



QVG  
CAPITAL

# QVG LONG SHORT FUND

INFORMATION MEMORANDUM

TRUSTEE AND INVESTMENT MANAGER  
QVG LONG SHORT COMPANY PTY LTD  
APRIL 2019

ABN 20 629 091 685 | CAR NO. 001271154  
[QVGCAPITAL.COM.AU](http://QVGCAPITAL.COM.AU)

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## BEFORE YOU START

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### THIS INFORMATION MEMORANDUM

QVG Long Short Company Pty Ltd (the **Manager**) is the trustee and investment manager for the QVG Long Short Fund (**Fund**) and the issuer of this information memorandum (**Information Memorandum**). The Information Memorandum is dated 8 February 2019.

This is an important document and you are encouraged to read it carefully. Because it does not consider your personal circumstances, you are encouraged to seek professional advice before investing. The Information Memorandum is not intended to be a recommendation by the Manager or its associates or any other person to invest in the Fund.

Information in this document is subject to change from time to time and, provided the changes are not materially adverse to investors, may be updated by the Manager publishing such information at [www.qvgcapital.com.au](http://www.qvgcapital.com.au). A paper copy of any updated information will be given upon request and is free of charge.

### STRUCTURE AND AUTHORISATIONS

The Fund is structured as an Australian wholesale (unregistered) unit trust and is a managed investment scheme for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**).

The Manager is a corporate authorised representative (CAR No. 001271154) of Lanterne Fund Services Pty Ltd (ACN 098 472 587, AFSL No. 238198) (**Lanterne**) and is authorised to provide advisory, dealing and incidental custody services in connection with the Fund to wholesale clients only.

The Manager has appointed Lanterne as its agent for the purposes of arranging for the offer to issue, vary or dispose of units in the Fund pursuant to section 911A(2)(b) of the Corporations Act. The Manager may only issue, vary or dispose of such units in accordance with Lanterne's offers, provided they are accepted.

Lanterne consents to being named in this Information Memorandum in the manner described above and, as at the date of this Information Memorandum, has not withdrawn its consent to be named. Lanterne does not take any responsibility for the contents of this Information Memorandum or the performance of the Fund. To the greatest extent possible, Lanterne does not accept any liability for any statement in this Information Memorandum.

### NOT A REGULATED DISCLOSURE DOCUMENT

The Manager has authorised the use of this Information Memorandum as disclosure to those persons who qualify as "wholesale clients" only (as the Corporations Act defines this term). It is provided to you as a person to whom an offer of the Units would not require a disclosure document under Part 7.9 of the Corporations Act because you are a wholesale client. If you are not a wholesale client, please do not read this Information Memorandum. Please return it immediately to the Manager.

### CONFIDENTIALITY AND RESTRICTIONS ON DISTRIBUTION

This Information Memorandum is confidential. You must not copy or circulate it, in whole or in part, to any other person unless they are within your organisation and directly involved in your consideration of the proposed offer.

This Information Memorandum (including any copy of it) may not be distributed, directly or indirectly, outside Australia where it may be unlawful to do so.

### NO LIABILITY

The Manager has prepared this Information Memorandum based on information available to it at the time of preparation and from sources believed to be reliable. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this Information Memorandum or any other information the Manager otherwise provides to you.

To the maximum extent permitted by law, the Manager and its officers, employees and advisors are not liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this Information Memorandum or otherwise in connection with it.

### FORWARD-LOOKING STATEMENTS

In particular, no representation or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward-looking statements contained in this Information Memorandum. Forecasts, projections and forward-looking statements are by their nature subject to significant uncertainties and contingencies. You should make your own independent assessment of the information and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.

## / LETTER FROM THE MANAGER

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Dear Investor,

We are pleased to invite you to invest alongside us in the QVG Long Short Fund (Fund).

QVG Capital was founded with the aim of delivering strong returns by investing in smaller Australian listed companies. While our investors have been well compensated for the volatility inherent in a long-only small cap strategy, we recognise the benefit of adding more weapons to our armoury both to enhance returns and manage risk. The Fund aims to give us these tools.

As an all-cap absolute return strategy, the Fund aims to give us full flexibility across the entire market by allocating capital to our best ideas regardless of size or index weight. Historically, we've found that a natural by-product of our bottom up stock-picking has been the identification of poorly performing stocks. The short selling capability of the Fund unlocks these ideas as a potential additional source of profit and we believe this tool will be complimentary to absolute returns.

While returns can never be guaranteed, we believe we have developed the Fund with the right building blocks to allow us the opportunity to pursue superior returns for our investors and ourselves. This includes a collaborative decision-making environment, an eye to liquidity and capacity management, and a philosophy and process that has withstood the test of time.

Our goal is to deliver strong absolute returns to our investors while remaining aware of the risks we are taking to generate those returns. We believe our alignment and incentives – via our personal investment in the Fund and fee structure – are consistent with this goal.

Prospective investors should be mindful that despite the Fund's ability to hedge and short sell stocks, it is a long-biased equity fund and there will be a certain level of month-to-month volatility. The journey may be bumpy but we believe, should investors stick with the strategy, it could ultimately be a rewarding one. To prepare oneself for this volatility, we urge investors to read this Information Memorandum, including the section on risks, and seek professional advice.

We look forward to welcoming you as an investor in the Fund.

Kind Regards,

Josh Clark  
Portfolio Manager

Tony Waters  
Portfolio Manager

Chris Prunty  
Portfolio Manager

## 01 / KEY FEATURES OF THE FUND

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Fund name	QVG Long Short Fund
Trustee and investment manager	QVG Long Short Company Pty Ltd
Investment strategy	To achieve the Fund's investment objective by holding a portfolio of long and short equity positions
Return objective	To deliver strong absolute returns above the RBA Cash Rate. Returns are not guaranteed.
Investment timeframe	5-7 years
Liquidity Frequency	Unit pricing, redemptions and applications occur on each business day in Sydney
Administrator	Link Fund Solutions Pty Limited
Prime broker	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087)
Custodian	UBS Nominees Pty Limited (ABN 32 001 450 522, AFSL No. 231088)
Who can invest	To invest in the Fund you need to be a "wholesale client" as defined by the Corporations Act. Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices.
Fees	Management fee: 1.50% (excluding net GST) of the Net Asset Value of the Fund. Performance fee: 20% (excluding net GST) of performance above the RBA Cash Rate (after deduction of management fees and Fund expenses), and subject to a high water mark. Please see the Fees and Costs section for more information.
Applications	The minimum initial application that will be accepted is \$100,000 (unless otherwise agreed with the Manager) with additional applications subject to a minimum of \$25,000. Applications will be processed on each business day.
Withdrawals	The minimum withdrawal request is \$25,000. Withdrawals will be processed on each business day.
Buy/sell spread	+/- 30 basis points
Distribution frequency	Any distributions will be paid on an annual basis. Distributions are generally reinvested in the Fund unless you instruct otherwise.
Cooling off	There is no cooling-off right for investors. An Application Form cannot be withdrawn once it has been received.



## 02 / THE INVESTMENT OPPORTUNITY

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### EXPOSURE TO EXCHANGE TRADED COMPANIES

The Fund will invest in 'all-cap' listed companies; defined as small, mid and large cap securities traded on a public stock exchange. We expect the majority of these companies to be listed on the Australian Securities Exchange (**ASX**).

The Fund will buy securities (long positions) and also borrow securities to sell (short positions) in order to benefit from both rising and falling share prices, and to manage portfolio risk. The Fund will aim to profit from the Manager's ability to identify and buy securities that it believes will do relatively well and to identify and sell securities that it believes will do relatively poorly.

The Fund will aim to hold a portfolio of attractively priced, high returning, lowly geared growing small, mid and large cap companies. Against this the Fund will sell, where possible, expensive, low returning, highly geared, poorly performing companies.

The Fund will be index unaware in the sense that stocks are selected based on their intrinsic merits and not on their size or weight in a benchmark.

### INVESTMENT OBJECTIVE

The Fund aims to deliver strong absolute returns while also outperforming the RBA Cash Rate. Returns are not guaranteed.

### INVESTMENT PHILOSOPHY

On the long and short side, earnings drive share prices. We believe that in the long term a company's share price will move towards

fair value based on the earnings performance of the business but in the short term a range of factors can cause the performance of a company and the performance of a stock to deviate from fundamental value. It is this mispricing that we seek to exploit.

### INVESTMENT STRATEGY

The Manager uses a fundamental approach to stock selection and portfolio management. We classify ourselves as neither a 'growth' nor 'value' manager but would rather invest in growing companies at a value price. We place a heavy emphasis on the financial metrics of a company in determining its attractiveness. Factors such as Returns on Capital, Balance Sheet Capacity and Cash Flow Conversion are closely scrutinised. Overlying this quantitative analysis are an assessment of qualitative factors such as management quality and alignment, key customer or supplier risk, predictability of revenue and earnings and the long-term vision of the company. Finally, we use our experience to identify any potential catalysts or market-related risks to the investment thesis. This aids in determining an appropriate weight for the position and helps identify milestones at which we would increase or reduce the position.

Investors should expect that the Fund will contain a portfolio of stocks which we anticipate overall will demonstrate above average returns of capital, below average balance sheet gearing and above average earnings growth. These conditions will be sought where possible from stocks trading at or below market earnings multiples based on our own internal estimates of the company's future earnings growth.

This is where the QVG name comes from - Quality, Value, Growth. By holding companies with these characteristics, we are starting with what we believe will be a robust portfolio of fundamentally sound companies. Should these companies then meet or exceed our earnings expectations then we believe we have a recipe for strong, long-term performance.

The Manager intends to identify investment characteristics that correspond with future investment returns and will seek to hold long positions with above average exposure to these characteristics, and short positions with below average exposure to them.

Risk management is not achieved by a quantitative or formulaic process but rather is a function of a strong fundamental understanding of the companies in which we invest and the liquidity profile of the stock. Volatility in Australian equities can be high. We are very mindful of how fund size and liquidity can impact performance and have structured the Fund with this risk front of mind.

The Fund has the flexibility to hold cash should the Manager not be able to find attractive opportunities. The ability to hold cash gives us the ability to move quickly when opportunities present themselves. The Fund uses leverage, derivatives and engages in short selling.

## **PORTFOLIO CONSTRUCTION**

We construct a portfolio of best ideas across the entire market cap spectrum. Whilst we seek to balance exposure across all risk factors we remain cognisant that unnecessary diversification will dilute our performance and ultimately detract from our best ideas. The typical number of securities held 'long' will generally be in the range of 20-40. We expect to generally have 10-30 securities sold 'short' at any point in time.

The Fund will typically maintain a net market exposure (total long positions minus total short positions) of between 0% and 100%.

Gross market exposure (total long positions plus total short positions) will generally be below 300%.

## **LONG POSITIONS**

A "long position" in a security, such as a share, or equivalently to be long in a security, means the holder of the position owns the security and will profit if the price of the security goes up. "Going long" is the more conventional practice of investing and is contrasted with "going short".

## **SHORT SELLING**

In addition to the long component of the portfolio, the Manager will employ short selling techniques with the aim of enhancing potential returns for the Fund.

Short selling occurs when the Fund borrows securities with the promise to return equivalent securities at a point in the future. The borrowed securities will then be sold on the open market. If the security falls in value, the Fund will generate a profit when it is repurchased in the market and returned to the lender.

However, if the security increases in value, this will generate a loss. Holding a "long" position differs in that the position is bought with existing capital of the Fund - no stock borrowing takes place.

Short selling increases the gross exposure of the Fund to the movement of the securities held within the Fund. This will magnify any positive performance of the portfolio; however, it will also magnify any losses in the portfolio.

## **DERIVATIVES**

The Fund will use exchange traded derivatives, including futures and options, to achieve the desired exposure to individual equities and to adjust overall market exposure.

## ALIGNMENT

QVG Capital Pty Ltd (ABN 69 619 271 886, AFSL 507070) (QVG Capital) is owned by its founders Tony Waters and Chris Prunty. The Manager is a wholly owned subsidiary of QVG Capital. Josh Clark is the Lead Portfolio Manager of the Fund and is remunerated based on its performance.

Tony, Chris and Josh are the seed investors in the Fund and have committed to invest a large portion of their liquid assets in strategies (QVG Funds) managed by QVG Capital and the Manager. The team does not invest in Australian listed companies outside of the QVG Funds and therefore ensures our best ideas are available to all investors.

## LIMITED CAPACITY OFFERING

Attractive risk adjusted returns have historically been possible for absolute return investors in the Australian market. However, it is not possible to sustain high returns with an ever-increasing quantum of capital. Beyond a certain point, size becomes an impediment to returns. We are mindful of this fact and will seek to actively manage capacity, understanding that managing too much money in the small company space both impedes returns, as the investible universe shrinks, and increases liquidity risk as the Fund owns larger positions in portfolio companies.

## INVESTING IN THE FUND

The minimum initial application is \$100,000 (unless otherwise agreed) with additional applications subject to a minimum of \$25,000.

To invest in the Fund, you must qualify as a “wholesale client” as defined by the Corporations Act. If you invest \$500,000 or more in the Fund you will automatically qualify as a wholesale client. If you invest less than \$500,000, then you need to provide an accountant’s certificate with your Application Form verifying that either:

- You have net assets of at least \$2.5 million; or
- You have a gross income for each of the last two financial years of at least \$250,000.

Your accountant’s certificate must be less than 24 months old and state that you have the minimum income or assets. In working this out, some aggregation is allowed.

Alternatively, you need to demonstrate you are a “professional investor”, for example:

- You are an Australian financial services licensee;
- You are regulated by the Australian Prudential Regulation Authority (other than a trustee of a superannuation fund, approved deposit fund or public sector superannuation scheme);
- You are a trustee of a superannuation fund, approved deposit fund or public sector superannuation scheme with net assets of at least \$10 million;
- You have or control at least \$10 million (including any amount held by an associate); or
- You are a body corporate or unincorporated body that carries on a business of investing in financial products.

There are some other categories: if in doubt, seek advice.

More detail on meeting the wholesale investor test can be found in section 6 of this Information Memorandum.

Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices.



## 03 / PEOPLE RESPONSIBLE FOR THE FUND

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### QVG CAPITAL

QVG is a boutique investment management business specialising in Australian equities managing funds on behalf of high net worth individuals and institutions, which consists of the Manager and QVG Capital.

QVG Capital was established in June 2017 by Tony Waters and Chris Prunty. QVG Capital is the trustee and investment manager of the QVG Opportunities Fund and also provides investment management services under an institutional mandate.

The Manager is a wholly owned subsidiary of QVG Capital and was established on 28 September 2018 to be the trustee and investment manager of the Fund.

### PROVEN TRACK RECORD

QVG Capital is the culmination of Tony and Chris's decades of experience specialising small company equities having worked with one another on three previous occasions. They first met as analysts at institutional stockbroker CCZ Equities, then were part of the Small Companies team at Investors Mutual Limited (**Investors Mutual**) before joining Ausbil Investment Management Limited (Ausbil) and running the Ausbil Micro Cap Fund. Josh Clark joined Tony and Chris on the Ausbil Micro Cap Fund in 2014 and during that time, it won several awards including the Money Management and Lonsec Fund Manager of the Year Australian Equities Small Cap award in 2014 and 2016 and the Australian Fund Manager Association's Golden Calf Award for the best Australian Small Companies Fund in 2015. First year performance for the QVG Opportunities Fund was 54.66% (net of

management and performance fees and before tax), which placed that fund first among its small cap peers in the Mercer Investment Performance Survey of Australian Small Companies (Ex 100) for the one year period ending 30 September 2018.

### JOSH CLARK

Josh Clark is a Portfolio Manager at QVG and has ultimate responsibility for the Fund. Josh has 10 years' experience in financial markets and prior to joining QVG he worked for Ophir Asset Management Pty Ltd (**Ophir**) as an Investment Analyst, contributing across both of their Australian Equity Strategies. Prior to his role at Ophir, Josh was an Equities Analyst at Ausbil, where he worked with Tony and Chris on the Ausbil Microcap Fund for three years until mid 2017. Josh has also held Quantitative Analyst roles at both Ausbil and Bell Potter Securities.

Josh has a Bachelor of Applied Finance from Macquarie University and is a Chartered Financial Analyst (**CFA**) charterholder.

### TONY WATERS

Tony Waters is a Portfolio Manager and founder of QVG. Tony has 27 years' experience in financial markets. Prior to founding QVG, Tony was the Portfolio Manager of the Ausbil Micro Cap Fund from its inception until April 2017. Tony joined Ausbil from Investors Mutual in 2008. Before that he spent 8 years as a small cap analyst at institutional stockbroker CCZ Equities. In addition to his smaller company coverage Tony was a highly rated Gaming, Tourism and Leisure analyst.

Tony has a Bachelor of Business from Avondale College, a Graduate Diploma in Applied Finance & investment from the Financial Services Institute of Australasia and has completed the Certified Public Accountant (CPA) Programme.

## **CHRIS PRUNTY**

Chris Prunty is a Portfolio Manager and founder of QVG. Chris has 15 years' experience in financial markets. Prior to co-founding QVG Chris was the Co-Portfolio Manager of the Ausbil Micro Cap Fund from its inception until April 2017. Prior to joining Ausbil, Chris was an analyst researching smaller companies at Investors Mutual and Confluence Asset Management. Before joining Confluence Asset Management, Chris covered specialty retailers and small cap industrial stocks at institutional stockbroker CCZ Equities. Chris was also a graduate at AMP Capital.

Chris has a Bachelor of Arts and a Bachelor of Commerce from the Australian National University and is a CFA charterholder.

## 04 / RISKS

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An investment in the Fund should be seen as high risk and a long-term investment. Investors should have an investment horizon of 5 to 7 years. All investments are subject to varying risks, and the value of your investment in the Fund can rise and fall over time.

Different types of investments have different risk characteristics, which will affect investment performance. Risk cannot be entirely avoided when investing. The philosophy employed for the Fund is to identify and manage risk as far as is practicable. However, we do not promise that the ways in which risks are managed will always be successful and, if certain risks materialise, the value of your investment could be adversely affected. Some risks can never be practically managed.

Significant risks associated with:

- an investment in the Fund; and
- investments by the Fund,

are discussed below.

The lists do not purport to be a complete or conclusive examination of the applicable risks. Potential investors should read this Information Memorandum in its entirety and seek professional advice before deciding to invest. Performance of the Fund is not guaranteed.

## RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND

TYPE OF RISK	DESCRIPTION OF RISK
Regulatory	The value or tax treatment of the Fund or its investments, or the effectiveness of the Fund’s investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws affecting managed investment schemes, or change in generally accepted accounting policies or valuation methods.
Structural	<p>Risks associated with investing in the Fund include:</p> <ul style="list-style-type: none"> <li>• it could be terminated;</li> <li>• there can be changes in the Manager, or in investment and management teams or key relationships, or there could be disputes amongst them;</li> <li>• someone involved with your investment (even remotely) does not meet their obligations or perform as expected;</li> <li>• investment decisions, although taken carefully, are not always successful; and</li> <li>• investing in the Fund may give different results compared to investing directly.</li> </ul>
Limited liquidity risk	Access to your money can be delayed in some circumstances (see Section 8 “Delaying access to your investment”). Overall market liquidity can make it difficult to trade profitably and to realise assets in a timely manner to meet any withdrawal requests. Liquidity risk is particularly relevant in smaller company securities. Units in the Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.
Cyber risk	There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to an investor’s personal information because of a threat or failure to protect the information or personal data stored within QVG’s IT systems and networks or our service providers.
Lack of operating history	The Fund has no operating history and QVG has a limited operating history, upon which prospective investors may base an evaluation of the potential performance of the Fund. Past performance may not be indicative of future performance.

## RISKS ASSOCIATED WITH THE INVESTMENTS MADE BY THE FUND

TYPE OF RISK	DESCRIPTION OF RISK
Market risk	Economic, technological, political or legal conditions, unexpected major world events, interest rates and even market sentiment, can (and do) change, and these changes can affect the value of investments in the Fund.
Interest rate risk	Changes in interest rates can have a negative impact on the Fund. Reasons for interest rate changes include changes in inflation, economic activity and central bank policies. Interest rate risk is inherent in the Fund and rate movements will have both a positive and negative impact on the Fund.
Counterparty risk	Any returns to investors may be affected by a default by any of the Fund's counterparties. For example, a counterparty to a transaction or contract (such as the Prime Broker, Custodian or other agent of the Fund) may fail to perform their obligations in the manner anticipated by the Fund or may experience financial difficulty, which may result in a reduction in expected returns to the Fund.
Valuation risk	The ongoing value of the stocks held by the Fund may be influenced by changes in market conditions (e.g. supply, demand).
Concentration risk	The Fund may invest a relatively high percentage of its assets into a relatively small number of securities, or into securities with a relatively high level of exposure to the same end markets. This may cause the value of the Fund's investments to be more affected by any single adverse economic, political or regulatory event than the investments of a more diversified investment portfolio.
Capacity and transaction restrictions	Due to the nature of some of the Fund's investments, it may not always be possible for the Fund to transact on those investments (for example, due to limited capacity or restricted transaction dates). Therefore, the Fund may, from time to time, hold or invest in cash (or other assets) until capacity and/or transaction date restrictions can be overcome.
Short selling risk	<p>Short selling involves selling a security that is not already held by the Fund, and this is generally done by borrowing the security from another party to make the sale. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are generally restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security (and in theory can be unlimited).</p> <p>Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase. Short selling will also incur interest and other costs on the securities borrowed by the Fund for sale. For a short sale to be profitable the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.</p>



Derivative risk	A derivative is a financial instrument with characteristics and value dependent upon the characteristics and value of an underlying security (typically a commodity, bond, equity or currency). Derivative risk is the risk that the value of the underlying security will underperform or that the derivative may behave differently to the underlying security. Derivative risk also includes the risk that the relevant counterparty will fail to perform its obligations under the derivative.
Leverage risk	The Fund uses leverage where the Manager believes it may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge securities in order to borrow additional funds for investment purposes. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their Fund units.
Portfolio construction risk	While seeking to optimise the portfolio to maximise returns, there is no guarantee the Fund's portfolio will be optimised at all times.  The Fund's gross exposure (long plus short exposure) and net exposure (long minus short exposure) can vary.

## MANAGEMENT OF RISKS

Whenever the Fund invests, the Manager will carefully assess the potential for returns in light of the likely risks involved.

The Manager will rigorously monitor and seek to manage, as far as is practicable, risk across the entire investment process. However, many risks are difficult or impractical to manage effectively and some risks are beyond the Manager's control altogether.

You can help manage your own risks too. You can:

- know your investment goals and your risk tolerance;
- understand risk and return and be comfortable that an investment may not give you the outcomes you hope for;
- diversify your investments (that is, don't invest all your monies in the Fund or in similar funds);
- invest for at least the recommended timeframe (5 to 7 years);
- keep track of your investment by reading our regular commentaries; and
- seek professional advice.

## 05 / FEES AND COSTS

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### SUMMARY

FEE	AMOUNT
Entry fee	nil
Management fees	1.50% (excluding net GST)
Performance fees	20% (excluding net GST) of performance above the RBA Cash Rate (after deduction of management fees and Fund expenses), where positive performance has been achieved
Entry/Exit fee	nil

### MANAGEMENT FEES

The management fee is 1.50% p.a. (excluding net GST) accrued daily based on the net asset value after any current accrued management fees and Fund expenses, but before any current period performance fee accrual, charged monthly in arrears.

entitled to be paid a performance fee, adjusted for any applications, withdrawals or distributions (high water mark).

Performance fees are calculated daily and paid each calendar quarter in arrears. When a performance fee is calculated and is a positive amount, it is accrued and reflected in the Fund's unit price.

### PERFORMANCE FEES

A Performance Fee may be payable to the Manager for successfully managing the Fund. If payable, this will increase the overall management costs for the Fund.

When a performance fee is calculated and is a negative amount, then the underperformance is carried forward to ensuing periods (performance deficit) and no performance fee will be paid until the performance deficit has been made up.

A performance fee of 20% (excluding net GST) of net performance (i.e. after management fees and expenses) is payable to the Manager, subject to:

Where units are redeemed part way through a performance period, any performance fee payable in respect of the units redeemed will reflect the performance fee accruals in the unit price at that time. To ensure that the proportionality between any performance deficit and the value of the Fund remains consistent where a withdrawal may occur, the performance deficit is generally reduced by the proportion of the Fund's net asset value that the withdrawal represents.

- the Fund achieving an investment return greater than the RBA Cash Rate; and
- the Fund's unit price (calculated as the net asset value of the Fund divided by the number of units on issue, adjusted for applications and withdrawals) exceeding the greater of the initial unit price and the unit price at the end of the most recent quarter-end for which the Manager was

### Performance fee examples

The table below provides a dollar fee example based on an investor with a \$250,000 investment in the Fund. The example assumes no applications, redemptions or distributions have been made and no performance deficit needs to be made up in the relevant quarter. Net asset value at the beginning of the period is \$250,000. Please note that this is just an example and should not be taken as an indication or guarantee of future performance, nor an indication of the performance fee that may be charged in the future. Returns are not guaranteed.

#### Example 1:

For the period 1 January to 31 March, we assume:

- After management fees and expenses, the net asset value increases from \$250,000 to \$253,125 (y 5% per annum return);
- RBA Cash Rate during this period is 3% per annum; and
- the Fund's unit price (adjusted for any applications, withdrawals or distributions) surpasses the high water mark.

Fund performance return = \$3,125  
 RBA Cash Rate return =  $\$250,000 \times 3\% \times 0.25 = \$1,875$   
 Outperformance =  $\$3,125 - \$1,875 = \$1,250$   
 Performance fee =  $\$1,250 \times 20\% = \$250$

In this case, the investor pays \$250 in performance fees on a pre-performance fee return of \$3,125. The high water mark will be reset to the 31 March unit price.

#### Example 2:

For the period 1 January to 31 March, we assume:

- After management fees and expenses, the net asset value increases from \$250,000 to \$253,125 (namely 5% per annum return);
- the RBA Cash Rate during this period is 6% per annum; and

- the Fund's unit price (adjusted for any applications, withdrawals or distributions) surpasses the high water mark.

Fund performance return = \$3,125  
 RBA Cash Rate return =  $\$250,000 \times 6\% \times 0.25 = \$3,750$   
 Outperformance =  $\$3,125 - \$3,750 = -\$625$

In this case, no performance fee is payable, the performance deficit (-\$625) will be carried forward to ensuing period(s). For example, if Outperformance is \$725 in the next period, the performance fee will only be paid on \$100 (the excess above the performance deficit), and will therefore be \$20.

There will be no change to the high water mark (because no performance fee has been paid).

#### Example 3:

For the period 1 January to 31 March, we assume:

- After management fees and expenses, the net asset value increase from \$250,000 to \$253,125 (namely 5%);
- RBA Cash Rate during this period is 3% per annum; and
- the Fund's unit price (adjusted for any applications, withdrawals or distributions) does not exceed its high water mark.

Fund performance return = \$3,125  
 RBA Cash Rate return =  $\$250,000 \times 3\% \times 0.25 = \$1,875$   
 Outperformance =  $\$3,125 - \$1,875 = \$1,250$   
 Performance fee =  $\$1,250 \times 20\% = \$250$

In this case, the investor pays \$0 in performance fees on a pre-performance fee return of \$3.125 due to the unit price being below high water mark. There will be no change to the high water mark. The \$250 in accrued performance fees will only be payable to the Manager if and when cumulative underperformance has been made up and a new high water mark is set.

## EXPENSES

Ordinary expenses are a cost of the Fund and include legal, audit, accounting and taxation preparation costs, custodial fees, insurances, government charges, AML checking fees, CRS checking fees and general expenses. Some of these fees are fixed and will fall as a proportion as Fund assets grow. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, legal fees, once off or non "business as usual" fees, and termination and wind up costs. If abnormal expenses are incurred, they will be deducted from the assets of the Fund as and when they are incurred.

## CHANGES IN FEES AND COSTS

All fees and expenses can change. Reasons might include changing economic conditions and changes in regulations. The trust deed for the Fund sets the maximum amount that can be charged for all fees. There is no specific limit in the trust deed on the level of expense recovery. A copy of the trust deed is available free on request. The Manager currently charges fees at less than the maximum amounts allowed for in the Fund's trust deed or waives those rights to fee payment and expense recovery. If the Manager wished to raise management and/or performance fees above the maximums allowed for in the trust deed, we would need to amend the trust deed.

## BUY/SELL SPREAD

We adjust the unit prices by a small amount, known as a 'spread', for our estimate of transaction costs (being those costs associated with buying and selling such as brokerage). The adjustment is:

- down for the withdrawal price, currently -0.3% of the unit price; and
- up for the application price, currently +0.3% of the unit price.

These spreads are paid to the Fund and not to the Manager.

## BANK AND GOVERNMENT CHARGES

All government fees, duties and bank charges will apply to your applications and withdrawals as appropriate.

## GOODS & SERVICES TAX

Quoted fees and other costs exclude the net impact of GST (that is, considering any reduced input tax credits).

## 06 / INVESTING IN THE FUND

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### GETTING STARTED

You must be a wholesale client to invest in the Fund.

The minimum investment is generally \$100,000 unless otherwise agreed with the Manager.

Simply complete the attached Application Form and the identification form which is right for you, and send them to Link Fund Solutions Pty Limited (the Administrator) as follows:

Link Fund Solutions Limited  
GPO Box 5482  
SYDNEY NSW 2001  
Fax: +61 2 9221 1194  
Or via email to [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com)

Lodged applications cannot generally be withdrawn.

For questions about completing application forms please contact the Administrator on:

+61 2 9547 4311

### HOW DO YOU QUALIFY AS A WHOLESALE CLIENT?

If you are applying for \$500,000 or more you'll be automatically deemed wholesale client and no additional documentation is required.

If you are investing less than \$500,000, the easiest way to establish that you are a wholesale client is to arrange for your accountant to provide an Accountant's Certificate that is less than 24 months old certifying that:

- the investor themselves has the **Required Net Assets** or the Required Gross Income; OR
- together with any trusts or companies the investor controls, the investor has the Required Net Assets or the Required Gross Income; OR
- the investor is a trust or company controlled by a person who has the Required Net Assets or the Required Gross Income.

**Required Net Assets** means net assets of at least \$2,500,000.

**Required Gross Income** means for each of the last two financial years, at least \$250,000 a year.

There are other ways that you can qualify as a wholesale client, including:

- based on your investing experience (the 'sophisticated investor' exemption) – the Manager has an Adviser's Certificate that you can arrange to be completed to attest to this – contact the Manager for a copy;
- you hold an Australian financial services licence; or
- provide a statutory declaration that you meet any of the other categories of wholesale client. These include that you:
  - are a person regulated by the Australian Prudential Regulation Authority (other than a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or a public sector superannuation scheme);
  - are a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or a public sector superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth) with net assets of at least \$10 million;



- control at least \$10 million for the purposes of investment in financial products (including any amount held by an associate or under a trust that the investing entity manages);
- are a manufacturer and employ 100 or more people acquiring units in the Fund in connection with your business;
- the investing entity is not a manufacturer but employs 20 or more people and is acquiring units in the Fund in connection with its business; or
- are a listed entity, or a related body corporate of a listed entity.

Please contact the Manager if you need assistance in providing the appropriate documentation to certify that you are a wholesale client.

## HOW TO PAY

You need to pay for your investment by electronic funds transfer (**EFT**) from your financial institution account as follows:

Bank ANZ  
BSB 012006  
Account 837001144  
Account Name QVG Long Short Fund  
Application Account

You will receive confirmation when your application is accepted.

All EFT payments must be accompanied by a notification email to [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com) to ensure that the investor account is properly credited.

## PROCESSING

Applications are processed daily. Any interest on application monies received prior to processing is credited to the Fund. The Manager may refuse investment applications and need not provide reasons.

## APPLICATION PRICE

We determine the unit price on each business day based on the most recently available information.

We calculate unit prices in three steps:

- we calculate the value of the investments of the portfolio and subtract the value of any liabilities – this gives us the net asset value;
- we divide this by the number of units we have on issue; and
- we generally make an adjustment of 0.3% for the buy spread.

## REGULAR INFORMATION

Following acceptance of your application, you will be sent an application advice. You should check the details on the advice carefully and contact the Administrator if you have any questions.

## ADDITIONAL INVESTMENT

The minimum amount for further investments into the Fund is generally \$25,000 unless otherwise agreed in advance with the Manager.

Use the **Additional Investment Form** available from the Manager. Please mail, fax or email this form to the Administrator:

Link Fund Solutions Limited  
GPO Box 5482  
SYDNEY NSW 2001  
Fax: +61 2 9221 1194  
Or via email to [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com)

Payment of your additional investment can be by EFT from your financial institution account. All EFT payments must be accompanied by a notification email to [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com) to ensure that the investor account is properly credited.

You will receive confirmation when your additional application is accepted.

## **COOLING OFF**

There are no cooling off rights as this is a wholesale fund.

## **IF YOU HAVE ANY FURTHER QUESTIONS**

If you have any questions about any matter relating to the Fund's strategy, people and process, please email the Manager at [contactus@qvgcapital.com.au](mailto:contactus@qvgcapital.com.au) or call on +61 2 8030 9060. For questions about forms, applications, redemptions, confirmation notices, tax statements or unit pricing please contact the Administrator on +61 2 9547 4311.

## 07 / DISTRIBUTIONS OF INCOME

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It is intended that no income tax will be payable by the Fund. As such, in each financial year ending on 30 June the full amount of taxable income available for distribution from the Fund will be distributed to investors. This income will generally be distributed to investors annually in June, with the payment expected to be made within six weeks after 30 June.

Distributions are generally reinvested unless you elect otherwise.

Should you elect not to reinvest distributions, they are paid to your nominated bank account.

Immediately after a distribution is declared, the unit price of the Fund will usually fall by the amount of the distribution. This is because the distribution reduces the Fund's assets.

Distributions are not pro-rated for investors who were not unit holders for the whole period, meaning that you may receive some of your investment back immediately as income if you invest just before a distribution. Conversely, if you withdraw from the Fund just before a distribution, you might in effect turn income into a capital gain.

Australia has enacted laws in relation to the taxation of certain trusts known as "Attribution Managed Investment Trusts" (**AMITs**). A trust can be an AMIT where it is a managed investment trust and its investors have "clearly defined interests". To be an AMIT, the trustee of the Fund must make an irrevocable election to enter the regime. The consequences of entering the AMIT regime include:

- The "attribution" of income to investors whereby investors are taxable on the income of the Fund attributed to them by the Manager in accordance with the Fund documents;
- The ability to carry forward under / over distributions of income;
- Upward and downward adjustments to the tax cost base of units in the Fund; and,
- Deemed fixed trust treatment under the tax law.

The Manager intends to decide for the Fund to be an AMIT, if eligible, from its first income year. Under the AMIT regime, taxable income flows through to investors on an attribution basis rather than a distribution basis.

## 08 / ACCESSING YOUR MONIES

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### HOW TO WITHDRAW

To withdraw part or all your investment in the Fund, complete the Redemption Request Form available from the Manager and submit the form to the Administrator.

The minimum withdrawal amount is \$25,000, and you need to keep a minimum of \$25,000 invested otherwise we may redeem your entire investment. We may waive these requirements generally, or on a case-by-case basis.

Send your **Redemption Request Form** by mail, fax or email to the Administrator as follows:

Link Fund Solutions Limited  
GPO Box 5482  
SYDNEY NSW 2001  
Fax: +61 2 9221 1194  
Or via email to [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com)

Once lodged, withdrawal requests cannot generally be withdrawn.

Your withdrawal will be paid by transfer to your nominated account, normally within 10 business days of a unit price being calculated for the relevant withdrawal day. There can be delays in certain circumstances, as set out below.

### WITHDRAWAL PRICE

We determine the unit price to apply to withdrawals each business day based on the information we have most recently available.

We calculate unit prices in three steps:

- we calculate the value of the investments of the portfolio and subtract the value of any liabilities – this gives us the net asset value;
- we divide this by the number of units we have on issue; and
- we generally make an adjustment of 0.3% for the sell spread.

### DEDUCTIONS

The Manager may deduct from any money payable to an investor (including on winding up) or otherwise recover from an investor including:

- any moneys due to the Manager by the investor; and
- any money the Manager (as trustee or in any other capacity) owes someone else relating to the investor (for example, to the Australian Taxation Office (ATO)).

### DELAYING ACCESS TO YOUR INVESTMENT

The Manager can delay unit redemption for up to 180 days or such longer or shorter period as is appropriate in all the circumstances for example if:

- there is a circumstance outside the Manager's reasonable control which it considers impacts on its ability to properly or fairly calculate the Unit price, for so long as the circumstance continues (for example, if the assets are subject to restrictions or if there is material market uncertainty);
- the Manager has determined to honour redemption requests in relation to a particular processing day and the total redemption moneys which would be

payable at that time represent more than 5% of the value of the net assets of the Fund (and in this case the Manager can redeem the units at such future time, or at times over such period, as the Manager determines, and payments to each investor must be in the proportion that their redemption moneys bear to all other redemption moneys which were payable at that time); and

- such other circumstance as the Manager determines to be appropriate having regard to the best interests of investors as a whole.

Unit prices are generally calculated at the time the delay ends.

The trust deed for the Fund sets out the wide range of circumstances in which the Manager can delay withdrawal of your money. A copy of the trust deed is available free of charge on request.

## COMPULSORY REDEMPTIONS

The Manager may redeem Units without an investor asking in limited circumstances, including:

- if you have breached your obligations to the Manager;
- to satisfy any amount of money due to the Manager (as trustee or in any other capacity) by you;
- to satisfy any amount of money the Manager (as trustee or in any other capacity) owes someone else relating to your investment (for example, to the ATO);
- where the Manager suspects that law prohibits you from legally being an investor in the Fund; or
- such other circumstance as the Manager determines to be appropriate in its absolute discretion.

The trust deed sets out other circumstances where compulsory redemption may apply. A copy of the trust deed is available free of charge on request.



## 09 / REPORTING

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### REGULAR REPORTS

You will receive the following regular reports:

- transaction statements (each time you invest or your monies are redeemed);
- distribution / income statements (each time the Fund makes a distribution);
- monthly NAV reports (with the unit price and net asset value of your holding);
- monthly reports (with updates on the Fund's performance and investments); and
- tax return information (after the end of the financial year).

We usually communicate with you by email (but paper copies of documents sent to you by email are available on request via the Administrator).

For more information on unit prices and performance, visit our website at [www.qvgcapital.com.au](http://www.qvgcapital.com.au) where you can sign up for the Monthly Newsletter.

### PRIVACY

Information provided by applicants on the Application Form is collected for the primary purpose of issuing units in the Fund.

The information will also be used to forward to you periodic information relating to your investment in the Fund and from time to time provide to you information of a generic or marketing nature relating to the Fund.

Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for administering the investment.

By executing the Application Form, you provide your consent to the Manager to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the way the Manager has handled your information, please contact the Manager.

For more information relating to QVG Capital's privacy policy please contact the Manager on +61 2 8039 9060 or see [www.qvgcapital.com.au](http://www.qvgcapital.com.au).

### AML

Applications to invest in the Fund are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and the Manager's requirements.

Investors must provide verification of their identity. Please refer to the Application Form to determine which documents you will need to provide.

Applications will not be accepted into the Fund until this has been completed. In some instances, such as the case of determining the beneficial owner of the investor, the Manager may request additional information. This must also be provided to proceed with the application.

Application monies must be given by EFT. If applicants wish to transfer funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to the Manager. The Manager reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the Application Form or understanding the documentation requirements, you may contact the Manager on [investors@qvgcapital.com.au](mailto:investors@qvgcapital.com.au) or phone +61 2 8039 9060.

## **AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION**

The Australian Government has enacted laws and entered into international agreements. These laws implement automatic exchange of information (**AEOI**) with:

- the United States (**US**) under a system known as the Foreign Account Tax Compliance Act (**FATCA**). This is for US citizens and tax residents only and applied from 1 July 2014; and
- other countries under the Common Reporting Standard (**CRS**). The CRS applies to all foreign tax residents from 1 July 2017.

The CRS is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Under it, banks and other financial institutions will collect and report to financial account information on non-residents to the local tax authority, and in the case of the Fund, that will be the ATO. The ATO will exchange this information with the participating foreign tax authorities of those non-residents. In parallel, the ATO will receive financial account information on Australian residents from other countries' tax authorities.

From 1 July 2017, each investor must certify their residence for tax purposes. You may be required to complete additional documentation. If you are a foreign tax resident, you will need to provide your taxpayer identification number or an equivalent. This is the number used to

identify you to the tax authority in the foreign country. If you don't have one, you will be asked to provide a reason.

FATCA is a US regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US taxpayer information. Under the IGA, financial institutions (including managed investment schemes) must report US tax payer information via the ATO to the US IRS.

To meet these obligations, each investor must complete and sign the FATCA/CRS self-certification declaration form included in the Application Form.

The Manager is unable to provide you with any tax or professional advice in respect of CRS, FATCA or the IGA and you are encouraged to seek the advice of a tax or professional advisor in relation to completing the form.

## **INFORMATION FROM YOU**

You must provide the Manager in a timely way all information that it (or its service providers, including the Administrator) reasonably requests or which you suspect that it should know to perform its functions (for example, regarding your identity or the source or use of invested moneys – if you do not, the Manager may refuse to issue units to you and/or redeem your investment).

## 10 / TAX

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This section is not tax advice. You should seek professional tax advice in relation to your own position.

### GENERALLY

You typically need to pay tax in relation to your investment in the Fund, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability depends on your circumstances and it is recommended that you seek professional advice before you invest or deal with your investment.

The Manager will send you all the information you need each year to complete your tax return.

### TAX ON DISTRIBUTIONS

You may have a tax liability when you receive distributions from the Fund. The amount depends on what makes up the distributions, and on your personal financial circumstances. Distributions could comprise:

- income (for example, dividends and interest);
- net capital gains (from the realisation of portfolio investments);
- tax credits (for example, franking credits attached to dividend income and credits for tax paid on foreign income; and
- tax deferred income.

### TAX WHEN YOU WITHDRAW

You may have a tax liability when you exit from the Fund.

Australian residents are generally subject to capital gains tax on gains when they withdraw any money for themselves or to invest in another fund or transfer units to someone.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

### ABN AND TFN

If you are making this investment in the course of a business or enterprise carried on by you, you may quote an Australian Business Number (**ABN**) instead of a Tax File Number (**TFN**). It is not mandatory to quote your TFN, however, failure to quote an ABN or TFN or claim an exemption may cause the Manager, as trustee, to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to you.

You may be able to claim a credit in your tax return for any TFN/ABN tax withheld.

By quoting your TFN or ABN, you authorise the Manager to apply it in respect of all your investments with the Fund.

## **US TAX**

Certain US legislation will target US tax residents who do not correctly disclose their worldwide income to the US Internal Revenue Service (**IRS**). The Manager is required to comply with certain requirements including the provision of information to the IRS. The information will only relate to investors who are or are assumed to be US residents for tax purposes. See the Application Form.

Those identified may be subject to a 30% withholding tax on part or all of the payments they receive from US sources.

## **OFFSHORE INVESTORS**

If you are not an Australian resident for tax purposes, please state in the Application Form your country of residence for tax purposes. If you are not an Australian resident, tax will be withheld from distributions of Australian sourced income at the prescribed rates. You may be subject to the tax laws in the country in which you are tax resident and should consult a taxation adviser before investing.

## 11 / ADDITIONAL INFORMATION

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### THE TRUST DEED

The Manager's legal relationship with you is governed by the Fund's trust deed together with this Information Memorandum and certain financial services laws. Some provisions are discussed elsewhere in this Information Memorandum, and others include:

- the nature of units of the Fund (units can be divided into classes and may have different rights associated with them);
- the Manager's powers and how and when they can be exercised;
- when and how the Manager can retire as trustee or be removed;
- when the Fund terminates (if it does the relevant investors share the net proceeds on a pro-rata basis, adjusted for any liabilities);
- changing the trust deed (how and when this can occur); and
- calling investor meetings.

The investments of the Fund can be combined with other assets.

The Manager will send you a copy of the trust deed free of charge if you ask.

### THE MANAGER'S DUTIES AS TRUSTEE

The Manager is the trustee of the Fund.

All obligations that might otherwise be implied or imposed on the Manager by law or equity are expressly excluded to the extent permitted by law.

If the Manager acts in good faith and without gross negligence it will not be liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

The Manager's liability to any person other than an investor in respect of the Fund is limited to its actual indemnification from the assets for that liability.

The Manager has entered into the trust deed in its capacity as trustee of the Fund and not in its personal capacity.

The Manager is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in relation to the Fund including any liability incurred because of a delegate or agent.

The Manager may take and may act (or not act as relevant) on any advice, information and documents that it has no reason to doubt as to authenticity, accuracy or genuineness.

The Manager may:

- deal with itself (as trustee of the Fund or in any other capacity), any associate or any investor;
- be interested in any contract or transaction with itself (as trustee of the Fund or in any other capacity), any associate or investor;
- may act in the same or a similar capacity in relation to any other trust or managed investment scheme; and
- deal with any other entity in which the Manager holds an investment on behalf of the Fund or deal with any Units,

and retain any benefit or benefits from doing so.

Each investor indemnifies the Manager for all liability incurred by it arising directly or indirectly from the investor's breach of its obligations to it. This indemnity is in addition to any indemnity under law and continues to apply after the investor ceases to be an investor.

## TRANSFERRING YOUR UNITS

Units in the Fund are transferable. However, the Manager has the right under the trust deed to refuse a request to transfer units in certain circumstances. Circumstances where the Manager may refuse a request to register a transfer of units include where:

- the Manager considers that there are, or are reasonably likely to be, material adverse tax or duty consequences arising from the transfer;
- the transferee is not a wholesale client or does not provide all information requested by the Manager in respect of the transfer;
- the transferor has contravened, or attempted to contravene, the trust deed or the terms on which the investor applied for units; or
- in the Manager's opinion it is not in the interests of investors as a whole to permit the transfer.

## TERMINATING THE FUND

The Manager can decide to terminate the Fund anytime.

After termination, the Manager will wind up the Fund: generally, the Manager will realise all the investments, pay all monies owing (including fees and expenses), and distribute the net proceeds to investors as appropriate as soon as it considers practicable.

The Manager can distribute assets rather than cash to some investors and not to others. The Manager would first deduct any moneys an investor owes. It can take some time to finalise this process.

## LIMITS ON YOUR RESPONSIBILITY

The trust deed limits your liability to any unpaid part of the issue price of your units and provides that you need not indemnify the Manager if there are not enough assets to meet the claim of any creditor of the Manager's.

In the absence of separate agreement with an investor, the Manager's recourse and any creditor is limited to the Fund's assets.

However, the Manager cannot give you an absolute assurance about these things – Australian courts have not finally determined the issue.

## ADMINISTRATOR AND REGISTRAR

The Administrator provides a range of services to the Fund including:

- Maintenance of the unit register
- Investment operations
- Investment administration, including unit pricing, BAS, statutory accounts and distributions
- Fund accounting
- Unit holder services and reporting

The Administrator has consented to be named in this Information Memorandum as the Administrator of the Fund.

The ASIC takes no responsibility for the contents of this Information Memorandum.

## PRIME BROKER AND CUSTODIAN

The Manager has appointed UBS AG, Australia Branch (ABN 47 088 129 613) as the prime broker and UBS Nominees Pty Limited (ACN 001 450 522) as custodian to the Fund (together, UBS).

The services of UBS AG, Australia Branch as prime broker to the Fund include securities borrowing and lending, settling transactions the Fund has entered into with third-parties and cash loans. UBS AG, Australia Branch may also provide an account for the Fund's cash. UBS Nominees Pty Limited and the Manager have entered into an agreement under which the custodian provides safekeeping services for some or all of the Fund's investments.

UBS consents to being named in this Information Memorandum and any electronic version of this Information Memorandum in the form and context in which it is named in this Information Memorandum.

UBS is not responsible for the preparation of, and has not authorised or caused the issue of, this Information Memorandum, and has not made or purported to make any statement included in or any statement on which a statement in this Information Memorandum is based.

To the maximum extent permitted by law, UBS expressly disclaims and takes no responsibility for any statements in, or omissions from, this Information Memorandum other than the statements made with its consent. UBS is not responsible for the activities of the Fund, will not participate in the Fund's investment decision-making process and makes no representation in respect of the Fund or the Fund's investments.

This consent will be treated as not having been withdrawn prior to the publication of this Information Memorandum, unless UBS notifies the Manager in writing of the withdrawal of the consent before that time.

UBS AG, Australia Branch (ABN 47 088 129 613 and AFSL number 231087) is a foreign Authorised Deposit-Taking Institution (Foreign ADI) under the Banking Act 1959 (Cth) (Banking Act) and is supervised by the Australian Prudential Regulation Authority. Note that provisions in the Banking Act for the protection of depositors do not apply to Foreign ADIs, including UBS AG, Australia Branch.

The fees of the prime broker and the custodian are payable from the assets of the Fund.

## CHANGING SERVICE PROVIDERS

The service providers who assist the Manager to operate the Fund may be changed and added to at any time and without notice.

## OTHER MATTERS

The Information Memorandum (as updated, supplemented or replaced from time to time) is the one that governs your investment, together with the trust deed.

If the Manager issues a new Information Memorandum, a copy will be made available to you. You should read it carefully. Copies are available by contacting the Manager directly.

The offer made in this Information Memorandum is available only to persons who may legally receive this Information Memorandum (electronically or otherwise).

The Fund is not currently registered with the Australian Securities and Investments Commission (**ASIC**) but may be at some future point in time. By investing in the Fund, you consent to the Fund being registered at some future point should the Manager consider it appropriate. You also consent to registration taking place without the Manager holding a meeting of investors to amend the trust deed to make it suitable to be registered and to approve the application for registration.

Unless otherwise stated, all figures are in Australian dollars and exclude the net impact of GST (that is, considering any reduced input tax credits).

ASIC takes no responsibility for the contents of this Information Memorandum.



## 12 / CONTACTS

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**TRUSTEE AND INVESTMENT  
MANAGER**

**QVG LONG SHORT COMPANY PTY LTD**

ABN 20 629 091 685 / CAR No. 001271154

P: +61 2 8039 9060

E: [contactus@qvgcapital.com.au](mailto:contactus@qvgcapital.com.au)

Level 7

139 Macquarie Street

Sydney NSW 2000

[www.qvgcapital.com.au](http://www.qvgcapital.com.au)

**ADMINISTRATOR**

**LINK FUND SOLUTIONS LIMITED**

ABN 44 114 914 215

P: +61 2 9547 4311

F: + 61 2 9221 1194

E: [LFS\\_Registry@linkgroup.com](mailto:LFS_Registry@linkgroup.com)

Postal

GPO Box 5482

Sydney NSW 2001

[www.linkfundsolutions.com](http://www.linkfundsolutions.com)