fund</b>'), an unlisted fund that seeks to deliver strong, positive risk adjusted returns over the long term by taking a research-led approach to identify what are, in the Underlying Fund Manager's view, undervalued business trading below fundamental value and where tangible assets represent a substantial proportion of total assets.</p> <p><i>Further information is outlined under 'About the Fund' in Section 2 of this PDS.</i></p>
<b>Manager and Underlying Fund Manager</b>	HMC Investment Management Pty Ltd (ACN 644 510 583)
<b>Suitability</b>	<p>The Responsible Entity considers that Units are reasonably likely to be appropriate for a class of consumer seeking capital growth for a very small component of their portfolio, with a very high risk and return profile or appetite.</p> <p>The minimum suggested investment timeframe is 5 years.</p> <p>The Responsible Entity considers that Units are unlikely to be suitable for a class of consumer seeking income or capital preservation, with a short investment timeframe or requiring access to their money in less than a year.</p> <p>A copy of the current TMD for the Units is available on the Fund website. Copies of any historical TMDs can also be obtained by contacting the Responsible Entity at the address specified in the 'Contact the Responsible Entity' section.</p>

## Fund details

### Key Benefits

The Fund provides investors with exposure to the Underlying Fund which through the Holding Trust invests in and provides exposure to an actively managed concentrated portfolio of interests in companies where tangible assets represent a substantial proportion of those companies' total assets.

The Responsible Entity believes the key benefits of investing in the Fund as part of a diversified portfolio include:

- Investment Return – aiming to deliver strong positive risk adjusted returns over the long term;
- Expertise – access to the experienced investment team of the Underlying Fund Manager which undertakes a disciplined investment process; and
- Access – the Fund's structure as a registered managed investment scheme allows retail investors to indirectly access an investment management capability and strategy which they could not access directly because it is only available to wholesale investors.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS.*

### Key Risks of investing in the Fund

Investment in the Fund should be considered as very high risk. The Fund is designed only for investors who can bear the economic risks of the loss of their investment in the Fund and who have a limited need for liquidity in their investment. Therefore, the Fund is not suitable for investors who depend on the short-term availability of their funds. There can be no assurance that the Fund will achieve its investment objective or that any investor will get the money they have invested back.

The key risks of investing in the Fund are:

- Investment strategy risk – the risks that the Manager's strategies (or the Underlying Fund Manager's strategies) might not be successful;
- Market Risk – the value of the Units will rise and fall in line with the market value of the Underlying Vehicles' portfolio, which may decrease in response to the activities of an individual company or in response to general market, business or economic conditions; and
- Concentration Risk – the Underlying Vehicles' investments and, in turn, the value of the Fund may be more affected by any single adverse company specific, economic, political or regulatory event than the investments of a more diversified investment portfolio.

Please refer to Section 3 for more information about the risks of investing in the Fund.

*Further information is outlined under 'Risks of investing in the Fund' in Section 3 of this PDS.*

## Entering and exiting the Fund and distributions

### Applications

Applications are processed monthly. All applications must be received before the cut-off time of 5.00pm (Sydney time) on the 14th day of each calendar month (unless otherwise determined by the Manager) (**Application Cut Off Time**). Units will normally be issued to investors within 15 Business Days of the end of the month in which the application was processed.

*Further information is outlined under 'How to Invest in the Fund' in Section 5 of this PDS.*

## Section 1: Key Fund Information

### Entering and exiting the Fund and distributions

#### Redemptions

Investors may apply to redeem Units on a quarterly basis ('**Redemption Period**'). All redemption requests must be received before the cut-off time of 5.00pm (Sydney time) on the 14th calendar day of March, June, September or December (**Redemption Cut Off Time**) for redemption at the end of the following calendar quarter. For example, a valid redemption request submitted between 1st January to 14th March would be processed by the Responsible Entity in respect of the 30 June quarter end.

The Responsible Entity has an absolute discretion to accept or reject any redemption request. The Responsible Entity will (subject to the withdrawal limits and discretions noted below) normally process withdrawal requests using the withdrawal price as at the end of the following calendar quarter and pay withdrawal proceeds within 15 Business Days after the end of that following calendar quarter.

*Further information is outlined under 'How to Withdraw from the Fund' in Section 6 of this PDS.*

#### Distribution frequency and distribution reinvestment

Distributions are not guaranteed, and the Fund investment strategy is focused on generating capital gains rather than regular income.

To the extent there are distributions, they may be made at any time at the discretion of the Responsible Entity in accordance with the Constitution. Investors may elect for their distributions to be re-invested in the Fund.

*Further information is outlined under 'Distributions' and 'Taxation' in Sections 7 and 8 of this PDS.*

### ASIC Benchmarks and Disclosure Principles

The following table sets out a summary of the benchmarks and disclosures that ASIC believes should be highlighted in a product disclosure statement for a product like the Fund and refers to the sections in this PDS where you can find further information.

#### Benchmarks

##### Valuation of assets

Does the Underlying Fund have and implement a policy that requires valuations of the Underlying Fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider?

##### The Fund complies with this benchmark.

The valuation policy of the Underlying Fund requires assets that are not exchange traded to be valued at least every 12 months by an independent valuer and in accordance with the International Private Equity and Venture Capital Valuation Guidelines and the Australian equivalent of the International Financial Reporting Standards.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS.*

## ASIC Benchmarks and Disclosure Principles

### Periodic Reporting

Does the Fund and the Underlying Fund have and implement a policy to provide periodic disclosure of certain key information?

### The Fund complies with this benchmark.

Monthly and Quarterly reporting on certain key information is provided on the Fund website. Annual reporting is provided to investors.

The Fund has and implements a policy to report on the information required by ASIC Regulatory Guide 240 as soon as practicable after the relevant period. Where applicable, the reports disclose this information for both the Fund and the Underlying Fund.

*Further information is outlined under 'Keeping you Informed' in Section 9 of this PDS.*

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## Disclosure Principles

### Investment Strategy

#### Investment Objective

The Fund's investment return objective is to aim to deliver strong positive risk adjusted returns over the long term.

#### Investment Strategy

The Fund's investment strategy is to aim to achieve investment returns through having investment exposure to a concentrated, actively managed portfolio of interests in ASX-listed and unlisted Australian or New Zealand companies where the tangible assets of those companies represent a substantial proportion of their total assets.

The Fund implements its investment strategy by investing in units of the Underlying Fund.

Please refer to Section 3 for specific risks associated with the Fund's investment strategy and how they are managed.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS.*

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### Manager

HMC Capital Investments Limited (ABN 34 606 555 480 AFSL 478061) is the Fund's responsible entity.

The Responsible Entity has appointed HMC Investment Management Pty Ltd (ACN 644 510 583) as the Manager of the Fund. The Manager is also the Underlying Fund Manager.

The Manager is a related party of the Responsible Entity.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS.*

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### ASIC Benchmarks and Disclosure Principles

#### Fund Structure

The Fund is a managed investment scheme registered in Australia.

The Fund implements its investment strategy by investing in units in the Underlying Fund, which in turn invests in units of the Holding Trust (together the **Underlying Vehicles**). Each Underlying Vehicle is an interposed entity of the Fund established in Australia.

The key services providers in relation to the Fund are:

- HMC Investment Management Pty Ltd as manager of the Fund and the manager of the Underlying Fund;
- Equity Trustees Limited as custodian of the Fund;
- Automic Pty Ltd as the unit registry of the Fund;
- Alter Domus Australia Pty Ltd as administrator of the Fund; and
- KPMG as auditor and compliance plan auditor of the Fund.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS and 'Additional Information' in Section 10 of this PDS.*

#### Valuation, location and custody of assets

##### Valuation of Fund assets

The Administrator has been appointed to calculate the Fund's NAV and Unit Price. Units in the Fund are priced as at the last Business Day of each month. The majority of the Fund capital is expected to be invested in units in the Underlying Fund, which are also priced as at the last Business Day of each month. Investments held by the Fund in interposed entities (including the Underlying Fund) for which a price is available will be valued at the most recent unit value of the interposed entity.

The assets of the Underlying Fund are valued in accordance with the Underlying Fund's valuation policy which requires that securities that are not exchange traded be valued at least every 12 months by an independent valuer.

##### Location and custody of Fund assets

Equity Trustees Limited is the Fund's custodian and its role includes taking custody of the Underlying Fund units. The Underlying Vehicles do not use external custodians.

*Further information is outlined under 'Valuation within the Fund' and 'Service Providers' in Section 2 of this PDS.*

#### Liquidity

The Responsible Entity has the right to accept or reject a redemption request in its absolute discretion.

The majority of the Fund capital is expected to be invested in units in the Underlying Fund. The Underlying Fund in turn invests in assets through the Holding Trust. Some assets of the Holding Trust are expected to be illiquid, and the Underlying Fund imposes a number of restrictions on withdrawals. Investors' ability to withdraw their investment from the Fund will therefore also be dependent on the Fund's ability to redeem part of its investment in the Underlying Fund.

See Section 2 for further details on liquidity and the Responsible Entity's liquidity management policy. See Section 3 for the risks associated with liquidity.

*Further information is outlined under 'How to withdraw from the Fund' in Section 6 of this PDS.*

## ASIC Benchmarks and Disclosure Principles

### Leverage

The Fund will have indirect exposure to leverage through its investment exposure to the Underlying Vehicles, however the Fund itself is not leveraged.

The Fund does not set any limits on its leverage exposure through the Underlying Vehicles and the Underlying Fund does not have maximum limits on its leverage under its trust deed or its investment strategy. The investment committee of the Underlying Fund Manager sets leverage limits in respect of each individual investment and monitors Underlying Fund leverage on a weekly basis.

As at the date of this PDS, the Underlying Fund aims to have exposure of between \$100 to \$200 of investments for every \$100 equity used. The amount of leverage may exceed this target from time to time. Please refer to Section 3 for specific risks associated with leverage.

*Further information is outlined under 'Leverage' in Section 2 of this PDS.*

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### Derivatives

The Fund will not invest in derivatives but will have exposure to derivatives through its investment exposure to the Underlying Vehicles.

The Underlying Fund Manager may use a broad range of derivative products (including both exchange traded and over-the-counter derivatives). The products used may include (but are not limited to) futures, forwards, swaps, options, swaptions and foreign exchange contracts and they will be used:

- to provide leverage;
- so that the Holding Trust does not appear as beneficial holder of the underlying asset during the accumulation phase;
- to assist in hedging the performance of the portfolio of the Underlying Vehicles with the objective of protecting capital; or
- to hedge foreign currency risk.

Please refer to Section 3 for specific risks associated with derivatives.

*Further information is outlined under 'Additional Information' in Section 10 of this PDS.*

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### Short Selling

Neither the Fund nor any Underlying Vehicle will engage in short selling.

*Further information is outlined under 'About the Fund' in Section 2 of this PDS.*

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## SECTION 2

# About the Fund

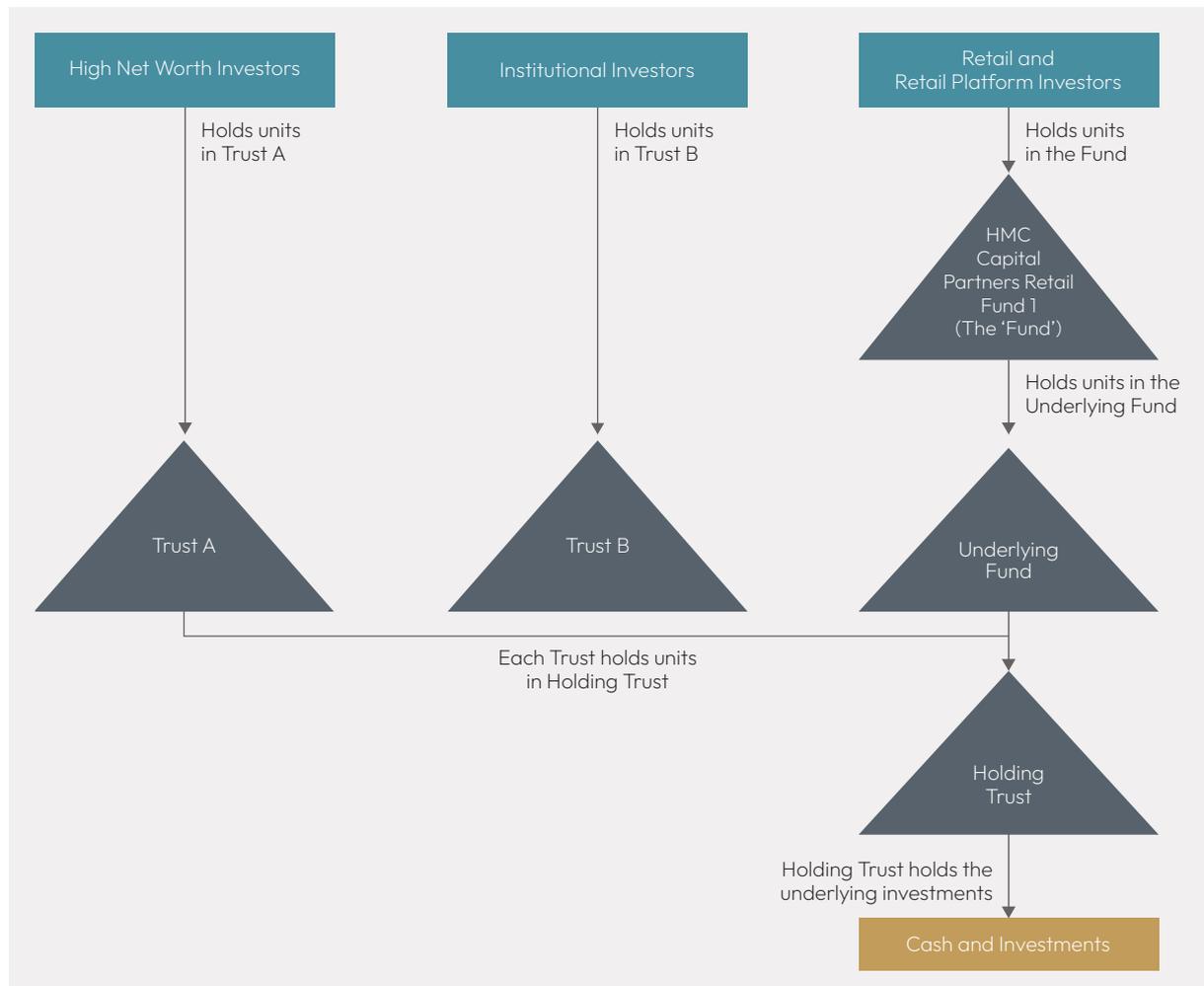
### Fund Structure

The Fund is a managed investment scheme registered in Australia. The Fund implements its investment strategy by investing in units in the Underlying Fund, an unregistered unit trust established in Australia.

The Underlying Fund invests in units of the Holding Trust, an unregistered unit trust established in Australia.

The Holding Trust holds cash and investments. Each of the Underlying Fund and the Holding Trust are interposed entities of the Fund.

In addition to the Underlying Fund, there are a number of other trusts which invest in units of the Holding Trust. These have been established by HMC Capital Group to provide access to institutional investors and/or high-net-worth investors and the Underlying Fund Manager may establish other vehicles to accommodate the needs of various investors seeking access to the Holding Trust. The Underlying Fund and these other trusts are collectively known as HMC Capital Partners Fund I (**Capital Partners Trusts**). The structure for the Fund and the Underlying Vehicles is illustrated below:



The Underlying Fund and each other Capital Partners Trust is managed by the Underlying Fund Manager. The Responsible Entity acts as the responsible entity for the Fund. Each of Trust A, Trust B and the Underlying Fund are governed by their own trustee and the board of directors of each trustee is comprised of a majority of independent directors.

## About the Responsible Entity

HMC Capital Investments Limited (ABN 34 606 555 480) (AFSL 478061) is the Fund's responsible entity and issuer of this PDS, and is a wholly owned subsidiary of HMC Capital, an ASX-listed fund manager. The Responsible Entity is responsible for the day-to-day operations of the Fund. The Responsible Entity has appointed key service providers, including the Manager, who are involved in the Fund's ongoing operations.

## About the Manager and Underlying Fund Manager

The Responsible Entity has appointed the Manager as the investment manager of the Fund. The Manager is also the Underlying Fund Manager and is a wholly owned subsidiary of HMC Capital. HMC Capital was listed on the ASX in October 2019 and is the manager of the ASX-listed HomeCo Daily Needs REIT (ASX: HDN) and HealthCo Healthcare and Wellness REIT (ASX: HCW).

The HMC Capital Group platform comprises an experienced investment management team supported by approximately 200 funds management professionals across key functions of asset management, finance, tax and risk management.

In its role as investment manager, the Manager will provide investment services including, but not limited to acquisitions and divestments in relation to the Underlying Vehicles and day-to-day management of the Fund and the Underlying Vehicles.

Please refer to Section 10 for further disclosure in relation to possible conflicts of interest.

Please refer to Section 10 for a summary of the investment management agreements under which the Manager and Underlying Fund Manager will be appointed by the Responsible Entity and the trustee of the Underlying Fund respectively.

Please also refer to Section 4 for a summary of the fees that may be payable to the Manager and the Underlying Fund Manager.

## About the Investment Team

The Underlying Fund Manager's investment team is the same as the Manager's management team, and uses the same investment process and philosophy that led the leveraged buyout and successful turnaround of the former Masters portfolio from Woolworths in 2017. This management team has managed the HMC Capital Group since its ASX-listing in 2019. The Underlying Fund Manager's investment team has a proven track record of executing large, complex transactions. The team has a broad range of capabilities derived from global experience across funds management, investment banking, corporate strategy, equity research, capital formation and corporate board membership.

### Key investment team members

David Di Pilla is the Chief Executive Officer of HMC Capital and led the team that established the consortium to acquire the Masters Home Improvement portfolio from Woolworths to create HMC Capital in 2017. David is the founder, a Director and the major shareholder of the Aurrum Aged Care Group. From 2014 to 2016, David was also a strategic advisor and Director to operating subsidiaries of the Tenix Group of Companies. David has over 20 years of experience in investment banking. From 2004 to 2015, David was Managing Director and Senior Adviser at UBS, Australia and during this time he advised some of Australia's largest corporations on mergers and acquisitions, debt and equity capital market transactions. He holds a Bachelor of Economics from Monash University.

Victoria Hardie is Managing Director, HMC Capital Partners Fund 1 and joined HMC Capital in 2022. Previously, Victoria was Managing Director and Co-Head of Real Estate Investment Banking at UBS, Australia. Victoria had 15 years of investment banking experience at UBS across a broad range of sectors including infrastructure, real estate and natural resources, with a focus on mergers and acquisitions and equity capital markets. Victoria also spent a number of years in New York with UBS as a senior M&A advisor

## Section 2: About the Fund

working on a range of transactions. She holds a Bachelor of Commerce majoring in Finance and Chinese Studies from the University of New South Wales, and a Master of Laws majoring in Chinese Political Economy from Renmin University in Beijing.

The team will be supported in its investment process by the Underlying Fund's Investment Committee as well as directors and advisors from the HMC Capital platform entities. The Investment Committee includes three representatives from HMC Capital and three independent representatives, as listed below:

- David Di Pilla (Chair of Investment Committee)
- Greg Hayes (HMC representative)
- Chris Saxon (HMC representative)
- Dr. Chris Roberts (Independent member)
- Fiona Pak-Poy (Independent member)
- Jingmin Qian (Independent member)

The role of the Investment Committee is outlined in this section, under the Risk Management sub-section below.

### Investment Return Objective

The Fund's investment return objective is to aim to deliver strong positive risk adjusted returns over the long term.

This investment return objective is not a forecast, projection or prediction of the performance of the Fund. The Fund's investment return objective is not and should not be seen as a statement about the Fund's likely future performance and there is no guarantee that the performance of the Fund will achieve the investment return objective as the Fund's performance is subject to a number of risk factors, as described in Section 3 of this PDS. Instead, the investment return objective has been included solely so that prospective investors may gain an insight into the type of return sought by the Fund from its investments.

### Investment strategy and process

The Fund's investment strategy is to aim to achieve investment returns through having investment exposure to a concentrated portfolio of interests in ASX-listed and unlisted Australian or New Zealand companies where the tangible assets of those companies represent a substantial proportion of their total assets.

The Fund implements its investment strategy by investing in units of the Underlying Fund. The Fund has been established specifically to provide retail investors with investment exposure to the investment strategy of the Underlying Fund and therefore has adopted an investment strategy which is identical to the Underlying Fund's investment strategy.

The Underlying Fund will invest (indirectly through the Holding Trust) in the securities of both ASX-listed and unlisted Australian or New Zealand companies where the Underlying Fund Manager believes that there is an opportunity to deliver strong positive risk adjusted returns over the long term by taking a research-led approach to identify what are, in the Underlying Fund Manager's view, undervalued businesses trading below fundamental value. The reasons these companies may trade below fundamental value may include:

- conglomerate discount (i.e., where the sum of the individual parts of a business is believed to be worth more than current market value of the conglomerate);
- cyclical factors causing valuation discount (e.g., investors selling shares in a sector experiencing temporary weakness despite positive longer term fundamentals); or
- poor capital allocation and/or strategy execution (e.g., the company investing in assets that generate an insufficient return on capital).

The Underlying Fund Manager intends to engage with the management teams and boards of investee companies, seeking to positively influence company performance and hence improve market valuation by:

- identifying factors suppressing market confidence and valuation;
- assisting to drive operational improvement (for example, applying learnings from other experiences to the investee company operations);

- providing advice and input on optimal capital allocation decisions (for example influencing management/board to demerge or sell non-core businesses/assets, or providing an investor perspective on required rates of return for new investments); or
- assisting to improve investor engagement, and communication and articulation of a clear strategy to restore investor confidence (for example, providing investors with greater insight into strategic intentions or more detail on the financial rationale for investments).

The Underlying Fund Manager believes that the strategies above have the potential to result in higher divestment valuations for the Underlying Vehicles' investments as a result of an improved outlook for the portfolio company earnings, reduced cost of capital or increased transparency allowing investors to attribute higher multiples to those earnings.

The Underlying Fund Manager anticipates that the Underlying Fund will, on occasion, co-invest with institutional investors on specific opportunities where having an investment partner would allow the Underlying Fund to access opportunities that might otherwise be unavailable.

Neither the Fund nor the Underlying Fund will invest in securities issued by HMC Capital.

Please refer to Section 3 of this PDS for specific risks associated with the Fund and Underlying Fund's investment strategy and 'Risk Management' below for how these risks are managed.

## Fund Investment Mandate

The Underlying Fund Manager has a high degree of flexibility in respect of implementing the investment strategy.

### Geography

The Underlying Fund may only hold securities in Australian or New Zealand companies. There are no restrictions on the allocation of investments between Australia and New Zealand. Where the Underlying Fund invests in New Zealand entities, it is anticipated (but not guaranteed) that the Underlying Fund Manager would seek to hedge the currency exposure. See 'Derivatives and Hedging' below for further information on currency hedging.

### Asset Allocation

The Underlying Fund may access opportunities across listed and private companies through equity, credit or hybrid instruments and over the counter (OTC) derivatives. Although the investment strategy is focussed on securities of listed companies, the Underlying Fund has the flexibility to hold investments in unlisted companies and there are no restrictions on the allocation of investments between these instruments and between listed and unlisted companies.

### Leverage

The Fund will have indirect exposure to leverage through its investment exposure to the Underlying Vehicles, however the Fund itself is not leveraged.

The Underlying Fund Manager anticipates utilising leverage on each of the underlying investments with the objective of potentially enhancing returns and potentially increasing the percentage ownership interest (and hence voting power) in an underlying investment. As at the date of this PDS, the Underlying Fund aims to gain exposure to between \$100 to \$200 of investments for every \$100 equity used. The amount of leverage may exceed this target from time to time. The Fund does not set any limits on leverage to be gained through the Underlying Vehicles and the Underlying Fund does not have maximum limits on leverage under its trust deed or its investment strategy.

Leverage has the potential to increase both returns and losses and therefore the use of leverage may increase the risk profile of the Fund. Please refer to Section 3 of this PDS for further detail on the risks associated with leverage.

Leverage will be obtained via a loan or an OTC derivative transaction with local branches of global investment banks who are Approved Counterparties (as defined below), and those parties may have collateral over all of the assets of the Underlying Fund (see 'Collateral' and 'Counterparty Exposure' below).

## Section 2: About the Fund

### Collateral

Loan and/or derivative counterparties may have recourse to all assets of the Underlying Vehicles as collateral to satisfy loan or derivative liabilities. The Underlying Vehicles could therefore be subject to losses exceeding the equity value of the specific investment against which the loan was advanced or derivative was used.

### Counterparty Exposure

The Underlying Vehicles are subject to counterparty risk arising from the use of leverage and/or OTC derivatives. For example, the insolvency of a loan/ OTC derivative counterparty could result in losses to the Underlying Vehicles and a reduction in the value of the Fund's investment in the Underlying Fund (for example, where a counterparty owing money to an Underlying Vehicle or holding assets of an Underlying Vehicle becomes insolvent). The Underlying Vehicles may not have the ability to offset payments owed to the counterparty against payments owed by the counterparty. Counterparty risk may be concentrated where the Underlying Vehicles transact with a limited number of counterparties.

The Underlying Fund Manager will seek to minimise the Underlying Vehicles' counterparty risk by selecting counterparties that, using its procedures, it considers appropriate for the transactions to be undertaken (**Approved Counterparties**) as approved in accordance with the risk and trading policy for the Capital Partners Trusts (**Risk and Trading Policy**) as updated from time to time.

In respect of derivative counterparties, the Risk and Trading Policy sets out the criteria for engaging derivative counterparties: the Underlying Vehicles will only enter into transactions with Approved Counterparties having a Minimum Acceptable Credit Rating (which, as at the date of this PDS, is defined in Risk and Trading Policy as long-term international credit rating at or above BBB+ or the equivalent as determined by at least one of Moody's, S&P, Fitch).

Cash investments of the Underlying Vehicles will be held in an account with an Australian ADI.

## Risk Management

### i. Compliance Plan and Compliance Committee

The Responsible Entity of the Fund has established a Compliance Committee, with a majority of external members comprised of Ray Kellerman, Fernando Esteban and Andrew Selim.

In accordance with the Corporations Act, a compliance plan has been prepared for the Fund and lodged with ASIC. The compliance plan, among other things, sets out the procedures that the Responsible Entity will apply in operating the Fund to ensure compliance with its obligations arising under the Constitution and the Corporations Act.

The compliance plan will be audited at least once a year by an external auditor, being the Compliance Plan Auditor, who will report on their findings to the Responsible Entity in accordance with the Corporations Act.

The Compliance Committee meets at least quarterly. The Compliance Committee charter sets out the Compliance Committee's roles and responsibilities. The Compliance Committee is responsible for monitoring to what extent the Responsible Entity's obligations under the compliance plan and to reporting to the Responsible Entity any breaches of the Constitution and the Corporations Act.

### ii. Investment Committee and Risk Committee

The Underlying Fund Manager has appointed an Investment Committee in respect of the Capital Partners Trusts which is chaired by David Di Pilla, the HMC Capital CEO and is comprised of independent directors of the trustees of Capital Partners Trusts, as well as two additional members of the HMC Capital Board. The Investment Committee will be required to consider and approve (where appropriate) investment proposals in respect of the Underlying Fund and the other Capital Partners Trusts. The Investment Committee will also oversee investment-related risks to ensure that exposure to these risks remains within the risk appetite of the Underlying Fund and the other Capital Partners Trusts and undertake appropriate monitoring of the Underlying Vehicles' investment portfolio.

The Investment Committee is also responsible for monitoring portfolio risk in respect of the Underlying Fund and the other Capital Partners Trusts in accordance with a Risk and Trading Policy. To monitor risk, the Investment Committee receives reports and seeks input from the HMC Capital Partners investment team, which is responsible for the day-to-day management of portfolio risk (with specialist risk management input where required).

### iii. Leverage Risk Management

The Investment Committee sets leverage limits in respect of each underlying investment at the time of approval based on its consideration of the specific investment and overall risk profile of the Underlying Fund and the Capital Partners Trusts. As at the date of this PDS, the average leverage limit of the underlying investments of the Underlying Fund is \$100 of leverage for each \$200 of investment exposure. The leverage of the Underlying Fund and the individual investments form part of the regular reporting to the Investment Committee.

### iv. Liquidity Risk Management

The liquidity of the Fund depends on its ability to realise its investment in the Underlying Fund, and primarily depends on the ability of the Fund to redeem units in the Underlying Fund.

The investment strategy of the Underlying Fund is to hold (indirectly through the Holding Trust) a concentrated portfolio of stakes in listed and unlisted companies. Some of these entities may have low trading liquidity on the relevant exchange, and it may take time to find a buyer for an interest in an unlisted company, both of which factors may impact the time it may take for the Underlying Vehicles to liquidate its holding. The Underlying Fund also manages its liquidity by imposing restrictions on withdrawals from the Underlying Fund. Please refer to Section 6 for more information about withdrawals and Section 3 for the risks in relation to withdrawals.

This Risk and Trading Policy stipulates that the Underlying Fund holds a minimum level of liquid assets established by the Investment Committee and a regular report provided to the Investment Committee includes a metric to test compliance with this limit.

### v. Concentration Risk Management

The Fund will be exposed to concentration risk through its investment in the Underlying Fund.

The investment strategy of the Underlying Fund is to hold (indirectly through the Holding Trust) a concentrated portfolio of stakes in listed and unlisted companies. The Investment Committee of the Underlying Fund manages and monitors concentration risk by establishing limits from time to time in respect of the maximum percentage of the Underlying Fund and the Capital Partners Trusts that can be invested in any individual investment.

## Derivatives and Hedging

The Fund will not invest in derivatives but will have exposure to derivatives through its investment exposure to the Underlying Vehicles.

The Underlying Fund Manager may use a broad range of derivative products (including both exchange traded and over-the-counter derivatives). There are few restrictions on the products used, which may include (but are not limited to) futures, forwards, swaps, options, swaptions and foreign exchange contracts and they will be used:

- to provide leverage;
- so that the Holding Trust does not appear as beneficial holder of the underlying asset during the accumulation phase;
- to assist in hedging the performance of the portfolio of the Underlying Vehicles with the objective of protecting capital; or
- to hedge foreign currency risk.

The Underlying Fund Manager expects the Underlying Vehicles to enter into derivative arrangements with local branches of global investment banks who are Approved Counterparties.

Please refer to Section 3 of this PDS for specific risks associated with the Fund's use of derivatives.

## Section 2: About the Fund

### i. Currency Risk Management

The Underlying Fund Manager intends to mitigate certain risks associated with the investment strategy and may use derivatives to hedge such risks. The Underlying Fund Manager will evaluate the foreign exchange exposure of the Underlying Vehicles and may undertake hedging transactions that aim to minimise the impact of any substantial movements in exchange rates on the value of the Underlying Vehicles' New Zealand-based assets. However, there is no assurance that hedging will be undertaken nor that it will be successful or that currency risks will be mitigated. It may not be possible or practicable to hedge successfully against currency exposure in all circumstances.

### ii. Market Risk Management

The Underlying Fund Manager may use derivatives to assist in hedging the market risk of the portfolio of the Underlying Vehicles with the objective of protecting capital. However, there is no assurance that hedging will be undertaken nor that it will be successful or that market risks will be mitigated.

### iii. Interest Rate Risk Management

The Underlying Fund Manager does not currently seek to manage interest rate risk through hedging and therefore the value of assets of the Underlying Vehicles may be exposed to changes in interest rate. The Underlying Fund Manager retains the discretion to implement interest rate hedging in the future.

### iv. Commodity Price Risk Management

The Underlying Fund Manager may at times invest in assets that have exposure (either directly or indirectly) to commodity prices. The Manager may seek to manage commodity price risk through hedging, however there is no assurance that such hedging will be undertaken nor that it will be successful and therefore assets of the Underlying Vehicles exposed to commodity prices may remain exposed to commodity price risk.

### v. Credit Risk Management

The Underlying Fund Manager may at times invest in debt or credit instruments that have exposure to the credit quality of a counterparty. The Manager will not seek to manage credit risk through hedging and therefore assets of the Underlying Vehicles exposed to credit quality would remain exposed to credit risk.

## Valuation within the Fund

The NAV of the Fund is a reflection of the value of the Fund. The NAV is calculated by deducting the liabilities from the aggregate value of the assets. The NAV per Unit or Unit Price is derived by dividing the NAV by the number of Units on issue in the Fund. The Unit Price will be calculated as at the last Business Day of each month and will normally be made available within 15 Business Days after month end.

The performance of the Fund will be calculated by reference to the Unit Price. The issue price of new Units and the redemption price for redeemed/withdrawn Units will be based on the Unit Price adjusted for associated transaction costs ('**buy-sell spread**') (please refer to Section 6 for more information about the buy-sell spread). The calculation of the Unit Price (as well as application and redemption prices for Units) is set out in the Constitution and those prices will be published on the Fund website.

The assets of the Fund are cash and units in the Underlying Fund and those units are also valued as at the end of each month. The valuation policy of the Fund requires investments in the Underlying Fund to be valued using the most recently published Underlying Fund Unit Price.

The Administrator has been appointed to calculate the NAV and Unit Price for the Fund and the net asset value of the Underlying Fund and the Underlying Fund Unit Price. For the purpose of these calculations (as well as application and redemption prices for Units), the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by Underlying Fund.

The valuation policy of the Underlying Fund requires that investments which are not dealt in or traded through a clearing firm or an exchange or through a financial institution but in respect of which prices are made available will be valued on the basis of the latest available valuation provided by the relevant counterparty. Under the valuation policy of the Underlying Fund, assets that are not exchange traded and where there is no price provided by a counterparty, must be valued at least every 12 months by an independent valuer and in accordance with the International Private Equity and Venture Capital Valuation Guidelines and the Australian equivalent of the International Financial Reporting Standards.

As at the date of this PDS, no Underlying Vehicle holds any securities in companies that are not exchange traded and no independent valuer has been appointed.

The Responsible Entity's unit pricing policy contains further detail about how the Unit Price (as well as application and redemption prices for units) are calculated. This policy is available on the Fund website.

## Location and custody of Fund and Underlying Fund assets

The Fund currently aims to invest substantially all of the invested capital in the Underlying Fund other than where cash is retained to meet Fund recoverable expenses. The Underlying Fund (via the Holding Trust) in turn invests in securities issued by ASX-listed and unlisted Australian or New Zealand companies and in OTC derivatives and cash. The Underlying Fund has a flexible mandate and does not have a target asset allocation. It is anticipated that the majority of investments will be in ASX-listed equity securities, consistent with the investment strategy.

There are no restrictions on the allocation of investments between Australia and New Zealand companies. Where the Underlying Vehicles invest in New Zealand entities, it is anticipated (but not guaranteed) that the Underlying Fund Manager would hedge the currency exposure.

Equity Trustees Limited is the Fund's custodian and its role includes taking custody of the Underlying Fund units. Neither the Underlying Fund nor the Holding Trust uses external custodians and the Holding Trust holds listed equity investments (other than cash) via either issuer-sponsored accounts or broker sponsored accounts.

Note that in addition to its interest in the Underlying Fund, the Fund may also hold cash and cash equivalent instruments.

## Labour Standards, Environmental, Social and Ethical Considerations

Environmental, social and governance (ESG) considerations form part of the Underlying Fund's due diligence, investment appraisal and ongoing monitoring, however, the Underlying Fund's investment mandate does not include giving additional weight to labour standards, environmental, social or ethical considerations when selecting, retaining or realising an investment of the Underlying Fund.

The Underlying Fund invests (through the Holding Trust) predominantly in ASX-listed companies in Australia and New Zealand, where it is expected that corporate governance standards will strongly encourage disclosure in respect of a broad range of ESG considerations. In respect of labour standards, this may include disclosure of policies and compliance in relation to the Modern Slavery Act as well as disclosure of measures adopted and progress towards increasing diversity and equity in the workplace. Where the investee company is a reporting entity under the Modern Slavery Act, they are required to report on how they are addressing and preventing modern slavery risks in their operations and supply chains. Where the investee company is not a reporting entity, the Underlying Fund ESG due diligence screen requires the Underlying Fund Manager to make appropriate due diligence enquiries.

HMC Capital is a signatory to the United Nations Principles for Responsible Investment.

## Section 2: About the Fund

Environmental, social or ethical considerations are integrated into the Underlying Fund Manager's investment process and the Underlying Fund Manager will screen each proposed investment of the Underlying Vehicles to identify companies which engage in the following activities:

- the production or manufacture of non-therapeutic, harmful, and/or illicit substances including, but not limited to, illicit drugs, alcohol or tobacco;
- the exploitation of juvenile workers and/or individuals in bonded labour or other forms of modern slavery;
- the production or manufacture of weapons or other armaments;
- the mining or processing of new thermal coal; and
- the mining or processing of existing thermal coal (unless there is a deliberate and accelerated pathway to decarbonise as part of an energy transition strategy).

The Underlying Fund Manager will not cause the Underlying Vehicles to make an investment in a company that has been identified in its screening to engage in any of those activities.

Other than as stated above, the Underlying Fund Manager has no predetermined view about what it regards to be social or ethical considerations or to what extent they will be taken into account in the assessment, selection, retention, management or realisation of investments of the Underlying Vehicles.

### Key Service Providers

The key services providers in relation to the Fund are:

- KPMG appointed as auditor and compliance plan auditor of the Fund;
- Equity Trustees Limited appointed as custodian of the Fund;
- Automic Pty Ltd as the unit registry of the Fund;
- Alter Domus Australia Pty Ltd as administrator of the Fund; and
- HMC Investment Management Pty Ltd as Manager of the Fund and Underlying Fund Manager of the Underlying Fund.

Please refer to Section 10 for a summary of the scope of services provided by these service providers.

The Responsible Entity receives reports at least every 3 months regarding controls, procedures, processes (including business continuity arrangements) and performance in relation to the key service providers (except for the auditor), which allows the Responsible Entity to monitor the performance of their duties.

The Responsible Entity's selection of service providers in relation to the Fund involves the application of due diligence procedures, including to assess creditworthiness, reputation and experience of the relevant service provider.

## SECTION 3

# Risks of investing in the Fund

It is important to understand the risks associated with investing in the Fund. The nature of investment markets is such that the return on investment markets, as well as individual investments, can vary significantly and future returns are unpredictable. You should be aware that the value of your investment may go down and/or you could receive little or no income. In the event that any of the risks (including those described on the following pages) eventuate then they may affect the value of the Fund's assets and hence Unit Prices. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The risks of and return on investments in Units will be influenced by a variety of factors, including many outside the control of the Responsible Entity, such as domestic and international markets, economic conditions, political climates, interest rates and inflation.

**The Fund should be considered as a very high risk investment. It is not intended as a sole investment. The Fund is designed only for consumers seeking capital growth (but not income) for a small component of their portfolio, with a very high risk return profile, who can bear the economic risks of the loss of their investment in the Fund and who have a limited need for liquidity in their investment and do not require access to their money in less than a year. The Fund is designed as a medium to long-term investment with a minimum investment timeframe of 5 years and therefore is not suitable for investors who depend on the short-term availability of their funds. It is unlikely to be suitable for a consumer with a low tolerance for risk, a short investment timeframe, or requiring access to their money in less than a year. There can be no assurance that the Fund will achieve its investment objective or that any investor will get the money they have invested back.**

Past performance is not a reliable indicator of future performance. The performance of previous funds or investments in which the Manager or its principals have been involved cannot be relied upon in assessing the merits of the Fund.

The Fund will invest all or substantially all of its assets into units of the Underlying Fund. Consequently, the risks of the Fund investing in the Underlying Fund will, by virtue of the Fund's structure, be risks of your investment in the Fund.

The key risks of investing in the Fund include:

### Investment strategy risk

Investment in the Fund carries the risks that the Manager's strategies (or the Underlying Fund Manager's strategies) might not be successful. There is no guarantee that the investment strategy of the Fund will meet its investment return objectives.

### Management risk

The Fund and the Underlying Vehicles are subject to management risk because they are actively managed.

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

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

### Section 3: Risks of investing in the Fund

For investors, the return on investment will depend on the success of the Underlying Fund's investments, and there can be no assurances that those investments will generate positive risk adjusted returns. Neither the Manager nor any other entity guarantees any particular rate of return being earned by the Fund or the Underlying Vehicles or the return of capital from the Fund or whether the Fund will achieve its investment return objective.

While it is the intention for the Underlying Fund Manager to create and maintain a stable investment team, certain members could leave or become incapacitated which may result in a loss of capital for the Underlying Fund and in turn investors in the Fund.

The Underlying Fund Manager may only be removed by a special resolution of the investors of the Capital Partners Trusts and a quorum of 20% of the aggregate capital commitments of the Capital Partners Trusts is required for any meeting to remove the Underlying Fund Manager. The ability of the Unitholders to require the Responsible Entity to remove the Underlying Fund Manager is therefore limited.

#### Due Diligence risk

Some investments may be made based on limited due diligence and on publicly available information. This may increase the risks to the Underlying Vehicles (and, in turn, the Fund) associated with those investments.

#### Market investment risk

Interests in the Underlying Fund are valued according to the market value of the underlying assets of the Holding Trust and businesses to which they correspond. The value of these assets will rise and fall over time. The value of the investments in the Underlying Fund's portfolio may decrease in response to the activities of an individual company or in response to general market, business or economic conditions. In that case, investors are exposed to a decrease in the Underlying Fund's Unit Price and, in turn, a decrease in the Fund's Unit Price.

Ultimately though a Unitholder's return from the Fund will be determined by distributions received from time to time and upon the Underlying Vehicles actually realising its investments through on-market sales, trade sale, IPO or other exit of the underlying investments and providing the Fund's proportionate share of the realisation proceeds to the Fund.

#### Company specific risk and concentration risk

The Fund only invests in units in the Underlying Fund. The Underlying Fund may in turn invest a relatively high percentage of its capital via the Holding Trust into a limited number of securities, or into securities in a limited number of sectors, which may cause the value of the Underlying Vehicles' investments and, in turn, the value of the Fund to be more affected by any single adverse economic, political or regulatory event than the investments of a more diversified investment portfolio.

One or several of the Underlying Vehicles' investments could suffer financial hardship and/or fail. This may lead to a loss of some or all of the capital for investors and may cause the Fund to fail to achieve its investment return objective.

An investment in a company or other entity (such as a trust) by the Underlying Vehicles may be affected by unexpected changes in that company's or entity's operations (e.g., changes in management or the loss of a major customer) and business environment.

#### Leverage

The Fund does not itself use leverage but will have exposure to leverage risk through its investment in the Underlying Fund. The Underlying Fund will use leverage to potentially enhance the Underlying Fund's potential returns and/or to increase its exposure to an underlying investment.

Leverage has the potential to increase losses as well as gains and result in an additional cost which will reduce returns.

The Fund does not set any limits on the level of leverage to be used by the Underlying Vehicles and the Underlying Fund does not have maximum limits on leverage under its trust deed or its investment strategy.

Leverage involves financial risk and may increase the exposure of the Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the Underlying Vehicles' investments.

The assets of the Underlying Vehicles may be, in whole or in part, offered as security for such leverage. To the extent that an Underlying Vehicle is unable to meet obligations under the leverage facility, there is therefore a risk that Underlying Vehicle capital may be used to repay leverage, reducing the return of the Fund.

Leverage has the potential to increase both returns and losses and therefore the use of leverage will increase the risk profile of the Fund. The impact of leverage on both returns and the size of exposure to underlying assets can be illustrated by comparing the outcomes for investors in an unleveraged fund as compared to investors in a leveraged fund as illustrated below.

**Unleveraged Fund:** investors hold units in a fund ('**Unleveraged Fund**') having \$1,000,000 in gross assets and no leverage (i.e., net assets of \$1,000,000). If the gross assets of the Unleveraged Fund were to fall by 20% (and assuming no other liabilities in the Unleveraged Fund) then the value of the units held by the investors would fall by 20%. Had the gross assets increased by 20% the value of the units held by the investors in the Unleveraged Fund would increase by 20%.

**Leveraged Fund:** investors hold units in a different fund ('**Leveraged Fund**') having \$2,000,000 in gross assets and \$1,000,000 of leverage (i.e., net assets of \$1,000,000). If the gross assets of the Leveraged Fund were to fall by 20% (and assuming no other liabilities in the Leveraged Fund) then the value of the units held by investors would fall by 40%. Had the gross Assets increased by 20% the value of the units held by investors in the Leveraged Fund would increase by 40%.

The above example is illustrative only and ignores interest costs on fund leverage, fees, expenses, transaction costs, buy-sell spreads and taxes. The Underlying Fund does not have limits on leverage under its trust deed or its investment strategy and therefore potential losses could be greater than illustrated above.

## Derivatives risk

The Fund will not invest in derivatives but will have exposure to derivatives risk through its investment in the Underlying Fund.

The Underlying Fund Manager may use derivatives (including but not limited to futures, forwards, options, swaps, swaptions, and foreign exchange contracts) to provide leverage for the Underlying Vehicles as well as to assist in hedging the currency and market risk of the portfolio of the Underlying Vehicles. However, there is no assurance that the derivative strategy will be successful. The risks of using derivatives include:

- the value of the derivative failing to move in line with the underlying asset;
- potential illiquidity of the derivative;
- the possibility that the derivative position is difficult or costly to reverse;
- the derivative not performing as expected;
- premium decay over time;
- capital loss; and
- counterparty risk.

The cost of derivatives is an expense that is borne by the Underlying Vehicles which reduces the return of the Fund.

Where the derivative also provides leverage, please also refer to the risks in relation to leverage above.

## Counterparty risk

The Fund is exposed to counterparty risk through its investment in the Underlying Fund because investments made by the Underlying Vehicles will be subject to counterparty risk. This includes the risk that another party to a financial transaction (the counterparty) fails to meet its obligations. Counterparty risk for the Underlying Fund arises primarily from transactions involving derivatives and lending arrangements entered into by the Underlying Vehicles and substantial losses can be incurred which would reduce the value of the units in the Underlying Fund and, in turn, the Fund (for example, where a counterparty owing money to the Underlying Vehicle or holding assets of the Underlying Vehicle becomes insolvent). The Underlying Vehicle may not have the ability to offset payments owed to the counterparty against payments owed by the counterparty. In addition, the Fund may have a counterparty risk exposure to one or more financial institutions in relation to cash investments.

## Section 3: Risks of investing in the Fund

### Credit Risk

The Underlying Fund Manager may at times invest in debt or credit instruments that have exposure to the credit quality of a counterparty.

### Liquidity risk

Investing in the Fund requires a long-term commitment from investors, with no certainty of return. The Fund's investments in units in the Underlying Fund are expected to be highly illiquid due to the redemption and transfer restrictions set out in the trust deed for the Underlying Fund. Consequently, realisation of those investments may require a lengthy time period. There is a risk that market conditions might change before realisation of those investments can take place. In certain circumstances, the Responsible Entity may accept or reject redemption requests in its absolute discretion and may suspend redemptions to allow sufficient time for the liquidation of assets to meet redemptions.

There are also restrictions on redemptions and transfers of interests in the Fund, which makes an investment in the Fund illiquid. There is a risk that investors will not be able to exit the Fund at the time of their choosing.

### Operational risk

The Fund, each Underlying Vehicle and their respective service providers may be subject to operational and information security risks resulting from cybersecurity breaches which can include unauthorised access to information systems, causing intentional disruption or malfunctioning of systems, loss or corruption of data, accessing and/or unauthorised release of confidential information.

The Fund and each Underlying Vehicle rely on a number of third-party service-providers who undertake critical functions including unit registry services, fund administration services, trade execution services, audit, custody and technology. Failure or bankruptcy of a service provider could result in significant disruption to the operations of the Fund including delays or inability to execute trades, provide Unit Prices or process transactions, in the provision of inaccurate Unit Prices or in an inability to comply with reporting requirements.

### Valuation Risk

The Fund is exposed to valuation risk through its investment in the Underlying Fund.

The Underlying Fund may (via the Holding Trust) hold securities and other assets that will not have readily assessable market values. In such instances, the Underlying Fund Manager will determine the fair value of such securities and assets in its reasonable judgement based on various factors and may rely on internal pricing models, in accordance with applicable HMC Capital valuation policies and procedures. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets and the frequency of valuations by independent third parties will be less than the frequency of the pricing of Units. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Underlying Vehicles, there is no guarantee that the value determined by the Underlying Fund Manager will represent the value that will be realised by the Underlying Vehicle on the eventual realisation of an investment or that would be realised upon an immediate disposition of such investment.

### Variable distributions

Distributions are not guaranteed, and the Fund investment strategy aims to generate capital gains rather than regular income. If distributions are determined to be payable, the amount of any Fund distribution will vary from time to time depending on distributions received from the Underlying Fund and, in turn, from the underlying investments of the Underlying Vehicles, the ability to divest such underlying investments, and the terms of divestment including price.

## Economic and political risk

In the course of investing, the Underlying Vehicles and, in turn, the Fund will be exposed to the direct and indirect consequences of political, economic or social changes in Australia and New Zealand that could affect adversely its investments and, in turn, the performance of the Fund. The investments could be affected adversely by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or interest rate movements. While the Underlying Fund Manager intends to manage the Underlying Vehicles' assets in a manner that will minimise its exposure to such risks, there can be no assurance that adverse political or economic changes will not cause the Underlying Fund and, in turn, the Fund, to suffer losses.

## Interest rate risk

The Underlying Fund's use of debt for leverage and certain investments of the Underlying Vehicles will expose the Underlying Fund, and in turn the Fund, to interest rate risks, meaning that changes in prevailing market interest rates could negatively affect the value of their investments. The Underlying Fund Manager will not seek to manage interest rate risk through hedging. Factors that may affect market interest rates include, but are not limited to, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorder and instability in relevant financial markets. In a changing interest rate environment, the Underlying Fund Manager may not be able to manage this risk effectively.

## Legal, tax and regulatory risks

Legal, tax and regulatory changes in Australia and New Zealand may occur during the term of the Underlying Fund which could have an adverse effect on the Underlying Vehicles and in turn the performance of the Fund. The Underlying Vehicles are not expected to be in a position to take legal or management control of its investments. Each of the Fund and the Underlying Vehicles may have limited legal recourse in relation to their respective investments in the event of a dispute, and remedies may have to be pursued in the courts.

## Performance fee

The use of a performance fees by the Underlying Fund may create an incentive for the Underlying Fund Manager to make riskier investments than might otherwise be the case, which may increase the risk profile of the Underlying Fund and, in turn, the Fund.

## Liability

The Constitution contains provisions that are designed expressly to limit the liability of investors, in their capacity as Unitholders. There can be no absolute assurance that the liability of Unitholders will be limited as intended by those provisions as the ultimate liability of Unitholders rests with the courts. Each investor must satisfy itself as to the risks of the limitation and to its liability as a Unitholder.

## Indemnity

The Fund and the Underlying Fund will each provide an indemnity to certain indemnified persons (**Indemnified Persons**) in respect of any claims, losses, liabilities, costs or expenses incurred in connection with the Fund or the Underlying Fund (to the extent that, in the case of the Fund, it is not the result of fraud, dishonesty, gross negligence, wilful misconduct or material unremedied breach by the Indemnified Person and in the case of the Underlying Fund, it is not the result of fraud, dishonesty, negligence, wilful misconduct or material unremedied breach by the Indemnified Person), which may result in a reduction in the value of the Fund.

## Investor change of status

The Underlying Fund Manager has certain rights to require the Fund to dispose of its interests in the Underlying Fund, including where continuing participation by the Fund in the Underlying Fund becomes unlawful. If such a right were to be exercised the proceeds of disposition of the units in the Underlying Fund may be less than the book value of those assets and may result in a reduction, potentially a significant reduction, to the value of the Fund, may cause the Fund to fail to achieve its investment return objective and would require the Fund to reassess its investment strategy and investment objective and potentially consider termination of the Fund.

## Section 3: Risks of investing in the Fund

### Tax

The expected Australian income tax treatment of the Fund and investors is set out in Section 8 of this PDS and has been prepared on the basis that the Fund will qualify for tax purposes as a Managed Investment Trust ('MIT') and will make an election to be an Attribution MIT ('AMIT').

The Manager intends to administer the Fund, and the Underlying Fund Manager intends to administer the Underlying Fund and the Holding Trust, so as to continue to qualify as MITs. Broadly, to qualify and remain qualified as a MIT, a trust must continue to satisfy certain requirements including, but not limited to:

- not carrying on or controlling (directly or indirectly through other entities) a trading business, being a business other than certain specified passive activities such as investing in shares or other securities (referred to as '**eligible investment business**'); and
- the trust must meet specified 'widely held' and 'closely held' ownership requirements ('**MIT ownership tests**').

However, whether the Fund, Underlying Fund and Holding Trust continue to qualify as MITs depends in part on matters which could be beyond the control of the Manager or Underlying Fund Manager such as the identity and profile of investors. The tax treatment of the Fund, the Underlying Fund and the Holding Trust and the tax treatment of distributions to investors may change if the Fund, the Underlying Fund or the Holding Trust cease to satisfy the requirements to be a MIT. For example:

- if the Holding Trust ceases to satisfy the MIT ownership tests and therefore ceases to be a MIT, gains realised on the disposal of investments by the Holding Trust will not be deemed to be capital gains and instead may be taxable as ordinary income. In this event, resident investors would not be eligible for the CGT discount on their share of such distributed gains; and
- if the Holding Trust becomes the controller of a trading business that is not an eligible investment business, then the Holding Trust may be treated as a company for tax purposes and subject to tax at 30%.

Taxation laws and their interpretation may change during the life of the Fund, which may result in the Fund structure being unattractive or inefficient for some or all investors. Investors should seek their own taxation advice before deciding whether or not to invest.

### Conflict of Interest

The Responsible Entity, the Manager, third-party service providers, and the Underlying Fund Manager may, in the course of their businesses, have potential conflicts of interest which if not managed effectively and appropriately, may be detrimental to the Fund directly or indirectly by being detrimental to the Underlying Fund.

Please see Section 10 for further detail on potential conflicts of interest and policies and procedures in place to manage this risk.

### Use of Estimates:

The NAV of the Fund and the net asset value of the Underlying Fund are at times based in part on estimated values for the underlying assets and liabilities and there is no guarantee that such estimates are accurate. To the extent that they are not accurate then the Unit Price is not an accurate reflection of the value of the Fund.

### Country and currency risk

Certain investments of the Underlying Vehicles may be in securities in companies in New Zealand. Foreign investments are subject to additional risks which do not arise in relation to Australian investments. The value of foreign investments made by the Underlying Vehicles could be materially affected by inflation, currency devaluation, interest rate changes, exchange rate fluctuations, changes in government policies, more volatile and less liquid capital markets, different business environments, natural disasters, armed conflicts, political or social instability and other developments affecting such countries.

The day-to-day currency of the Fund and the currency of Units is the Australian dollar. The Underlying Vehicles may invest in assets denominated in New Zealand dollars. There is no requirement for the Underlying Fund Manager to hedge currency exposure and no guarantee that currency hedging would be available or effective. For investments of the Underlying Vehicles, there is potential for adverse movements in exchange rates to reduce their value relative to the Australian Dollar, which may adversely impact the value of the Fund.

## SECTION 4

# Fees and costs

### Did you know?

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

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

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

You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

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

## Fees and costs summary

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Tax details are set out in the Section 8 'Taxation' of this PDS.

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

### HMC Capital Partners Retail Fund 1

Type of Fee or Cost <sup>1</sup>	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs of managing your investment	1.50% p.a. The management fees and costs comprise <sup>2</sup> : <ol style="list-style-type: none"><li>1. Fund recoverable expenses of 0.21% p.a.<sup>3</sup></li><li>2. Indirect costs incurred by the Underlying Fund on account of management fees of 1.03% p.a.</li><li>3. Indirect costs attributable to other management fees and costs of 0.25% p.a.</li></ol>	<ol style="list-style-type: none"><li>1. Fund recoverable expenses are accrued monthly and paid directly from the Fund's assets as and when incurred.</li><li>2. Indirect costs incurred by the Underlying Fund on account of management fees is calculated and accrued monthly and is paid quarterly in arrears out of the assets of the Underlying Fund. Accrued but unpaid management fees are reflected in the Underlying Fund Unit Price of the Underlying Fund units held by the Fund.</li><li>3. Other indirect costs are generally deducted from the assets of the Underlying Fund as and when incurred and are reflected in the Fund's Unit Price.</li></ol>

## Section 4: Fees and costs

### HMC Capital Partners Retail Fund 1

Type of Fee or Cost <sup>1</sup>	Amount	How and when paid
<b>Ongoing annual fees and costs</b> <i>continued</i>		
<p><b>Performance fees</b></p> <p>Amounts deducted from your investment in relation to the performance of the Fund</p>	3.42% p.a. <sup>4</sup>	<p>The Fund itself does not charge a performance fee.</p> <p>However, the Underlying Fund charges a performance fee of up to 20% of the amount (if any) by which the Underlying Fund's Unit Return (as explained below under 'Performance Fees') exceeds the return hurdle of 7% ('<b>Return Hurdle</b>') (subject to a high water mark).</p> <p>If payable, the performance fee is accrued monthly and paid to the Underlying Fund Manager annually out of the assets of the Underlying Fund. Accrued but unpaid performance fees are reflected in the Fund's Unit Price.</p>
<p><b>Transaction costs</b></p> <p>The costs incurred by the Fund when buying or selling assets</p>	0.09% p.a. <sup>5</sup>	<p>Transaction costs which are incurred when an investor invests or redeems from the Fund will generally be recovered through the buy-sell spread applied to the Unit Price. Transaction costs that are not recovered reduce returns and are reflected in the Fund's Unit Price.</p>
<b>Member Activity Related Fees and Costs</b> (fees for services or when your money moves in and out of the Fund)		
<p><b>Establishment fee</b></p> <p>The fee to open your investment</p>	Nil	Not Applicable
<p><b>Contribution fee</b></p> <p>The fee on each amount contributed to your investment</p>	Nil	Not applicable
<p><b>Buy-sell spread</b></p> <p>An amount deducted from your investment representing costs incurred in transactions by the Fund</p>	<p>Buy spread 0.30%</p> <p>Sell spread 0.30%</p>	<p>The buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and withdrawing Unitholders respectively at the time of the relevant application or withdrawal.</p>

## HMC Capital Partners Retail Fund 1

### Type of Fee or Cost<sup>1</sup>

### Amount

### How and when paid

#### Member Activity Related Fees and Costs

(fees for services or when your money moves in and out of the Fund) *continued*

Type of Fee or Cost <sup>1</sup>	Amount	How and when paid
<b>Withdrawal fee</b>	Nil	Not applicable
The fee on each amount you take out of your investment		
<b>Exit fee</b>	Nil	Not applicable
The fee to close your investment		
<b>Switching fee</b>	Nil	Not applicable
The fee for changing investment options		

1. Unless otherwise stated, all fees and costs referred to in this table are quoted inclusive of GST and net of any input tax credits ('ITCs') or reduced input tax credits ('RITCs') that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity.
2. Based on the relevant fees and costs incurred during the financial year ended 30 June 2024.
3. Fund recoverable expenses are capped at 0.25%.
4. This performance fee is calculated by reference to an average of the performance fee charged for the previous financial years for which the Fund has been in existence. As at the date of this PDS, the Fund had been in existence for one previous financial year (being the financial year ended 30 June 2024).
5. Based on the relevant costs incurred during the financial year ended 30 June 2024, net of buy-sell spread recovered by the Underlying Fund.

Unless otherwise stated, all fees and costs in this section are based on information available as at the date of this PDS and reflects the relevant fees and costs incurred in the prior financial year (being, as at the date of this PDS, the financial year ended 30 June 2024). Please refer to the 'Additional explanation of fees and costs' section below for more information on fees and costs that may be payable.

For certain wholesale clients (as defined in the Corporations Act), the Responsible Entity may, at its discretion and in accordance with ASIC policy and the Corporations Act, negotiate, rebate or waive all or part of the Responsible Entity's management fee. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

Please refer to the 'Other Indirect costs' section of the 'Additional explanation of fees and costs' in this PDS for an explanation of what is an 'interposed vehicle' of the Fund.

The transaction costs disclosed in this fees and costs summary are shown net of any recovery received by the Fund from the buy-sell spread charged to transacting Unitholders, includes the Underlying Fund's buy-sell spread charged to the Fund by the Underlying Fund, and net of any recovery received by the Underlying Fund from the buy-sell spread charged to transacting Unitholders in the Underlying Fund. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

### Example of annual fees and costs

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

Example: HMC Capital Partners Retail Fund 1		
		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0</b> .
<b>PLUS</b> Management fees and costs	1.50%	<b>And</b> , for every \$50,000 you have in the Fund you will be charged <b>\$748</b> each year.
<b>PLUS</b> Performance fees	3.42%	<b>And</b> , you will be charged or have deducted from your investment <b>\$1,708</b> in performance fees each year.
<b>PLUS</b> Transaction Costs	0.09%	<b>And</b> , you will be charged or have deducted from your investment <b>\$45</b> in transaction costs.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of <b>\$2,501*</b>  <b>What it costs you will depend on the fees you negotiate.</b>

\*Additional fees and costs may also apply. Indirect investors may also incur additional fees and costs charged by their IDPS operator. The above example assumes the additional contribution of \$5,000 was made on the last day of the year.

### Additional explanation of fees and costs

The investment returns of the Fund will be affected by the fees and expenses incurred, including at the Underlying Fund. Please read the section 'Changing the fees and costs' below for information on changes to management fees and costs.

## Management fees and costs

Management fees and costs include the amounts payable for administering the Fund, amounts paid for investing in the assets of the Fund, Fund recoverable expenses, costs of OTC derivatives and other indirect costs incurred by the Underlying Fund and the Holding Trust.

### Management fee

Neither the Manager nor the Responsible Entity charges a management fee at the Fund. The Underlying Fund Manager charges a management fee to the Underlying Fund as disclosed below.

### Recoverable expenses and expenses paid by HMC Capital

The Responsible Entity has a right to recover or pay out of the Fund's assets costs incurred in managing the Fund, including expenses such as custodial, compliance, administrative, accounting, registry, banking and audit expenses incurred in respect of the Fund. The Responsible Entity recovers expenses from the Fund's assets. The amount of recoverable expenses will be capped at 0.25% p.a. on the NAV of the Fund (inclusive of GST net of any RITC recovered).

### Indirect cost – Underlying Fund Management Fee

The Underlying Fund Manager is entitled to a management fee at the Underlying Fund, and this resulted in a management fee at the Fund of 1.03% p.a. on the NAV of the Fund (inclusive of GST net of any RITC recovered) during the financial year ended 30 June 2024. The Underlying Fund management fee is calculated and accrued monthly and generally payable quarterly out of the assets of the Underlying Fund in arrears.

## Other Indirect costs

Indirect costs include any amount that the Responsible Entity knows or reasonably ought to know, or where this is not the case, may reasonably estimate has reduced or will reduce (as applicable), whether directly or indirectly, the return of the Fund, or the amount or value of the income of, or property attributable to the Fund, or an interposed vehicle in which the Fund invests. Each Underlying Vehicle is an interposed vehicle of the Fund.

In addition to the Underlying Fund management fee and recoverable expenses, the management fees and costs figure disclosed in the fees and costs summary in this PDS includes indirect costs of 0.25% p.a., which is based on the actual costs incurred in the financial year ended 30 June 2024.

These indirect costs are reflected in the Unit Price and include the management fees and costs of interposed vehicles and other indirect costs.

The indirect costs may vary from year to year, including to the extent that they may rely on estimates.

Where applicable, the costs to the Underlying Vehicles of investing in OTC derivatives are included in indirect costs (except for OTC derivatives used only for hedging). The costs of investments in OTC derivatives can affect the underlying returns you receive.

The actual indirect costs that the Fund incurs may differ from the indirect costs disclosed in this PDS. Details of any future changes to indirect costs will be provided on the Fund website where they are not otherwise required to be disclosed to investors under law.

## Performance fees

### Performance fees charged by Manager

The Manager does not charge a performance fee in respect of the Fund.

### Performance fees charged by the Underlying Fund Manager

The Responsible Entity invests substantially all of the assets of the Fund into the Underlying Fund. The Underlying Fund Manager charges a performance fee against the assets of the Underlying Fund.

The Underlying Fund Manager is entitled to an Underlying Fund's performance fee of 20% (excluding GST) of Unit Return (explained below) in excess of the Return Hurdle of 7% per annum of the net asset value of the Underlying Fund, subject to a high water mark (also explained below).

## Section 4: Fees and costs

The Responsible Entity's estimate of the performance fees charged by the Underlying Fund Manager is incorporated in the fees and costs summary in this PDS calculated by reference to an average of the performance fees charged for the previous financial years for which the Fund has been in existence. As at the date of this PDS, the Fund had been in existence for one previous financial year (being, as at the date of this PDS, the financial year ended 30 June 2024).

The Underlying Fund's performance fees for the financial year ended 30 June 2024 were 3.42% p.a. of the NAV of the Fund.

The Underlying Fund's performance fee (if any) will be calculated and accrued monthly and will be reflected in the Underlying Fund Unit Price. It will be paid to the Underlying Fund Manager on each of the following dates as if property of the Underlying Fund was disposed of at the relevant calculation date and in accordance with the Underlying Fund's valuation policy:

- on or around each 30 June; and
- as otherwise set out under the trust deed of the Underlying Fund.

The monthly Unit Price for the Fund will primarily depend on the Underlying Fund Unit Price, which will include an accrual for the performance fee where applicable in accordance with the calculation methodology below.

### Calculation Methodology

The Unit Return ('**Unit Return**') in respect of each unit in the Underlying Fund, is intended to reflect the Underlying Fund's investment performance and is an amount equal to the change in the net unit value of the Underlying Fund (before Underlying Fund's performance fees but after accruing for all other Underlying Fund management fees and costs) plus any distributions (income and capital) paid or payable to Unitholders of the Underlying Fund since the last time an Underlying Fund performance fee was payable.

The net unit value ('**Underlying Fund Net Unit Value**') in respect of the Underlying Fund means (in the context of the Underlying Fund's performance fee calculation) the Net Asset Value in respect of the Underlying Fund (before the Underlying Fund's performance fees but after management fees and costs in respect of the Underlying Fund) divided by the number of units in the Underlying Fund.

The Return Hurdle is equal to the amount that the unitholder in the Underlying Fund would need to receive since the last time the Underlying Fund's performance fee was payable (or, in the case of the first Calculation Period, since the date the unit was issued) in order to receive (as at the last day of the Calculation Period) a 7% per annum return (compounded annually) relative to the high water mark.

The high water mark means, in respect of a unit in the Underlying Fund, the previous highest Underlying Fund Net Unit Value immediately after payment of the Underlying Fund's performance fee (or if none has been paid in respect of the unit, the initial issue price of the unit).

The 'excess return' per unit in respect of the Underlying Fund ('**Excess Return**') is the Unit Return less the Return Hurdle (or nil where the excess return is negative).

The performance fee accrual is equal to 20% of the Excess Return.

The performance of the Underlying Fund during the financial year ended 30 June 2024 (reflected by the Underlying Fund Net Unit Value as at 30 June 2024) was above the high water mark and above the Return Hurdle. Accordingly, the performance fee for the financial year ending 30 June 2024 was 3.42% p.a. The actual performance fee accrued or paid will depend on the performance of the Underlying Fund over the relevant period.

### Performance Fee Worked Example

The following examples demonstrate the dollar effect of the Underlying Fund's performance fee for a hypothetical new investor who invests \$50,000 in the Fund on the first day of a Calculation Period assuming:

- a) an Application Price of \$1.00 per unit (total 50,000 units);
- b) all of the investor's investment is invested by the Fund into the Underlying Fund;
- c) there are no other investments in the Underlying Fund;
- d) no performance fee has been accrued in the Underlying Fund to date;
- e) no distributions have been paid and no other transactions are undertaken during the period.

<p><b>Scenario 1</b></p> <ul style="list-style-type: none"> <li>• Unit Return is 10% for the Calculation Period</li> <li>• Return Hurdle for the Calculation Period is 7%</li> <li>• The Unit Return in excess of the Return Hurdle is 3%.</li> <li>• The Underlying Fund Manager is entitled to 20% of the Excess Return</li> </ul>	<p><b>Outcome:</b></p> <p>An Underlying Fund's performance fee of \$300 (excluding GST) is charged (50,000 units x \$1.00 per unit x 3% x 20%)</p> <p>This fee is paid to the Underlying Fund Manager and reduces the value of the Fund's investment in the Underlying Fund</p>
<p><b>Scenario 2</b></p> <ul style="list-style-type: none"> <li>• Unit Return is 5% for the Calculation Period</li> <li>• Return Hurdle for the Calculation Period is 7%</li> <li>• The Unit Return is below the Return Hurdle</li> <li>• The Underlying Fund Manager is not entitled to a performance fee</li> </ul>	<p><b>Outcome:</b></p> <p>No Underlying Fund's performance fee is charged</p>
<p><b>Scenario 3</b></p> <ul style="list-style-type: none"> <li>• Unit Return is -5% for the Calculation Period</li> <li>• Return Hurdle for the Calculation Period is 7%</li> <li>• The Unit Return is below the Return Hurdle</li> <li>• The Underlying Fund Manager is not entitled to a performance fee</li> </ul>	<p><b>Outcome:</b></p> <p>No Underlying Fund's performance fee is charged</p>

These examples are provided for illustrative purposes only and do not represent any actual or prospective performance of the Underlying Fund or the Fund. It is not possible to estimate the actual performance fee payable for any given period as we cannot accurately forecast the Fund's or the Underlying Fund's performance. We do not provide any assurance that either the Underlying Fund or the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund. The example does not account for GST or other taxes (if applicable). Due to rounding, numbers presented in these examples may not calculate precisely.

The actual Underlying Fund performance fees incurred may be higher or lower in future, depending on the Unit Returns generated by the Underlying Fund. Past performance is not a reliable indicator of future performance.

## Transaction costs

Transaction costs are the costs incurred when assets are bought or sold by the Fund and include brokerage, Underlying Fund buy-sell spreads, settlement costs (including custody costs), clearing costs, due diligence costs and stamp duty.

Transaction costs also include costs incurred by an interposed vehicle (including the Underlying Fund) that would be transaction costs if they had been incurred by the Fund and certain costs of investing in OTC derivatives for hedging purposes (excluding any costs disclosed as indirect costs).

Where these costs are incurred due to transactions initiated by you, they may be recovered through the applicable buy-sell spread. The transaction cost shown in the fees and costs summary are net of any amount recovered by the buy-sell spreads charged by the Fund and net of any amount recovered by the buy-sell spread charged by the Underlying Fund but includes the Underlying Fund's buy-sell spread charged to the Fund by the Underlying Fund.

Transaction costs are reflected in the Unit Price and, where incurred by the Underlying Fund, the Underlying Fund Unit Price. As these costs are factored into the value of the Fund's assets and reflected in the Unit Price, they are an additional cost to you and are not a fee paid to the Responsible Entity.

## Section 4: Fees and costs

The transaction costs figure disclosed in the fees and costs summary of this PDS is the amount incurred by the Fund during the financial year ended 30 June 2024. The transaction costs shown in the fees and costs summary are net of any amount recovered by the buy-sell spread charged by the Fund and net of any amount recovered by the buy-sell spread charged by the Underlying Fund to other investors but includes the Underlying Fund's buy-sell spread charged to the Fund by the Underlying Fund. Transaction costs are an additional cost to you where they have not already been recovered by the buy-sell spread of the Fund or the Underlying Fund.

Although the Underlying Fund's investment strategy is not intended to involve a high volume of trading and turnover of investment, any turnover of investments will generate transaction costs which will be borne by the Underlying Fund.

The Fund's estimated transaction costs (net of cost recovered via the buy-sell spread) are 0.09% p.a. of the NAV of the Fund. The dollar value of these costs over a 1-year period based on an average account balance of \$50,000 is \$45.

The Fund's estimated and/or historical transaction costs may not be an accurate indicator of the actual transaction costs you may incur in the future. Details of any future changes to transaction costs will be provided on the Fund website where they are not otherwise required to be disclosed to investors under law.

The following table shows estimated transaction costs for the Fund in relation to the financial year ending 30 June 2024 and as a percentage of the Fund's average NAV over the financial year. The difference between the Fund's gross transaction costs (incurred by the Fund and the Underlying Fund) and the net transaction cost figures represent amounts recovered through the buy-sell spread of the Fund and the Underlying Fund (other than buy-sell spread charged by the Underlying Fund to the Fund).

### Estimated Transaction Costs (p.a.)

Gross	Recovery	Net
0.14%	0.05%	0.09%

### Buy-sell spreads

A buy-sell spread is an amount deducted from the value of a Unitholder's application money or withdrawal proceeds that represents the estimated transaction costs incurred by the Fund as a result of the application or withdrawal, including buy-sell spreads charged by the Underlying Fund on the Fund in connection with the application or withdrawal. The buy-sell spread is an additional cost to you but is reflected in the Fund's application and redemption price. Such costs are not charged separately to you. This is paid into the Fund for the benefit of other investors.

A buy-sell spread applies on distributions from the Fund that are re-invested.

As of the date of this PDS, the buy-sell spread charged by the Fund is 0.30% of the application or withdrawal amount (as applicable).

To obtain an indication of the current buy-sell spread that may apply to an application or withdrawal from the Fund, please visit the Fund website.

### Differential fees

The Responsible Entity may charge, rebate or waive all or part of the management fee to 'wholesale clients' as defined in the Corporations Act, including investor directed portfolio service ('IDPS') operators, on an individually negotiated basis.

The Responsible Entity can be contacted at the address specified in the 'Contacting the Responsible Entity' section of the PDS for further details.

## **Financial advisers**

Additional fees may be paid by you to a financial adviser if you have consulted a financial adviser. You should refer to the statement of advice or financial services guide provided by your financial adviser in which details of the fees are set out. Indirect investors accessing the Fund through an IDPS may incur fees and costs applicable to the IDPS separate to the Fund's fees and expenses.

## **Changing the fees and costs**

The Fund and the Underlying Fund's historical management fees and costs may not be an accurate indicator of the actual management fees and costs you may pay in the future. Details of any future changes to management fees and costs will be provided on the Fund website where they are not otherwise required to be disclosed to investors under law.

Under the Corporations Act the Responsible Entity may change the amount of any fees currently charged as well as other fees which are not currently charged, up to the maximum set out in the Constitution, without your consent on 30 days' advance notice to you.

The Responsible Entity will give at least 30 days' advance notice of any change to the amount of the cap on recoverable expenses and any increase to fees in the Underlying Fund.

## **Maximum fees**

### **4.1.1 Application fee**

The maximum application fee for the Fund allowable under the Constitution is 6% (exclusive of GST) on the application amount.

### **4.1.2 Withdrawal fee**

The maximum withdrawal fee for the Fund allowable under the Constitution is 6% (exclusive of GST) on the withdrawal amount.

## **Taxation**

Tax details are set out in Section 8 'Taxation' of this PDS.

## **GST**

Unless otherwise stated, all fees and costs outlined in this PDS are inclusive of GST less any RITC entitlement where applicable.

# How to invest in the Fund

## Making an initial application

To invest in the Fund, direct investors should apply online via our Registry at <https://apply.automic.com.au/hmccpr>.

Alternatively, direct investors may complete a paper Application Form which is available on request from the Manager by emailing [invest@hmcccapital.com.au](mailto:invest@hmcccapital.com.au) or from the Fund website.

The completed Application Form together with the supporting documentation must be received by the Responsible Entity or Registry before the Application Cut-Off Time of 5:00pm (Sydney time) on the 14th day each calendar month (unless otherwise determined by us). If an application is accepted, the Registry will contact the applicant to arrange payment of the application moneys which will normally be due within 5 Business Days of the payment notice.

Indirect investors investing through an IDPS should use the application method required by their IDPS operator.

## Processing of applications

Applications are processed monthly, shortly after the Application Cut-Off Time for each month. If an application is accepted, the Registry will contact the applicant to arrange payment of the application moneys. Applicants will be allocated Units (normally within 15 Business Days after the end of the month in which the application was processed). The Application Price will vary as the value of assets in the Fund, and its Unit Price, rises or falls.

The Fund's Application Price is determined as at the last Business Day for each month. Application Prices are calculated by the Administrator and are normally available and published on the Fund website within 15 Business Days after the end of the month.

The minimum initial investment is \$25,000 and the minimum additional investment is \$5,000. The Responsible Entity has the discretion to waive or vary this amount. Unitholders may make additional investments online by logging into the investor portal at <https://investor.automic.com.au> or by completing an Additional Application Form (which can be downloaded from the Fund website) or by giving a duly authorised written notification in a form acceptable to the Responsible Entity.

If cleared funds are not received by the Responsible Entity within such period from receipt of the application as the Responsible Entity determines, the application will not be accepted.

## Investment of application monies

The Responsible Entity may retain the application monies accompanying an application for units in a non-interest bearing trust account for up to a month and until such time as the application has been received and approved or rejected.

## Payment options

For applications made through an IDPS or an IDPS-like scheme (also known as a platform or a wrap account) the payment options will depend on the requirements of the relevant IDPS or IDPS-like operator.

For applications lodged directly with the Responsible Entity via online or paper applications, the Registry will provide personalised payment instructions via email once your application is submitted.

## Discretion to reject applications

The Responsible Entity has an absolute discretion to reject applications, including additional applications. Considerations which the Responsible Entity may take into account in exercising its discretion include, but are not limited to:

- Compliance with our obligations under the AML/CTF Law and the DDO Regime;
- Compliance with our internal policies and procedures;
- Ensuring the best interests of Unitholders;
- Ability to invest the application monies in an orderly fashion; and
- Market closures or jurisdictional holidays, prevailing market conditions and suitability for investment.

## Cooling-off period

A 14-day cooling-off period applies to direct investments in the Fund made by 'retail clients' as defined in the Corporations Act. If you are a retail client and have directly invested in the Fund, your cooling-off period will begin when you receive your transaction confirmation or on the 5th Business Day after Units are issued (whichever is earlier) and will end on the 14th day after that date. The confirmation statement you receive on the initial application will state the date on which the Units were issued.

The investor's initial investment will then be refunded less reasonable administrative and transaction costs incurred by the Responsible Entity or the Fund and any tax payable.

No cooling off right applies to 'wholesale clients' (as defined in the Corporations Act).

## Indirect applicants

Where the Fund has been included on an IDPS, applicants may apply for Units through that IDPS. To make an investment through an IDPS, investors should complete an application form for that service and not the Application Form. Indirect applicants should note that they will be subject to different rights to those granted to direct applicants. The main differences may include:

- Minimum transaction and balance requirements for that particular IDPS;
- No cooling-off period;
- Processing dates and deadlines;
- Fund balance and tax reporting; and
- Fees and costs for the IDPS.

For further information about investing in the Fund through an IDPS or an IDPS-like scheme, please consult your licensed financial advisor or that IDPS operator.

## SECTION 6

# How to withdraw from the Fund

PROSPECTIVE INVESTORS MUST BE AWARE OF THE POTENTIAL LIMITATIONS IN CONNECTION WITH THEIR ABILITY TO WITHDRAW FROM THE FUND. NOTE THAT THE RESPONSIBLE ENTITY DOES NOT PROVIDE ANY GUARANTEES CONCERNING THE LIQUIDITY OF THE FUND NOR THE ABILITY OF AN INVESTOR TO WITHDRAW THEIR INVESTMENT.

Unitholders may request to withdraw some or all their investment in the Fund by submitting a withdrawal request online by logging in to your investor portal at <https://investor.automic.com.au>. Alternatively, investors may complete a withdrawal form that can be downloaded from the Fund website or by giving a duly authorised written notification in a form acceptable to the Responsible Entity. The minimum withdrawal amount is \$5,000, unless the withdrawal relates to all the Units held by that Unitholder.

Where payment instructions are not to a pre-nominated account, failure to provide the original withdrawal instruction to the Responsible Entity may cause delays in processing the instruction, if the redemption request is accepted. The Responsible Entity does not accept instructions to pay to a third party and will not initiate payments to accounts with non-Australian ADIs unless otherwise agreed to by the Responsible Entity.

The Responsible Entity will only accept withdrawal requests if they are signed by the authorised signatories for the investment who have been duly nominated by the investor.

Withdrawal requests by direct investors must be submitted by 5.00pm (Sydney time) on the 14th calendar day of March, June, September or December for redemption at the end of the following calendar quarter. For example, a valid redemption request submitted between 1 January to 14th March would be processed by the Responsible entity in respect of the 30 June quarter end. The Responsible Entity will (subject to the withdrawal limits and discretions noted below) normally process withdrawal requests using the withdrawal price as at the end of the following calendar quarter and pay withdrawal proceeds within 15 Business Days after the end of that following calendar quarter. Under the Constitution, the Responsible Entity has up to 180 days after the date on which the withdrawal request has been received in which to accept or reject the withdrawal request and the Responsible Entity has up to 21 days to pay the withdrawal proceeds.

The Responsible Entity has the right to accept or reject a redemption request in its absolute discretion. In addition, the Responsible Entity may suspend the redemption of Units and the payment of redemption proceeds if it reasonably believes that it cannot accurately determine the value of the Fund and it would be in the best interests of Unitholders as a whole to do so. Redemption requests received during a suspension period will be accepted or rejected by the Responsible Entity at the next quarter end after the end of the suspension.

Some assets of the Underlying Vehicles are expected to be illiquid, and the investment strategy may result in volatility of returns in the short term. To manage liquidity risk, the Underlying Fund imposes a number of restrictions on withdrawals, as outlined below. The Fund relies on a combination of application proceeds from the issue of new Units and on being able to withdraw or otherwise realise its units in the Underlying Fund to meet withdrawal requests from Unitholders. Restrictions on withdrawal by the Underlying Fund may cause a delay in the processing of redemptions in the Fund.

The Fund and the Underlying Fund are permitted to apply application proceeds from the issue of new units to redeem existing Unitholders.

## Withdrawal limits at the Fund and the Underlying Fund

The Fund invests substantially all of its assets in the units of the Underlying Fund. Units of the Underlying Fund are not able to be readily sold to a third party and therefore withdrawals from the Fund are highly reliant on withdrawal terms of the Underlying Fund units.

Each of the Responsible Entity and the trustee of the Underlying Fund also has a number of other powers to manage withdrawal requests including temporary suspension of withdrawals or denial of withdrawal requests where the Responsible Entity or the trustee of the Underlying Fund (as applicable) considers that it is in the best interests of the relevant unitholders to do so. Such measures will generally be temporary in nature and will only be used in extraordinary circumstances impacting the Fund or the Underlying Fund.

The trustees of the Capital Partners Trusts have the discretion to limit withdrawals for a calendar quarter to 5% of the units outstanding across all Capital Partners Trusts. The trustees of the Capital Partners Trusts may permit redemptions in excess of this amount in their discretion where the Capital Partners Trusts have sufficient spare cash and liquidity and where the trustees of the Capital Partners Trusts believe it is in the interests of investors in the Capital Partners Trusts as a whole. Where there is insufficient cash to meet all redemptions requests in the Capital Partners Trusts, redemption requests will be paid out pro rata.

This may mean that any withdrawal request made by the Fund in respect of its interests in units in the Underlying Fund may not be satisfied in full in any given quarter. This may in turn affect the ability of the Responsible Entity to process withdrawal requests of investors in the Fund.

The trustee of the Underlying Fund may accept or reject a redemption request of the Fund (in whole or in part) in its absolute discretion.

The redemption price at which units in the Underlying Fund are redeemed is the Net Unit Value of the Underlying Fund less the buy-sell spread at the Underlying Fund as at the date the unit is redeemed.

The trustees of the Capital Partners Trusts may at any time suspend the redemption or issue of units in the Capital Partners Trusts (including the Underlying Fund) if:

- it is impracticable or not possible for the trustees of the Capital Partners Trusts to calculate the Underlying Fund Net Unit Value, for example because of closure of, or trading restrictions on, stock or securities exchanges, an emergency or other state of affairs, or on declaration of a moratorium in a country where the Underlying Vehicles invest or under the Corporations Act;
- there have been or the trustees of the Capital Partners Trusts anticipate that there will be, redemption requests that involve realising a significant amount of the Underlying Fund property and the trustees of the Capital Partners Trusts considers that if those redemption requests are all met immediately, investors in the Underlying Fund who continue to hold units may bear a disproportionate burden of tax or other amounts;
- the trustees of the Capital Partners Trusts determine that meeting those redemption requests would be to the existing Capital Partners Trust investors' disadvantage including a material diminution in the value of the Holding Trust's property;
- the trustees of the Capital Partners Trusts reasonably consider that it is in the interests of investors of Capital Partners Trusts; or
- it is otherwise legally permitted.

If the trustees of the Capital Partners Trusts suspend redemptions and this occurs in any calendar quarter where the Fund has made a withdrawal request in respect of its interests in the Underlying Fund in relation to that calendar quarter, Responsible Entity may suspend redemptions in the Fund for an equivalent period.

Unitholders will be informed of any withdrawal amount not processed before the end of the calendar quarter. If the withdrawal amount is less than the amount specified in a Unitholder's withdrawal request, the remaining portion of the withdrawal request will not be processed by the end of that quarter and will be cancelled.

If the Responsible Entity decides to satisfy a Redemption Request in respect of a Unit, the Responsible Entity will cause the redemption of the number or value of Units requested and accepted within 21 days in accordance with the Constitution.

### **Sell spread at the Fund and the Underlying Fund**

The sell spread that applies to a redemption of Units in the Fund is 0.30% of the redemption amount (which reflects the sell spread charged by the trustee of the Underlying Fund of 0.30%). Refer to 'Fees and other costs' for additional information.

### **Redemption price of the Fund**

The redemption price at which Units in the Fund may be redeemed is the Unit Price of the Fund less the sell spread as at the date the Unit is redeemed.

### **Compulsory withdrawals**

The Responsible Entity may, in limited circumstances and having regard to the best interests of Unitholders as a whole, cause a Unitholder's units to be compulsorily withdrawn without prior notice to the Unitholder.

# Distributions

The Responsible Entity may determine whether Fund income is available for distribution. There is no guarantee that the Fund will pay any distribution.

Any Fund income available for distribution will usually be determined annually as at 30 June of each year. Any distributions determined to be paid will be paid as soon as reasonably practicable after 30 June of each year. The Responsible Entity may pay a special distribution at other times at its absolute discretion.

The investment strategy of the Fund is focussed on capital gain rather than income and therefore regular distributions are not anticipated.

Investors may elect in their Application Form to have their distributions, if any, reinvested resulting in additional Units being issued to you. This election may be changed any time prior to the distribution reinvestment record date by updating their details on the investor portal at <https://investor.automic.com.au>. Units issued as part of a distribution will be allotted in accordance with the terms and conditions set out in this PDS, the Constitution and the Distribution Reinvestment Plan Rules for the Fund (**DRP Rules**).

The Responsible Entity can determine a minimum or maximum permitted number of participating Units per Unitholder participating in the Distribution Reinvestment Plan (whether in respect of a particular distribution or distributions generally) from time to time, by giving notice on the Fund's website.

The board of the Responsible Entity may refuse to accept your participation in the Distribution Reinvestment Plan, or suspend or withdraw your participation in the Distribution Reinvestment Plan, if the board considers such participation might breach any law of Australia, prejudice the effective operation of the Distribution Reinvestment Plan or be undesirable or impractical.

The Distribution Reinvestment Plan or the DRP Rules may be varied, suspended or terminated by the Responsible Entity at any time by giving notice on the Fund's website.

## New Zealand disclosures relating to distribution reinvestment

The issue of Units as part of a distribution described in this PDS is offered to New Zealand investors on the following basis:

- At the time the price of the Units issued as part of a distribution reinvestment is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Units if the information were publicly available.
- The right to acquire, or require us to issue, Units as part of a distribution reinvestment will be offered to all investors in the Fund of the same class, other than those who are resident outside New Zealand and who are excluded by us so as to avoid breaching overseas laws.
- Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued or transferred on the terms disclosed to you in this PDS and will be subject to the same rights as Units issued or transferred to all investors of the same class as you who agree to receive the Units.

You have the right to receive from us, on request and free of charge, a copy of:

- the most recent annual report of the Fund (if any);
- the most recent financial statements of the Fund and, if those statements are not audited or reviewed by an auditor, a statement to that effect;
- a copy of the auditor's report on those statements (if any);
- the current PDS; and/or
- the Constitution and any amendments to it.

Copies may be obtained electronically at <https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/> or by emailing [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au).

# Taxation

The following is a general summary of the key Australian income tax, GST and stamp duty consequences for investors who acquire and hold Units as capital account assets for Australian income tax purposes.

This summary does not consider the Australian tax consequences that arise for:

- investors who acquire Units in the course of carrying on a business of share trading, dealing in securities or otherwise acquire and hold Units as revenue account assets or as trading stock;
- Australian resident investors who hold their Units as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- non-resident investors who hold their Units as part of an enterprise carried on at or through a permanent establishment in Australia;
- investors who are temporary residents of Australia or who change their tax residence while holding Units; or
- investors whose Units are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the Taxation of Financial Arrangements regime).

The taxation summary is based on the relevant taxation and stamp duties laws and practice in effect at the date of this PDS. Accordingly, future amendments to the income tax, stamp duties legislation, regulations and ATO and state revenue rulings or changes in the administration of taxation and stamp duties legislation may impact this summary.

The information contained in this summary is necessarily general in nature and is not intended to constitute taxation advice. Investors should seek independent advice specific to their particular circumstances.

## 8.1 Taxation of the Fund

It is intended that the Fund will meet the requirements to qualify as a Managed Investment Trust ('MIT') and will make an election to be an Attribution MIT ('AMIT').

Broadly, to qualify and remain qualified as a MIT, the Fund must continue to satisfy certain requirements including, but not limited to:

- not carrying on or controlling (directly or indirectly through other entities) a trading business, being a business other than certain specified activities such as investing in shares or other securities (referred to as '**eligible investment business**'); and
- the Fund must meet specified 'widely held' and 'closely held' ownership requirements.

By electing to be an AMIT, the Responsible Entity will be required to determine the Fund's 'determined trust components' each income year, which broadly reflect the taxable income of the Fund split into various classes of income for tax purposes. These components are then 'attributed' to and subject to tax in the hands of investors.

If the Fund is in a net tax loss position (or have a net capital loss) for an income year, the tax loss (or net capital loss) will remain in the Fund and may be carried forward to offset future taxable income (or future capital gains in the case of net capital losses) of the Fund. However, the Fund's ability to use any carry forward losses will be subject to the application of the trust loss recoupment rules.

It is intended that the Fund will be administered such that all of the Fund's 'determined trust components' in each income year will be attributed to investors and the Fund undertakes only 'eligible investment business'. On this basis, the Fund should not be liable to Australian income tax (other than non-resident or TFN withholding tax).

The Fund will acquire and hold units in the Underlying Fund which in turn will acquire and hold units in the Holding Trust which holds or will hold investments in ASX-listed and unlisted companies. As at the date of this PDS, the Underlying Fund and the Holding Trust satisfy the requirements (including those noted above) to qualify as MITs and have elected, or will elect, to be AMITs.

The Manager intends to administer the Fund, and the Underlying Fund Manager intends to administer the Underlying Fund and the Holding Trust, so that the trusts continue to qualify as MITs. However, whether the Fund, the Underlying Fund and Holding Trust continue to qualify as MITs depends in part on matters which could be beyond the control of the Manager or Underlying Fund Manager such as the identity and profile of investors. The tax treatment of the Fund and the tax treatment of distributions to investors may change if the Fund, the Underlying Fund or the Holding Trust cease to satisfy the requirements to be a MIT.

## **8.2 Taxation of Fund distributions**

The summary of the tax treatment of investors described below has been prepared on the basis that the Fund will qualify (and remain qualified) as a MIT and will elect into the AMIT regime. As such, distributions to investors may comprise taxable, capital gain and non-assessable components.

The Australian tax treatment of those components depends upon whether the investor is an Australian-resident or non-resident.

### **8.2.1. Australian resident investors**

#### **Taxable component**

An Australian resident investor will include in their assessable income the taxable component of the distribution in the income year to which the distribution relates (i.e., the income year in which the Fund derives and attributes the income, not when the distribution is actually received by the investor).

Tax is levied on the taxable component at the investor's marginal tax rate. If the taxable component of a distribution includes a franked dividend, investors should be entitled to a tax offset equal to the amount of the associated franking credit, provided certain requirements are met.

#### **Capital gain component**

To the extent that a net capital gain is included in the Fund's taxable income, the Australian resident investor should be regarded as having derived a capital gain equal to the investor's attributed share of such net capital gain.

Where the attributed capital gain includes a discount capital gain component, the investor is required to 'gross up' the amount of the capital gain included in their assessable income by the discount applied by the Fund (i.e., 50%). Australian resident investors can then apply any available capital losses from other sources to reduce the capital gain and then apply their own CGT discount factor, if applicable.

In the case of an investor who is an individual or a trust the CGT discount is 50% and in the case of a complying superannuation entity the CGT discount is 33.33%. Companies are not entitled to a CGT discount on capital gains.

For completeness, it is noted that the Australian Government has proposed that MITs and AMITs will no longer be able to apply the CGT discount method at the trust level. If the proposed change is legislated, the Fund should still be able to identify capital gains that are eligible for discount, so that investors can calculate their CGT discount on such discountable capital gains attributed to them by the Fund.

#### **Non-assessable component**

In broad terms, the non-assessable component (i.e., tax-deferred component) represents the excess of the cash distributed by the Fund over the taxable component and capital gain component of that distribution. Non-assessable amounts received by an Australian resident investor will generally not be included in that investor's assessable income.

## Section 8: Taxation

### CGT cost base adjustments

Where the cash distribution to an investor in an income year exceeds the amount of the taxable component and capital gain component (grossed up to reflect the capital gains tax discount concession) allocated to the investor, the excess will reduce the cost base of the Units for the purposes of determining any capital gain or loss on subsequent disposal or redemption of the Units.

If the cost base of a Unit is reduced to nil, any subsequent amount distributed to an investor more than the taxable component and capital gain component will be taxable as a capital gain. Eligible Australian resident investors who are individuals, trustees or complying superannuation entities may be entitled to apply the applicable CGT discount factor to reduce any such capital gain (after the application of any capital losses).

Where the cash distribution to an investor in an income year is less than the taxable component and capital gain component (grossed up to reflect the capital gains tax discount concession) allocated to the investor, the amount of the shortfall should be added to the investor's cost base in the investor's Units.

### 8.2.2. Non-resident investors

#### Taxable component – Dividends and Interest

Unfranked dividends and interest income distributed by the Fund will be subject to withholding tax which is generally imposed at a rate of 30 per cent for dividends and 10 per cent for interest. This is a final withholding tax. Fully franked dividends distributed by the Fund are not subject to withholding tax.

Non-resident investors that are residents of a country that has entered into a double tax agreement with Australia may be entitled to a lower rate of withholding tax.

#### Taxable component – Other Income and certain capital gains

Distributions from the Fund of income other than dividends and interest should be subject to MIT withholding tax. The Responsible Entity will withhold MIT withholding tax from such distributions to the extent they represent taxable income of the Fund. However, taxable income of the Fund that is non-Australian sourced income or capital gains on assets that are not 'taxable Australian property' ('taxable Australian property' includes direct and indirect interests in real property situated in Australia) will not be subject to MIT withholding tax.

In calculating the taxable income of the Fund for non-resident withholding tax purposes, the Fund will be required to include the full amount of any capital gains the Fund derives from the disposal of 'taxable Australian property' (i.e., the Fund must disregard the availability of the discount capital gains tax concession).

The MIT withholding tax rate will depend on the country in which the relevant non-resident investor is a resident. For residents of countries with which Australia has an 'effective exchange of information on tax matters' and which have been specified in the legislation for these purposes the rate will normally be 15%. For residents of other countries, the MIT withholding rate will be 30%.

#### Non-assessable component

The remainder of distributions to non-resident investors will comprise the non-assessable component. This portion of a distribution is generally not immediately taxable in an investor's hands.

#### Cost base adjustments

For certain non-resident investors whose Units are taxable Australian property (refer Section 8.3.1 below), the cost base adjustments referred to in Section 8.2.1 above in relation to Australian resident investors will be relevant.

## 8.3 Disposal of Units

### 8.3.1. Australian Residents

Upon disposal of a Unit, an investor will make a capital gain if the capital proceeds for the disposal exceed the cost base of the Unit. An investor should make a capital loss if the capital proceeds are less than the reduced cost base of the Unit.

Individuals, complying superannuation entities or trustees that have held their Units for at least 12 months may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their Units by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33.33% for complying superannuation entities.

The CGT discount will not be available to an investor that is a company.

### 8.3.2. Non-Residents

For investors who are not Australian tax residents, the disposal of their Units should have no CGT consequences unless the Units are 'taxable Australian property'. A Unit should generally only be taxable Australian property for non-resident investors who:

- just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time, either alone or together with their associates, hold a 10% or greater interest in the Fund and more than 50% of the value of Fund's assets is attributable directly or indirectly to Australian real property ('**indirect Australian real property interests**'); or
- are individuals who made an election to disregard a CGT event if capital gain or capital loss in respect of their Units when they ceased to be an Australian tax resident.

Non-resident investors may be subject to foreign resident CGT withholding tax of 12.5% on the disposal of their Units unless they make a prescribed declaration that the Units are not indirect Australian real property interests. Investors should be entitled to claim an income tax credit/refund (as applicable) in their Australian income tax return in respect of the tax withheld. The foreign resident CGT withholding tax does not apply to a redemption of units by non-resident investors.

## 8.4 Other matters

### 8.4.1. TFN and ABN

An investor is not obliged to quote a TFN, or where relevant, ABN, to the Fund.

However, if an Australian resident investor does not provide their TFN, ABN or details of their exemption from having to provide a TFN or ABN to the Fund, tax may be withheld (currently at a rate of 47%) on all or part of the distributions paid by the Fund. However, investors are entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

### 8.4.2. GST

No GST should be payable by an investor in respect of acquisitions of Units. Such acquisitions involve dealings with securities, so the various supplies will be input taxed or GST-free/outside scope to non-resident investors.

There may be an indirect GST cost for GST registered investors on any costs they incur, as input tax credits will generally not be available for GST incurred in respect of supplies relating to the dealings with these Units (e.g., legal and other adviser fees). This will depend on the circumstances of the particular investor.

### 8.4.3. Stamp duty

Stamp duty is levied by States and Territories of Australia on certain acquisitions of interests in trusts. Other than in Queensland, a liability to duty should not arise for an investor on a transfer, issue or disposal of Units, provided that an investor (alone or together with any associates or under associated transactions) does not acquire a significant interest in the Fund. Whether a dutiable 'significant interest' is acquired will also depend on the nature and location of any constructively owned land assets held by the Fund at a particular time and whether the relevant Fund is a 'landholder' for duties purposes in a relevant jurisdiction.

For example, if the Fund is taken to be a 'landholder' in Victoria, a 'significant interest' is 20% or more of the issued Units of the Fund. If the Fund is taken to be a 'landholder' in NSW, a 'significant interest' is 50% or more of the issued units of the Fund. To the extent that Fund indirectly holds only securities in listed entities, duty may not apply.

A liability to Queensland trust acquisition duty may arise for an investor on a transfer to, issue to or disposal of Units in the Fund (or on an agreement to do these things) where any of the underlying assets of the Fund consist of dutiable property in Queensland (whether held directly or indirectly by the Fund).

Any stamp duty arising on dealings in Units in a Fund will be payable by the investor.

Investors should obtain their own advice on whether duty is payable or not on any transaction concerning Units.

## 8.5 Taxation implications for New Zealand Unitholders

The following is a summary of the New Zealand tax consequences for New Zealand residents (other than transitional residents) who subscribe for Units under this PDS.

This summary is based on the New Zealand taxation laws in effect as at the date of this PDS. New Zealand Unitholders should seek their own professional advice regarding the taxation implications of investing in the Fund.

### 8.5.1. Foreign investment fund rules

Units held in the Fund are treated as an attributing interest in a foreign investment fund (**FIF**) for New Zealand tax purposes (referred to below as a **FIF investment**). Therefore, New Zealand tax resident Unitholders (**New Zealand Unitholders**) may need to apply the FIF rules to the Units they hold, depending on their individual circumstances.

Where the NZ\$50,000 de minimis exclusion (described below) does not apply, a New Zealand Unitholder will be required to calculate their income from Units they hold each tax year under the FIF rules.

The primary method for calculating income under the FIF rules is the fair dividend rate method. Under that method, a New Zealand Unitholder is deemed to have income each tax year equal to 5% of the market value of the New Zealand Unitholder's FIF investments, including their Units, as at 1 April (converted to New Zealand dollars). A modified version of this method applies to Unitholders who are managed funds. Any amounts they actually receive in relation to their Units (including cash distributions and proceeds from the sale of their Units) will generally not be separately taxed where the fair dividend rate method is applied. Note that a variation of the fair dividend rate method applies where Units are acquired and disposed of in the same tax year.

Individuals and certain trusts can switch to the comparative value method from year to year. That method would result in them being taxed on their actual unrealised and realised gain from their FIF investments (including their Units) over the relevant tax year, converted to New Zealand dollars. This switch may be desirable in a tax year where the actual gain in that year is less than the deemed 5% return under the fair dividend method (although losses are not deductible). However, the switch must be made for the Unitholder's entire portfolio of FIF investments (to the extent the Unitholder would otherwise be permitted to apply the fair dividend method in respect of those investments).

### **8.5.2. De minimis threshold**

A de minimis exclusion from the FIF rules can apply to natural persons and certain trustees where the total cost of all FIF investments held by them is not more than NZ\$50,000. In applying this threshold, the cost of investments that are specifically excluded from the FIF rules, most notably shares in ASX listed companies, are ignored. A New Zealand Unitholder can elect that the de minimis exclusion does not apply.

Where the de minimis exclusion applies, the New Zealand Unitholder will (broadly) be taxed on a realisation basis. Any ongoing distributions they receive in relation to their Units will generally be taxable as dividends when they are received. As New Zealand does not currently have an express capital gains tax, any amount a New Zealand Unitholder receives from disposing of their Units will not be subject to New Zealand income tax unless the New Zealand Unitholder holds their Units on 'revenue account'. A New Zealand Unitholder will hold their Units on revenue account if they hold their Units as part of a share dealing business, the Units were acquired with a purpose of disposal, or the Units are being disposed of as part of a profit-making undertaking or scheme.

### **8.5.3. Australian withholding tax**

Australian withholding tax deducted from distributions by the Fund may be allowed as a credit against a New Zealand Unitholder's New Zealand income tax liability in respect of their investment in the Fund, subject to the general limitation that the credit allowed would be limited to the lesser of the New Zealand tax payable and the Australian withholding tax paid.

### **8.5.4. Goods and services tax**

Under current New Zealand law, no New Zealand goods and services tax liability will arise on either the issue of Units or on the subsequent transfer of Units.

## SECTION 9

# Keeping you informed

The Responsible Entity is subject to regular reporting and disclosure obligations in its capacity as responsible entity of the Fund.

The following reports will be made available electronically on the Fund website.

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### Monthly Report

The monthly report is published after the end of each month on the Fund website. The report includes:

- the current NAV of the Fund;
- the net return on the Fund assets after fees, costs and taxes;
- the redemption price of a Unit as at the date the NAV of the Fund was calculated;
- any changes to the key service providers since the last report, including any change in their related party status;
- any material change in the Fund risk profile or investment strategy; and
- any change in the individuals playing a key role in the investment decisions for the Fund.

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### Quarterly Reporting

The quarterly report is published after the end of each calendar quarter on the Fund website. This report will outline the general performance of the Fund.

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### Annual Report

As soon as reasonably practical after the end of the relevant period, the Manager shall provide each Unitholder with the final audited financial statements for the Fund as well as a report stating:

- the actual allocation to each asset type;
- the liquidity profile of the Fund's assets at the end of the period;
- the maturity profile of the liabilities as at the end of the period;
- any changes to the key service providers since the last report, including any change in their related party status;
- the leverage ratio as at the end of the period;
- the derivative counterparties engaged;
- the monthly and annual investment returns since inception;
- annual tax statement; and
- Distribution information.

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### Ongoing Availability

The latest monthly and quarterly addressing relevant matters as disclosed above is available on the Fund website.

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### Transaction Reporting

We will (via our Registry) confirm all applications, redemptions and distributions on your account where applicable.

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### Periodic Statement

We will (via our Registry) issue periodic statements providing Unitholders with details of their investment in the Fund such as opening balance, transactions, fees, costs, performance and closing balance for the period.

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Potential investors may obtain copies of audited financial statements and/or details of the underlying investments or current Unit Prices by contacting the Responsible Entity (see 'Contacting the Responsible Entity' section of this PDS). Under the Constitution of the Fund, the Responsible Entity has certain discretions in calculating Unit Prices. A documented unit pricing policy is maintained relating to the exercise of these discretions. A copy of the policy and documents relating to it are available free of charge on the Fund website or by contacting the Responsible Entity (see 'Contacting the Responsible Entity' section of this PDS).

## Online account access

Online account access is available for direct investors providing online access for you to:

- Check the total value of your investments in the Fund;
- View your account summary, including the Fund you are invested in, the number of Units, Unit Price and current balance of the Fund(s); and
- Review your recent transaction history.

Unitholders who wish to access their unit holding information online should register for this service online at <https://investor.automic.com.au>. For direct retail investors, we will provide your adviser or authorised representative with a separate login ID and password to access your account information. Access is subject to terms and conditions that will be available online upon accessing this service.

# Additional Information

## Important

The following information in relation to the Fund is a summary of important additional information you should know if you are considering an investment in the Fund.

## Transfer of Units

Please contact the Registry if you would like to transfer Units. Transferring Units may have tax implications and you should consult your taxation adviser before you arrange any transfer of Units. The Responsible Entity may in its discretion refuse to register any transfer of Units and is not required to give any reasons.

## Register of Unitholders

The register of Unitholders is maintained by the Registry.

## Consents

Each of the Manager, the Registry, the Administrator, the Custodian and the Auditor:

- has made no statement included in this PDS or on which a statement made in this PDS is based, other than the details about it, and the other sentences in this PDS that refer to it (in the case of the Manager, this includes statements and information in relation to the investment strategy of the Underlying Fund and information about the Manager and the Underlying Fund Manager);
- has consented to those statements being included in this PDS in the form and context in which they appear and has not withdrawn this consent before the date of this PDS;
- specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this PDS; and
- has not authorised or caused the issue of any part of this PDS.

## Custodian

The Responsible Entity has appointed the Custodian to hold the Fund's assets and will pay the Custodian a fee for acting as the Fund's custodian. This fee is not an additional fee to you and is included in the management fees and costs described in this PDS.

In its role as custodian, the Custodian holds assets of the Fund. The role of the custodian is limited to holding assets of the Fund and it has no supervisory role in relation to the operation of the Fund.

The Custodian has given, and not withdrawn, its consent to being named in this PDS as the custodian of the Fund.

## Fund Administrator

The Administrator has been appointed as administrator of the Fund. Under the administration agreement, the Administrator will provide fund accounting, unit pricing and financial reporting services to the Fund. Fees payable to the Fund Administrator is included in the management fees and costs described in this PDS. The Administrator also acts as administrator to the Underlying Fund and each of the other Capital Partners Trusts.

The Administrator has given, and not withdrawn, its consent to being named in this PDS as the administrator of the Fund.

## Unit Registry

The Registry has been appointed to provide unit registry services to the Fund. Under the registry agreement, the Registry will maintain the registry of Unitholders and record the issue, transfer and redemption of Units in the Fund. Fees payable to the Registry is included in the management fees and costs described in this PDS. The Registry will also be responsible for the payment of distributions and providing communication to Unitholders.

The Registry has given, and not withdrawn, its consent to being named in this PDS as the unit registry service provider of the Fund.

## Compliance Plan Auditor

The Compliance Plan Auditor has been appointed as the independent auditor of the Compliance Plan of the Fund.

The Compliance Plan Auditor has given, and not withdrawn, its consent to being named in this PDS as the Compliance Plan Auditor of the Fund.

## Auditor

The Auditor has been appointed as the independent auditor of the Fund. The Auditor has also been appointed as independent auditor of the Underlying Fund and each of the other Capital Partners Trusts.

The Auditor has given, and not withdrawn, its consent to being named in this PDS as the auditor of the Fund.

## Changes to Key Service Providers

The Responsible Entity has processes and procedures in place for selecting, monitoring and reviewing the performance of the key service providers of the Fund as well as any delegations made by such service providers. These service providers are subject to change at any time and in some cases without prior notice to investors. We will inform investors of any material changes to key service providers in the next regular communication or as otherwise required by law.

## Conflicts of Interest

The Manager, or members of the Responsible Entity Board, may have interests conflicting with the Fund's interests arising in the ordinary course of its business.

The members of the Responsible Entity Board may also be directors of other entities within HMC Capital or of any other entities who provide services to the Responsible Entity, which may receive various fees and commissions in relation to the Fund.

In addition, members of Responsible Entity Board and their associates over the life of the investment are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Fund or the Underlying Fund.

In particular, David Di Pilla, the Responsible Entity Board's Managing Director and Group Chief Executive Officer and William McMicking have indirectly invested into a parallel vehicle of the Underlying Fund. Mr Di Pilla and Mr McMicking, through their own investment vehicle, have invested in HMC Capital Partners Trust A (**Trust A**) of the Capital Partners Trusts. Mr Di Pilla and Mr McMicking do not have any direct interest in the Fund or the Underlying Fund itself.

In addition, members of the Underlying Fund's Investment Committee as well as employees of the Manager have invested into parallel vehicles of the Underlying Fund.

HMC Capital has invested in Trust B of the Capital Partners Trusts and may invest additional capital in its own capacity in the Fund, the Underlying Fund, or a parallel vehicle of the Underlying Fund.

## Section 10: Additional Information

The information set out below identifies some areas where potential conflicts and related party transactions may arise:

### Co-investment by the Underlying Fund

The Underlying Fund may participate as a co-investor in transactions that otherwise meet the investment criteria as determined by the Underlying Fund Manager. Such co-investments may involve other clients of the Underlying Fund Manager or third parties and may occur on terms which are different to the Fund and/or the Underlying Fund. In addition, the Underlying Fund Manager may give advice and take action in the performance of its duties to co-investors which differs from advice given and action taken in relation to the Fund and/or the Underlying Fund.

### Co-investment by investors

The Underlying Fund Manager may, but will be under no obligation to, provide investors in the Capital Partners Trusts with the opportunity to co-invest in any investment considered by the Underlying Vehicles. The Underlying Fund Manager may offer all or part of such co-investment to a party who is not an Underlying Fund investor. Key individuals or management teams that have been instrumental in securing and supporting a transaction may also have a co-investment right. The Manager will not be required to account to the Underlying Fund for any co-investment fees earned by it or any associate.

### Other clients of the Manager

The Manager does not act exclusively for the Fund and the Underlying Fund. The Manager may act as the manager or general partner for a number of clients and has fiduciary obligations and duties in relation to each of those clients that are similar to its obligations and duties in relation to the Fund and/or the Underlying Fund.

Other clients may co-invest with the Fund and/or the Underlying Fund, on terms which may be different to those offered to the Fund and/or the Underlying Fund having regard to the various matters including the size and nature of the investment and differing investment objectives and strategies.

The Manager may give advice and take action in the performance of its duties for other clients which differ from advice given and action taken in relation to the Fund or its assets.

### Management of conflicts of interest

The Responsible Entity has implemented policies and procedures to seek to identify and manage conflicts in a fair and equitable manner, that are designed to appropriately manage these conflicts of interest that arise in relation to the Fund.

The Responsible Entity will have regard to its obligations to act in the best interests of the members of the Fund if a potential conflict of interest arises. Each of the Manager and the Responsible Entity has documented procedures for the management of conflicts through identification, clearance and management of any conflicts of interest.

## The Constitution

Investors that apply under this PDS will receive Units when their application to invest is accepted by us. Each Unit represents an equal undivided share in the beneficial interest in the assets of the Fund as a whole subject to liabilities but does not give any Unitholder an interest in any particular property of the Fund.

The Responsible Entity's responsibilities and obligations, as the responsible entity of the Fund, are governed by the Constitution as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the Responsible Entity and Unitholders. Some of the provisions of the Constitution are discussed elsewhere in this PDS. Other provisions relate to a Unitholder's rights under the Constitution, and include:

- a Unitholder's right to share in any Fund income, and how we calculate it;
- what Unitholders are entitled to receive when they withdraw or if the Fund is wound up;
- a Unitholder's right to withdraw from the Fund;
- the nature of the Units – identical rights attach to all Units; and
- a Unitholder's rights to attend and vote at meetings – these provisions are mainly contained in the Corporations Act.

There are also provisions governing our powers and duties, including:

- how we calculate Unit Prices, the maximum amount of fees (if any) we can charge and expenses we can recover;
- when we can amend the Constitution – generally we can only amend the Constitution where we reasonably believe that the changes will not adversely affect Unitholder’s rights. Otherwise, the Constitution can only be amended if approved by the requisite majority at a meeting of Unitholders;
- when we can retire as the Responsible Entity of the Fund – which is as permitted by law;
- when we can be removed as the Responsible Entity of the Fund – which is when required by law; and
- our broad powers to invest, borrow and generally manage the Fund.

The Constitution also deals with our liabilities in relation to the Fund and when we can be reimbursed out of the Fund’s assets:

- to the extent permitted by law and subject to the Corporations Act we are not liable for acting in good faith in reliance on professional advice; and
- we are indemnified for any liabilities we incur in connection with the proper performance of our duties in respect of the Fund.

As mentioned above, our responsibilities and obligations as the responsible entity of the Fund are governed by the Constitution as well as the Corporations Act and general trust law, which generally require that we:

- act in the best interests of Unitholders and, if there is a conflict between Unitholders’ interests and our own, give priority to Unitholders;
- treat Unitholders in the same class equally and Unitholders in different classes fairly;
- ensure the property of the Fund is clearly identified, held separately from other funds and our assets, and is valued at regular intervals appropriate to the nature of the asset;
- ensure payments from the Fund’s property are made in accordance with the Constitution and the Corporations Act;
- subject to the Corporations Act, we are not liable for any loss unless we fail to act in good faith, act negligently or in breach of trust; and
- report to ASIC any reportable situation under the Corporations Act in accordance with law.

Copies of the Constitution are available, free of charge, on request from the Responsible Entity.

## **Rights and liabilities of Unitholders**

Each Unit carries with it an equal beneficial interest in the Fund as a whole, but not in any particular asset of the Fund. Fund income is only distributed to registered Unitholders entitled to a distribution as at the last day of the distribution period. Unitholders may not interfere with the Responsible Entity’s powers or exercise any rights under the Constitution.

Under the Constitution and the Corporations Act, Unitholders may:

- Subject to the restrictions in the Constitution, transfer Units in the Fund
- Requisition, attend and vote at meetings of the Fund
- Share in the income and capital distributions of the Fund
- Participate in the winding up of the Fund

### Unitholders' liability

The Constitution of the Fund provides that unless there is a separate agreement with a Unitholder, a Unitholder is not required to indemnify the Responsible Entity or a creditor of the Responsible Entity against any liability of the Responsible Entity in respect of the Fund. The Constitution also provides that a Unitholder's liability is limited to the amount (if any) which remains unpaid in relation to their subscription for Units in the Fund and any outstanding tax or user pays fee obligations arising from the Unitholder's action or inaction or as a result of an act or omission of the Responsible Entity requested by the Unitholder. The Responsible Entity may also be entitled to be indemnified by the Unitholder for any tax and related costs as a result of the operation of the AMIT Regime, to the extent the tax reasonably relates to the Unitholder's Units. The Responsible Entity may redeem some or all of a Unitholder's Units to satisfy an amount of money due from the Unitholder to the Responsible Entity. The Responsible Entity is also permitted to deduct certain amounts of money from amounts otherwise due from the Responsible Entity to the Unitholder. The Responsible Entity is entitled to be indemnified in certain circumstances by a Unitholder or a person who was at any time a Unitholder in respect of any tax or user pays fees referable to that person.

### Retirement and removal of HMC Capital Investments Limited as the responsible entity

HMC Capital Investments Limited may be removed as responsible entity of the Fund in the circumstances set out in the Corporations Act, including where Unitholders pass an extraordinary resolution to remove HMC Capital Investments Limited as the responsible entity. HMC Capital Investments Limited may also retire voluntarily and must call a meeting of Unitholders who may choose a replacement by extraordinary resolution.

### Termination of the Fund

The Responsible Entity may terminate the Fund at any time in its absolute discretion by giving notice to Unitholders or in the circumstances provided in the Corporations Act, including pursuant to an extraordinary resolution passed by Unitholders. Where the Fund is terminated, the Responsible Entity must sell all the assets of the Fund and distribute the net proceeds to Unitholders in proportion to the number of Units held.

### Meetings

The Responsible Entity may convene a meeting of Unitholders at any time. Unitholders may convene a meeting in accordance with the Corporations Act. Only those Unitholders that are entered on the register of Unitholders may be entitled to vote at any meeting of Unitholders and voting exclusions may apply in accordance with the Corporations Act.

### Investment Management Agreement

The Investment Management Agreement ('IMA'), between the Responsible Entity and the Manager, provides for the appointment of the Manager to perform investment management services in relation to the ongoing operation of the Fund in return for the payment of the Manager's costs and expenses as set out in the IMA. The investment management services to be provided by the Manager or its properly appointed delegates include:

- portfolio management;
- administrative services; and
- providing recommendations and information to the Responsible Entity to comply with its obligations under the Constitution.

The Manager will be reimbursed from the Fund for all expenses incurred by the Manager other than in the event of fraud, dishonesty, gross negligence, wilful misconduct or material unremedied breach of the IMA.

The Responsible Entity may terminate the Manager's appointment:

- if Unitholders pass a special resolution to remove the Manager; or
- if a cause event (such as insolvency or where the Manager has acted with fraud, dishonesty or wilful misconduct as manager, or a material unremedied breach of the IMA) occurs in respect of the Manager and the Unitholders pass an ordinary resolution to remove the Manager.

## Underlying Fund Investment Management Agreement

The investment management agreement ('**Underlying Fund IMA**'), between the trustee of the Underlying Fund, each trustee of the other Capital Partners Trusts and the Underlying Fund Manager, provides for the appointment of the Underlying Fund Manager to perform investment management services in relation to the ongoing operation of the Underlying Fund and the other Capital Partners Trusts in return for the payment of the Underlying Fund Manager's fees and costs and expenses as set out in the Underlying Fund IMA and as disclosed in Section 4 of this PDS, 'Fees and costs'. The investment management services to be provided by the Underlying Fund Manager or its properly appointed delegates include:

- portfolio management;
- administrative services; and
- providing recommendations and information to the trustee of the Underlying Fund to comply with its obligations under the trust deed of the Underlying Fund.

The Underlying Fund IMA provides that the Underlying Fund Manager will be paid a management fee and a performance fee. The amounts of these fees are disclosed in Section 4 of this PDS, 'Fees and costs', and will be reimbursed from the Underlying Fund for all expenses reasonably and properly incurred by the Underlying Fund Manager other than in the event of fraud, dishonesty, gross negligence, wilful misconduct or material unremedied breach of the Underlying Fund IMA.

The Underlying Fund Manager must notify the trustee of the Underlying Fund as soon as reasonably practicable after becoming aware of any breach of the Underlying Fund IMA. The Underlying Fund Manager may be removed:

- by a special resolution of the investors across all Capital Partners Trusts where a cause event (such as fraud, dishonesty or wilful misconduct or material breaches of investment documents) occurs in respect of Underlying Fund Manager; or
- following the Lock-Up Period, by a special resolution of the investors across all Capital Partners Trusts.

A quorum of 20% of the aggregate capital commitment of the Capital Partners Trusts is required for any meeting to remove the Underlying Fund Manager. The Underlying Fund Manager may also retire on 20 Business Days' written notice.

### Deed of Co-Operation

The trustee of the Underlying Fund and the trustees of the other Capital Partners Trusts have entered into a deed of co-operation to coordinate the affairs and operation of the Capital Partners Trusts. Amongst other things, the trustees must convene meetings of each Capital Partners Trust to consider resolutions that are required to be passed in respect of the Capital Partners Trusts as a whole.

## Complaints

If you have a complaint about your investment in the Fund, you can contact us by email, phone, through the Fund website, or by writing to us at:

### Complaints Handling Officer

HMC Capital Investments Limited  
Level 7, 1 Macquarie Place  
Sydney NSW 2000

Phone: 1300 466 326

Email: [complaints@hmccapital.com.au](mailto:complaints@hmccapital.com.au)

The Responsible Entity has procedures for dispute resolution that comply with section 912A(2) of the Corporations Act and they are available to Unitholders free of charge. Unitholders (including indirect investors through an IDPS or an IPDS-like scheme) may make a complaint relating to the Fund directly to the Responsible Entity in writing. The Responsible Entity will acknowledge any complaint promptly. If you are not satisfied with the response, you have the right to use an external complaints resolution process. The Responsible Entity is a member of Australian Financial Complaints Authority ('**AFCA**'). AFCA assists with the resolution of disputes between consumers and participating financial services providers. AFCA can be contacted by phone on 1800 931 678 or by email on [info@afca.org.au](mailto:info@afca.org.au).

AFCA is not available to New Zealand Unitholders. If you are a New Zealand Unitholder, please see the 'Warning Statement for New Zealand investors' for further details on how you may make a complaint.

### Email terms and conditions

By sending an email or another form of electronic communication to the Responsible Entity, the investor accepts the following terms and conditions:

- The investor authorises the Responsible Entity and any of its authorised agents to act upon instructions given by email or another form of electronic communication with respect to Units subscribed for (and any further Units purchased) or any matter in connection with them without any liability in respect of any transfer, payment or any other act done in accordance with such instructions, including payment of proceeds from sales of Units.
- The investor bears the risk that someone who knows their account details may send the Responsible Entity an instruction to apply or withdraw via email or another form of electronic communication. Any action taken by that person will be deemed to be taken by the investor. The Responsible Entity is not responsible to the investor for any fraudulently completed communications. The Responsible Entity will not compensate the investor for any losses.
- The investor bears the risk that the use of this arrangement may result in the duplication of instructions received by the Responsible Entity. The Responsible Entity will not compensate investors for any losses arising from the processing of duplicate instructions.
- The investor agrees to release, discharge and indemnify the Responsible Entity, and any other related or associated entities of the Responsible Entity, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement.
- The Responsible Entity will only act on a properly completed communication that has been received by the Responsible Entity. A record on the investor's email software showing that an email has been sent is not evidence that the email was received by the Responsible Entity. The Responsible Entity is not liable for any loss or delay resulting from the non-receipt of any transmission.
- The Responsible Entity may cancel this arrangement or vary these conditions without notice.
- Instructions to change payment details or signatories received by email by the Responsible Entity will not be accepted without prior agreement by the Responsible Entity.
- The investor bears the risk of delays in processing instructions if an email is sent to the wrong email address.

### Signatories' terms and conditions

- If the investor has granted a power of attorney, the attorney declares that he/she has not received notice of revocation of that power. A certified copy of the power of attorney should be submitted unless it has been provided previously to the Responsible Entity.
- If investing as trustee on behalf of a superannuation fund or trust, the trustee confirms that they have the power and authority under the relevant trust deed to invest on behalf of the superannuation fund or trust.
- If investing on behalf of an unincorporated entity, the officer confirms that they have the power and authority under the relevant rules/constitution to invest on behalf of the entity.
- In the case of joint applications, the investors agree to hold the Units as joint tenants and acknowledge that, unless otherwise stated, either investor is able to operate the account, including making withdrawal requests and additional applications.
- If investing as a company/incorporated association, the investor confirms that they are officers of the company/ incorporated association and that they have the authority to bind the company/incorporated association to the investment. If they are a sole signatory signing on behalf of a company, the investor confirms that they are signing as the sole director/secretary of the company.
- Each individual investor confirms that they are 18 years of age or over (otherwise applications must be made in the name of parent/guardian and signed by parent/guardian).
- Where a document received by the Responsible Entity bears a signature of an investor that has been applied electronically, or includes a scanned or other form of electronic copy of a signature of an investor, and the signature appears to be authentic, the Responsible Entity will be entitled to assume (without making any further enquiries) that the investor has applied, or has authorised the application of, the signature and to act on the document as if it had been signed by the investor, and the investor agrees

to release, discharge and indemnify the Responsible Entity, and any other related or associated entities of the Responsible Entity, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising as a result of the above. Please note that physical signatures may still be required for certain documents.

- By making an application for Units in the Fund the investor:
  - Agrees to be bound by the provisions of this PDS, the Application Form and the Fund's Constitution (which may be amended from time to time).
  - Acknowledges that the Responsible Entity reserves the right to refuse an application for Units at its discretion.
  - Declares that the application was included in, or accompanied by, the current PDS which they have read.
  - Acknowledges that neither the Responsible Entity nor any other person guarantees the return of capital, or the performance of the Fund.
  - Acknowledges that telephone conversations with the Responsible Entity may be recorded.
  - Authorises the Responsible Entity to apply the Australian Business Number quoted to all investments in the name of the investor.
  - Authorises the Responsible Entity to apply the Tax File Number quoted to all investments in the name of the investor, unless the investor requests otherwise.
  - Authorises the Responsible Entity to collect, hold, use and disclose personal information about the investor in accordance with the Responsible Entity's privacy statement in Section 10 of this PDS, including for direct marketing.

### **Adviser/consultant/broker and authorised signatories' terms and conditions**

If the adviser/consultant/broker or authorised signatories section of the Application Form has been completed, the investor confirms that the following terms and conditions will apply to the appointment (subject to applicable legal requirements):

- The Responsible Entity will only pay the investor. Payment to third parties is not permitted.
- The Responsible Entity may treat the exercise of any power by a person reasonably believed to be acting as an investor's adviser/consultant/broker or authorised signatory as if the investor had personally exercised those powers. An investor cannot claim that their adviser/consultant/ broker or authorised signatory was not acting on their behalf until the arrangement is discontinued by written notice being received by the Responsible Entity.
- The Responsible Entity is authorised to disclose information about an investor's investment in the Fund to the investor's adviser/consultant/broker or the authorised personnel of the adviser/ consultant/broker.
- The investor's adviser/consultant/broker or authorised signatory does not have the power to appoint another authorised signatory for an investor's investment. Only the investor has this power.
- The investor agrees to release, discharge and indemnify the Responsible Entity and any other related or associated entities of the Responsible Entity from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement or the appointment or exercise of powers by the adviser/consultant/broker or authorised signatory.
- If the payment is made in accordance with the request or instructions of the adviser/consultant/ broker or authorised signatory, the investor shall have no claim against the Responsible Entity and any related or associated entities in relation to the payment.
- Any document or information required to be provided to the investor under any law that is given by the Responsible Entity to the adviser/consultant/broker or authorised signatory, in accordance with the requests or instructions of the adviser/consultant/ broker or authorised signatory, shall be to the complete satisfaction of the obligation of the Responsible Entity, notwithstanding whether the document or information was requested, made or received without the investor's knowledge or authority.
- The investor is bound by the actions of the adviser/ consultant/broker or authorised signatory in relation to the operation of their investment in the Fund.
- The Responsible Entity may cancel this arrangement or vary these conditions without notice.

### AML/CTF acknowledgement

By applying to invest in the Fund you warrant that:

- You comply and will continue to comply with AML/CTF Law;
- You are not aware and have no reason to suspect that:
  - The monies used to fund your investment in the Fund have been or will be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement (**'illegal activity'**); or
  - Proceeds of your investment in the Fund will be used to finance any illegal activities;
- You will provide us with true and correct information and all additional information and assistance that we may request in order for us to comply with any AML/CTF Law;
- You have disclosed to us if you are not a 'politically exposed' person or organisation for the purposes of any AML/CTF Law; and
- You acknowledge that AML/CTF Law requires the Responsible Entity to maintain up to date identification and verification records about you for the period in which you are invested in the Fund.

You acknowledge that the Responsible Entity may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms this PDS or alter the arrangements in respect of the Fund, where the Responsible Entity is required to do so due to changes in AML/CTF Law.

By applying to invest in the Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of Units in the Fund, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any AML/CTF Law, and we will incur no liability to you if we do so. You further acknowledge that the Responsible Entity is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is the Responsible Entity obliged to provide you with its reasons for any such actions.

### Foreign Account Tax Compliance Act ('FATCA') acknowledgment

FATCA is a due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with 'foreign financial institutions' to conceal income and assets from the U.S. Internal Revenue Service (**'U.S. IRS'**).

Under FATCA, a 30% withholding may be imposed (i) in respect of certain payments of U.S. source income and (ii) in respect of 'foreign passthru payments', which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (**'FATCA Withholding'**). FATCA Withholding in respect of foreign passthru payments is not expected to apply before the date on which final regulations defining the term 'foreign passthru payment' are filed with the U.S. Federal Register (the final definition is yet to be published).

Reporting Australian Financial Institutions (**'RAFI'**) under the Australia-U.S. FATCA Intergovernmental Agreement dated 28 April 2014 (**'Australian IGA'**) must comply with specific due diligence procedures. In general, these procedures seek to identify their account holders and provide the ATO with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. IRS. As investors in the Fund, you agree to provide all the necessary information and certification required by the Responsible Entity to meet our obligations under FATCA.

A RAFI that complies with its obligations under the Australian IGA will generally not be subject to FATCA Withholding on amounts it receives and will not be required to deduct FATCA Withholding from payments it makes, other than in certain prescribed circumstances. In the event that any amount is required to be withheld or deducted from a payment to you, as a result of FATCA, no additional amounts will be paid to you as a result of the deduction or withholding.

The investor acknowledges that where the Responsible Entity becomes aware at any time that Units in the Fund are beneficially owned by a US Person, a US owned non-US entity, a non-participating FFI or a person who fails to provide the requisite documentation in relation to its US tax status, the Responsible Entity may at its sole discretion compulsorily redeem those Units.

## Common Reporting Standard ('CRS')

Australian financial institutions ('**AFIs**') are required to comply with the CRS. CRS provides a global standard for the collection of financial account information on account holders who are foreign tax residents. The Fund as an AFI must comply with the reporting requirements. As investors in the Fund, you are required to certify certain information about your tax residency status before we accept your application. Under CRS, we will be required to report details of foreign tax residents together with details of their investments to the ATO.

The ATO may exchange financial account information with participating foreign jurisdictions. You agree to provide all the necessary information and certification required by the Responsible Entity to meet our obligations under CRS.

## US Persons

Neither the Responsible Entity nor the Units in the Fund have been registered under the United States Investment Company Act of 1940, the United States Securities Act of 1933 (**US Securities Act**) or any other US law or regulation. The Responsible Entity generally will not accept applications made by US Persons (as that term is defined in the US Securities Act) and will generally cause the compulsory withdrawal of any units held by a US Person, if to do otherwise may cause adverse consequences for a Fund, including requirements to register under or otherwise comply with US laws and regulations.

By making an application for Units in the Fund, each investor:

- Confirms that they are not a US Person (or a person covered under any similar definition under any other applicable US law), unless otherwise notified to the Responsible Entity in writing; and
- Undertakes to inform the Responsible Entity in writing if, after Units are issued to them, they later become a US Person (or a person covered under any similar definition under any other applicable US law).

## Privacy

The Responsible Entity must comply with the Privacy Act. This Act regulates the collection, storage, quality, use and disclosure of personal information. The Responsible Entity may collect, store, use and disclose personal information from and about you to assess any application you make for a product or service, to verify your identity, and to provide and administer its products and services. The Corporations Act, the AML/CTF Act, the Income Tax Assessment Act and the DDO Regime require the Responsible Entity to collect some personal information about you. For example, the Responsible Entity is required to maintain a register of Unitholders, which is accessible to the public on request. In accordance with the Responsible Entity's Privacy Policy, in most cases, investors have rights to access their personal information. If you do not want us to use your personal information for direct marketing purposes please contact The Privacy Officer at the address set out below.

The Responsible Entity may disclose your personal information to the Manager, the Registry, the Administrator, the Custodian, anyone you have authorised, or any broker, adviser, consultant or dealer group advising you or acting on your behalf, government departments or agencies as well as any related entities of the Responsible Entity and anyone acting on behalf of the Responsible Entity and/or the broker/adviser/consultant/dealer group such as external service suppliers who supply administrative, financial or other services to assist the Responsible Entity and/or the broker/adviser/consultant/dealer group in providing financial services. If we are not able to collect all the personal information we require, we may not be able to assess your application for the investment product or manage the product.

Please note that if you provide personal information to the Responsible Entity about another person, you warrant that you are authorised by that person to do so based on the information in this Privacy section.

## Section 10: Additional Information

Enquiries regarding access to personal information must be in writing or by email and addressed to:

**The Privacy Officer**

HMC Capital  
Level 7, 1 Macquarie Place  
Sydney NSW 2000

Email: [privacy@hmccapital.com.au](mailto:privacy@hmccapital.com.au)

Further information on how the Responsible Entity handles personal information can be found in the Privacy Policy that is available on the Responsible Entity's website [www.hmccapital.com.au](http://www.hmccapital.com.au). A copy of this Privacy Policy may be obtained free of charge upon request. The Privacy Policy also contains information about how the Responsible Entity collects, uses and discloses personal information, how you can access and correct the information about you held by the Responsible Entity as well as how complaints may be made and how they will be dealt with by the Responsible Entity.

# Warning statement for New Zealand investors

The offer of Units in the Fund to investors in New Zealand is being offered under the Mutual Recognition Regime. No offer of Units is being made to investors in New Zealand until such time as the relevant notice and accompanying documents required to be lodged under the Mutual Recognition Regime have been lodged.

If you are a New Zealand investor we are required to provide the following warning statement to you under New Zealand law.

## Warning Statement

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 Corporations Act 2001 (Aust) 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 a financial advice provider.

## 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 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.

## Dispute resolution process

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

## SECTION 12

## Glossary

Term	Meaning
<b>Additional Application Form</b>	means an Application Form that can be accessed from <a href="http://www.hmccapital.com.au">www.hmccapital.com.au</a> or by contacting the Responsible Entity.
<b>ADI</b>	means Authorised Deposit-taking Institution.
<b>Administrator</b>	Alter Domus Australia Pty Ltd (ACN 607 738 125).
<b>AFCA</b>	means the Australian Financial Complaints Authority.
<b>AMIT</b>	means a MIT that has made the election under section 276-10 of the <i>Income Tax Assessment Act 1997</i> (Cth) to be an Attribution MIT.
<b>AML/CTF Law</b>	means the applicable anti-money laundering (AML) and counter-terrorism financing (CTF) laws and regulations (including regulatory guidance), including but not limited to the law and regulations of Australia in force from time to time.
<b>Application cut-off time</b>	means the cut-off time of 5.00pm (Sydney time) on the 14th day of each calendar month (unless otherwise determined by the Manager).
<b>Application Form</b>	means the Application Form accompanying this PDS.
<b>Application Price</b>	means the application price for a Unit calculated in accordance with the Constitution.
<b>Approved Counterparties</b>	refers to the counterparties selected by the Underlying Fund Manager, as detailed in Section 2 'About the Fund' of this PDS, under the subheading 'Fund Investment Mandate', 'Counterparty Exposure'.
<b>ASIC</b>	means the Australian Securities & Investments Commission or if it ceases to exist, any regulatory body or authority as then serves substantially the same objects.
<b>ASIC Regulatory Guide 240</b>	means ASIC Regulatory Guide 240: <i>Hedge Funds: Improving Disclosure</i> .
<b>ATO</b>	means the Australian Taxation Office.
<b>AUD</b>	means Australian dollars.
<b>Auditor</b>	KPMG (ABN 51 194 660 183)

Term	Meaning
<b>Australian IGA</b>	means the U.S. FATCA Intergovernmental Agreement dated 28 April 2014.
<b>Business Day</b>	means any day excluding a Saturday or Sunday on which banks are open for business in Sydney.
<b>Buy-sell spread</b>	refers to the transaction costs in relation to the redemption/withdrawal of Units as described in Section 2 'About the Fund' of this PDS, under the subheading 'Valuation within the Fund'.
<b>Calculation Period</b>	means the 12 month period up to the date on which the Manager may be eligible to be paid a Performance Fee.
<b>Capital Partners Trusts</b>	means Trust A, Trust B, and the Underlying Fund.
<b>CGT</b>	means capital gains tax.
<b>Compliance Committee</b>	means a compliance committee established by the Responsible Entity in connection with the Fund.
<b>Compliance Plan Auditor</b>	KPMG (ABN 51 194 660 183)
<b>Constitution</b>	means the constitution of the Fund, as amended or replaced from time to time.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>CRS</b>	means common reporting standard, which refers to the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information, as explained in section 10 'Additional Information' of this PDS, under the subheading 'Common Reporting Standard ('CRS')'.
<b>Custodian</b>	Equity Trustees Limited (ACN 004 031 298).
<b>DDO Regime</b>	means the requirements of Part 7.8A of the Corporations Act (including as interpreted by ASIC in its published guidance).
<b>DRP Rules</b>	means the Distribution Reinvestment Plan Rules for the Fund.
<b>Eligible investment business</b>	has the meaning described in Section 3 'Risks of investing in the Fund' of this PDS, under the subheading 'Tax', and Section 8 'Taxation' of this PDS.
<b>ESG</b>	means environmental, social and governance.
<b>Excess return</b>	means the 'excess return' per unit in respect of the Underlying Fund, which is the Unit Return less the Return Hurdle (or nil where the excess return is negative) as described in Section 4 'Fees and costs' of this PDS, under the subheading 'Performance Fees'.

## Section 12: Glossary

Term	Meaning
<b>FATCA</b>	means the Foreign Account Tax Compliance Act, which refers to: <ol style="list-style-type: none"> <li>1. sections 1471 to 1474 of the United States of America Internal Revenue Code of 1986 or any associated regulations;</li> <li>2. any treaty, law, regulation or official guidance enacted in any jurisdiction other than the United States, or relating to an intergovernmental agreement between the government of the United States and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or</li> <li>3. any agreement pursuant to the implementation of paragraphs (a) or (b) of this definition with the Internal Revenue Service of the US, the government of the US or any Government Agency in any other jurisdiction.</li> </ol>
<b>FATCA Withholding</b>	refers to the withholding which may be imposed under FATCA, as described in section 10 'Additional information' of this PDS, under the subheading 'FATCA Acknowledgement'.
<b>FIF</b>	means foreign investment fund, as described in Section 8.5.1 of this PDS.
<b>FIF investment</b>	has the meaning described in Section 8.5.1 of this PDS.
<b>Fund</b>	means the HMC Capital Partners Retail Fund 1 (ARSN 666 525 677), which is a registered managed investment scheme under the Corporations Act.
<b>Fund website</b>	<a href="https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/">https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/</a>
<b>GST</b>	means any goods and services tax, consumption tax, value-added tax or similar impost or duty that is or may be levied or becomes payable in connection with the supply of goods or services.
<b>HMC Capital</b>	means HMC Capital Limited (ASX:HMC) and <b>HMC Capital Group</b> includes or any company or other entity which directly or indirectly controls, is controlled by or is under common control with HMC Capital Limited.
<b>Holding Trust</b>	refers to an Australian domiciled unregistered unit trust called the HMC Capital Holdings Trust, which is an investment entity of the Underlying Fund and the other Capital Partners Trusts.
<b>IDPS</b>	means an investor directed portfolio service.
<b>Indemnified Persons</b>	refers to the indemnified persons described in Section 3 'Risks of investing in the Fund' of this PDS, under the subheading 'Indemnity'.
<b>Indirect Australian real property interests</b>	has the meaning described in Section 8.3.2 of this PDS.
<b>Investment Committee</b>	A committee established by the Underlying Fund Manager in respect of Underlying Fund and as further described in Section 2 of this PDS.

Term	Meaning
<b>Investment Management Agreement or IMA</b>	means the investment management agreement of the Fund.
<b>IRR</b>	means internal rate of return.
<b>Manager or Underlying Fund Manager</b>	means HMC Investment Management Pty Limited (ACN 644 510 583).
<b>MIT</b>	means Managed Investment Trust.
<b>MIT ownership tests</b>	Refers to the specified 'widely held' and 'closely held' ownership requirements as described in the Section 3 'Risks of investing in the Fund' of this PDS, under the subheading 'Tax'.
<b>Modern Slavery Act</b>	means the <i>Modern Slavery Act 2018</i> (Cth).
<b>Mutual Recognition Regime</b>	means the mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Markets Conduct Regulations 2014 of New Zealand.
<b>NAV or Net Asset Value</b>	means the total assets minus the total liabilities of the Fund as determined in accordance with the Constitution.
<b>New Zealand Unitholders</b>	means New Zealand tax resident Unitholders.
<b>OTC</b>	means 'over the counter'.
<b>PDS</b>	means this Product Disclosure Statement.
<b>Privacy Act</b>	means the <i>Privacy Act 1988</i> (Cth) as amended from time to time.
<b>RAFIs</b>	means Reporting Australian Financial Institutions.
<b>Redemption Period</b>	refers to the period up to redeem Units from the Fund as described in the Key Fund Information table of this PDS.
<b>Redemption cut-off time</b>	means the cut-off time of 5.00pm (Sydney time) on the 14th calendar day of March, June, September or December for redemption at the end of the following calendar quarter.
<b>Registry</b>	Automic Pty Ltd (ACN 152 260 814).
<b>Responsible Entity</b>	means HMC Capital Investments Limited (ACN 606 555 480) (AFSL 478061).
<b>Responsible Entity Board</b>	means the Board of Directors for the responsible entity of the Fund.
<b>Return Hurdle</b>	means the return hurdle of 7% as described in Section 4 'Fees and costs' of this PDS.

## Section 12: Glossary

Term	Meaning
<b>Risk Trading Policy</b>	means the risk and trading policy for the Underlying Fund.
<b>RITC</b>	means a 'reduced input tax credit' as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) as amended from time to time.
<b>TMD</b>	means target market determination.
<b>Trust B</b>	refers to an Australian domiciled unregistered unit trust called the HMC Capital Partners Trust B.
<b>U.S. IRS</b>	means U.S. Internal Revenue Service.
<b>Underlying Fund</b>	refers to an Australian domiciled unregistered unit trust called the HMC Capital Partners Trust C.
<b>Underlying Fund IMA</b>	means the investment management agreement of the Underlying Fund and Capital Partners Trusts.
<b>Underlying Fund Net Unit Value</b>	is the net unit value in respect of the Underlying Fund, as described in Section 4 'Fees and costs' of this PDS.
<b>Underlying Fund Unit Price</b>	means the net asset value of the Underlying Fund, divided by the total number of units in the Underlying Fund, using the value of those variables determined by the trustee of the Underlying Fund as properly referable to the relevant class of units.
<b>Underlying Vehicles</b>	refers to both the Underlying Fund as well as the Holding Trust.
<b>Unit</b>	means a unit in the Fund.
<b>Unit Price</b>	means the Net Asset Value divided by the total number of Units, using the value of those variables determined by the Responsible Entity as properly referable to the relevant class of Units.
<b>Unit Return</b>	means the unit return in respect of each unit in the Underlying Fund, as described in Section 4 'Fees and costs' of this PDS, under the subheading 'Performance Fees'.
<b>United States or US</b>	means the United States of America and its territories and possessions including any state and the District of Columbia.
<b>Unitholder</b>	means a holder(s) of Units.

Term	Meaning
<b>US Person</b>	<p>means with respect to any person, any individual or entity that would be (i) a 'United States Person' as defined under Regulation S promulgated under the Securities Act; (ii) a person or entity that is not a 'Non-United States Person' as defined under CFTC Regulation 4.7; (iii) a 'U.S. person' under the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations published by the CFTC on 26 July 2013; or (iv) a 'United States person' under the IRC.</p> <p>'Securities Act' means the U.S. Securities Act, as amended. 'CFTC' means the U.S. Commodity Futures Trading Commission. The 'IRC' means the U.S. Internal Revenue Code of 1986, as amended.</p>
<b>US Securities Act</b>	means United States Securities Act of 1933.
<b>Wholesale clients</b>	has the meaning given to that term in the Corporations Act.

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## SECTION 13

# Directory

<b>Responsible Entity</b>	HMC Capital Investments Limited (ABN 34 606 555 480) (AFSL 478061)
<b>Registered Office</b>	Level 7 Gateway, 1 Macquarie Place, Sydney NSW 2000
<b>Phone</b>	1300 466 326
<b>Email</b>	<a href="mailto:invest@hmccapital.com.au">invest@hmccapital.com.au</a>
<b>Website</b>	<a href="http://www.hmccapital.com.au">www.hmccapital.com.au</a>
<b>Investment Manager</b>	HMC Investment Management Pty Ltd (ACN 644 510 583)
<b>Fund Auditor</b>	KPMG Level 38, Tower 3 International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
<b>Custodian</b>	Equity Trustees Limited Level 1, 575 Bourke Street Melbourne VIC 3000
<b>Administrator</b>	Alter Domus Australia Pty Ltd Level 3, 75 Castlereagh Street Sydney NSW 2000
<b>Unit Registry</b>	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000



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