

# FRAME LONG SHORT AUSTRALIAN EQUITY FUND

10 September 2021

## INFORMATION MEMORANDUM FOR WHOLESALE INVESTORS

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# IMPORTANT NOTICE

This Information Memorandum dated 10 September 2021 is issued by Primary Securities Ltd ACN 089 812 635 (Australian Financial Services Licence No. 224107) as trustee (**Trustee**) of the Frame Long Short Australian Equity Fund (**Fund**) and replaces the version issued on 14 May 2020. Frame Funds Management Pty Ltd ACN 608 862 442 (Corporate Authorised Representative No. 123 9068) of Primary Securities Ltd, has been appointed as the Investment Manager of the Fund (**Investment Manager**).

This Information Memorandum does not contain taxation, legal or investment advice. An investment in the Fund may not be appropriate for all wholesale clients. The information in this Information Memorandum is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Prior to applying for Units in the Fund, you should seek advice from your financial and other professional advisers and should conduct your own independent investigations and analysis regarding any information in this Information Memorandum.

The offer of Units in the Fund (**Offer**) contained in this Information Memorandum is an offer which does not need disclosure for the purposes of Part 7.9 of the Corporations Act 2001 (Cth) (Act). The Fund is not, nor is it required to be, registered as a managed investment scheme under the Act. The Trustee will accept applications only from investors who apply for Units who are “wholesale clients” for the purposes of Part 7.9 of the Act, specifically, in section 761G and 761GA of the Act. You should seek independent legal and/or financial advice if you are unsure of your status as a retail/wholesale client.

No particular rate of return or the future performance of Units in the Fund or return on investment is guaranteed. An investment in the Fund is speculative and is subject to investment risk and may result in the loss of some or all of the principal amount invested. The Trustee strongly recommends recipients review and satisfy themselves in respect to the risks associated with an investment in the Fund. General and specific risks of an investment in the Fund are referred to in Section 6.

This Information Memorandum contains a summary and description of certain features of the Fund. Any information provided in this Information Memorandum is subject to the Trust Deed of the Fund which is referred to in Section 8 of this Information Memorandum and copies of which will be made available on request.

The Information Memorandum does not constitute and may not be used for the purpose of an offer or solicitation in any jurisdiction outside of Australia or in circumstances in which such offer or solicitation is not authorised.

No person is authorised to give any information or to make any representation in connection with the offer of Units in the Fund, which is not contained in this Information Memorandum. Any information or representation that is not in this Information Memorandum may not be relied on as having been authorised by the Trustee in connection with the Offer of Units in the Fund.

The Trustee is not under any obligation to correct, update or revise this Information Memorandum or to provide any written or oral communications to a recipient in the course of its evaluation of an Offer of the Units.

**THIS INFORMATION MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE TRUSTEE, AND MAY NOT BE REPRODUCED IN WHOLE OR IN PART OR USED FOR ANY OTHER PURPOSE.**

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# 1. Investment Summary

Key Features	
Fund Name	Frame Long Short Australian Equity Fund
Investment Manager	Frame Funds Management Pty Ltd ACN 608 862 442 (the <b>Investment Manager</b> or <b>Frame</b> )
Trustee	Primary Securities Ltd ACN 089 812 635 (the <b>Trustee</b> or <b>Primary</b> ) which is also the Administrator of the Fund.
Fund Type	Open ended
Fund Structure	Wholesale unregistered unit trust
Base Currency	Australian Dollars
Fund Objective	<p>The investment objective of the Fund is to deliver income and capital growth over the long-term by investing in Australian listed equities, exchange traded Derivatives and cash assets.</p> <p>The Fund is suitable for investors with an investment horizon of at least five years.</p>
Investment Strategy	The Fund's investment strategy is to invest in Australian listed equities with a long-term outlook, however identifying positions that may have excellent risk/reward characteristics in the short term. The Fund may also use Short sales and listed Derivatives with the objective of generating absolute returns and to hedge the exposure of the portfolio.
Eligible Investors	Wholesale Clients as defined by the Corporations Act 2001. Please see section 5 for further details.
Trustee Fee	The Trustee Fee is paid monthly in arrears (plus GST) out of the assets of the Fund. Please see Section 7 for further details.
Investment Manager Fees	<p><b>Management Fee:</b> 1.6% per annum plus GST of Net Asset Value calculated and paid monthly in arrears out of the assets of the Fund.</p> <p><b>Performance Fee:</b> Payable quarterly at 25% plus GST of the Fund's net outperformance of the Hurdle Rate. The Hurdle Rate is 3% p.a. above the target cash rate published by the Reserve Bank of Australia. Payment of the Performance Fee will be subject to a High Water Mark.</p> <p>Please see section 7 for further details.</p>
Initial Minimum Investment	\$50,000 subject to the Trustee's discretion
Minimum Additional Investment	\$25,000 subject to the Trustee's discretion
Minimum Redemption	\$50,000
Issue Price	On the first allotment, \$1.00 per Unit; and thereafter, the Net Asset Value on the last Dealing Day on which the Net Asset Value is calculated, divided by the number of Units on Issue, plus the Buy-Sell Spread, rounded up or down as appropriate to the nearest one tenth of one cent (or otherwise as the Trustee decides).

Buy/Sell Spread	0.20%
Applications / Redemptions	Monthly
Distributions	<p>The Fund's net income will be distributed semi-annually within 60 days after 30 June and 31 December each year.</p> <p>Unit Holders may elect to reinvest their distributions into the Fund or receive a cash distribution.</p>

## 2. Corporate Directory



### Investment Manager

Frame Funds Management Pty Ltd

Suite 25, Level 6, 58 Pitt Street

Sydney, NSW 2000

Ph: +61 2 8668 4877

Email: [admin@framefunds.com.au](mailto:admin@framefunds.com.au)



### Trustee and Administrator

Primary Securities Ltd

3 Shuffrey Street

Fremantle WA 6160

Ph: +61 8 9430 5262

Email: [registry@primarysecurities.com.au](mailto:registry@primarysecurities.com.au)



### Legal Advisors to the Investment Manager

PMC Legal Australia

11 Cairo Street

South Coogee

Sydney, NSW 2034

Ph: +61 2 8556 7560

### 3. Frame Long Short Australian Equity Fund

The Fund is an Australian unregistered open-ended wholesale unit trust. The governing rules of the Fund are outlined in the Fund's Trust Deed which is available from the Trustee upon request. The issuer and trustee of the Fund is Primary Securities Ltd ACN 089 812 635 which holds an Australian Financial Services Licence (No. 224107).

#### Investment Manager

Frame Funds Management Pty Ltd ACN 608 862 442 is the Investment Manager of the Fund and is a Corporate Authorised Representative (No. 123 9068) of the Trustee.

The Investment Manager's policy is to ensure that its interests as your investment manager are aligned with your interests. Its internal policy is that its Directors should be significant investors in the Fund. This ensures that interests of the Directors of the Investment Manager and their related and controlled entities are aligned with investors interests.

#### Hue Frame

##### Managing Director, Fund Manager

Hue Frame holds a B.Com, from the University of Canterbury, having majored in management and is qualified to provide advice on Derivatives, deposit products, managed investment schemes, and Australian equities.

Hue has over 10 years of finance and investment management experience working for Westpac Banking Corporation as a risk analyst between 2006 and 2008 and at Atlantic Pacific Securities as Portfolio Manager between 2010 and 2015. He has been a Portfolio Manager for over 10 years, and specialises in global economic positioning, risk management, and momentum-based trading opportunities.

#### Trustee and Administrator

Primary Securities Ltd ACN 089 812 635 (Primary) is the Trustee and Administrator of the Fund. Primary is a licensed responsible entity holding AFSL No. 224107.

Primary was formed in 1999 and has operated both registered and unregistered schemes throughout Australia, including investment trusts, property trusts, and forestry and other agricultural schemes that have been taken over to protect investors.

Primary's focus is to look after the interests of investors using the qualities, capabilities and experience of its team. Primary has three executive directors, professional and administrative employees plus lawyers, accountants and scheme specific consultants who have years of practical and professional experience.

As Trustee, Primary has the primary responsibility to operate the Fund and to perform functions conferred on it by the Trust Deed.

As Administrator, Primary is responsible for providing administrative services required in connection with the Fund's operations, including maintaining the Fund's records, ensuring the prompt determination of the Unit price, determining the Issue Price and Redemption Price, providing registrar and transfer agent services in connection with the issue, transfer and redemption of Units and arranging the issue, allotment, redemption and repurchases of units as well as conducting know your client anti-money laundering checks on Applicants on behalf of the Trustee.

Further information regarding Primary is available by looking at its website:

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



## Directors of the Trustee

### **ROISIN BOYD, BCOM CA**

#### **Acting Chair of Primary Securities Ltd**

Roisin Boyd has a Bachelor of Commerce from the University of Western Australia majoring in Financial Accounting, Corporate Finance and Entrepreneurship & Innovation. She is a member of the Institute of Chartered Accountants Australia & New Zealand and worked as an external auditor for a Big Four accounting firm before joining Primary at the beginning of 2018.

### **Robert Garton-Smith, LLB, B Com, GDip Fin Planning (Sec Inst), F Fin**

#### **Managing Director of Primary Securities Ltd**

Robert Garton Smith is the Managing Director of Primary Securities Ltd and has been its responsible manager in relation to managed investments since inception.

Robert has degrees in law, commerce and financial planning and is a legal practitioner and a registered tax (financial) advisor.

Robert is a member of the Law Society of Western Australia and the Australian Compliance Institute and is a Fellow of the Financial Services Institute of Australia and the Association of Financial Advisors.

He has worked in the area of managed investments since preparing Australia's first feature film prospectus in 1981 and has prepared and overseen dozens of managed investment schemes relating to financial assets, derivatives, property, property developments, mortgages, film, forestry, and other investments.

### **Natasha Olsen, LLB**

#### **Director/Company Secretary of Primary Securities Ltd**

Natasha has a Bachelor of Laws Degree from Notre Dame University and was admitted to practice law by the Supreme Court of Western Australia in November 2015. Natasha is a member of The Law Society of Western Australia.

With the exception of two years in London, Natasha has been employed by Primary since its formation

and has considerable experience of all aspects of the business. Natasha is in charge of operations.

## Custodian

The custody of the Fund has been outsourced to Interactive Brokers Australia Pty Ltd (**Interactive Brokers**), FP Markets Pty Ltd (**FP Markets**) and Invest Global.

The Custodian receives brokerage fees on trades placed.

## 4. Investment Strategy

### Investment objective

The investment objective of the Fund is to deliver income and capital growth over the long-term. The Fund is suitable for investors with an investment horizon of at least five years.

### Investment philosophy and approach

The Fund will invest in Australian listed equities with the aim of delivering income and material capital growth over the long-term.

The Fund's investment parameters allow the Fund to take advantage of material trends and valuation anomalies within the market by investing directly into Australian listed equities and through the use of Short sales and listed Derivatives.

### Investment Strategy and Process

The Fund's investment strategy is to invest in Australian listed equities with a long-term outlook, while identifying positions that may have excellent risk/reward characteristics. The Fund will also use Short sales and listed Derivatives with the objective of generating absolute returns and to hedge the exposure of the portfolio. The Fund will generally invest into a diverse portfolio of stocks, typically between 20-80 securities.

### Leverage

The Fund has the ability to utilise leverage to maximise return to Unit Holders. The maximum gross leverage of the Fund will remain below 200% (that is the total of the Fund's long positions plus its short positions, divided by the NAV).

The Investment Manager will closely monitor the Fund's leverage levels. As a result of utilising leverage, volatility of the Unit Price can be expected.

### Ongoing review

The Investment Manager focuses energy and resources into the development and maintenance of the current trading strategies, to ensure that the present strategies are relevant and effective in the prevailing market conditions. The current or existing

strategies within the Fund are constantly adjusted and replaced when necessary if there is a slump in performance. The purpose of this is to ensure that the trading strategies of the Fund are evolving as the markets evolve.



## 5. Investing in the Fund

### Who Can Invest in the Fund?

The Fund is only open to investors who qualify as a Wholesale Client as defined in the Corporations Act 2001.

An investor will generally be regarded as a Wholesale Client if:

- the investment into the Fund is at least \$500,000, or
- a qualified accountant certifies that the person has net assets of at least \$2.5 million, or
- a qualified accountant certifies that the person had a gross income for each of the last two financial years of at least \$250,000, or
- the client is a professional investor, or
- the client is a Sophisticated Investor.

Investment applications may be accepted or rejected at the absolute discretion of the Trustee.

### Minimum Investment

The minimum investment into the Fund is \$50,000 subject to the Trustee's discretion to accept a lower amount. Subsequent investments must be greater than \$25,000.

### When to Invest in the Fund?

Units will be issued on the First Day of each calendar month. Completed applications for Units in the Fund and cleared Application Money must be received by the Trustee before the 25th day of the prior month.

Units in the Fund will be issued at the price applicable as at the close of business on the last day of the prior month (the **Dealing Day**).

### Issue Price

On the first allotment, the Issue Price will be \$1.00 per Unit; and thereafter, the Issue Price will be the Net Asset Value on the last Dealing Day on which the Net Asset Value was calculated, divided by the number of Units on Issue, plus the Buy-Sell Spread, rounded up or down as appropriate to the nearest one tenth of one cent (or otherwise as the Trustee decides).

### Buy-Sell Spread

The buy/sell spread is the amount determined by the Trustee to be associated with the acquisition or disposal of Assets, being:

- (a) when calculating the Issue Price of a Unit, the amount that the Trustee reasonably estimates as reflecting any costs and expenses which would be incurred if all the Assets were to be acquired at the relevant time, per Unit; and
- (b) when calculating the Redemption Price of a Unit, the amount that the Trustee reasonably estimates as reflecting the total costs and expenses which would be incurred if all the Assets were to be sold at the relevant time, per Unit,

necessary to avoid an adverse impact on other Unit Holders because of an issue or a withdrawal of Units, but the Trustee may at any time in connection with a particular Application or Redemption treat these costs to be a lesser sum or zero.

On Application, the Buy-Sell spread is 0.2% of the Net Asset Value.

### Applications

Applications for Units can only be made by completing the interactive Application Form available from the Investment Manager or by applying online on the Trustee's website:

[www.primarysecurities.com.au/application-forms](http://www.primarysecurities.com.au/application-forms)

Application Forms and relevant identification documents and accountant's certificates must be sent to the Trustee. The Trustee will not process any new application until it has received a properly completed and signed Application Form and the required accompanying identification documentation.

Completed Application Forms, identification documents, accountant's certificates and cleared funds (in the Fund's application bank account) must be received and accepted by the Trustee at least five Business Days before the end of the month for the request to be processed.

Application Money should be paid by electronic funds transfer into the following application bank account:

**Bank:** Westpac Banking Corporation

**Account Name:** Primary Securities Ltd as trustee  
for Frame Long Short Australian  
Equity Fund Applications Account

**BSB:** 036 048

**Account No.:** 467 886

**Reference:** Your Unit Holder Name

All Application Money is held in the application bank account controlled by the Trustee until the Units are allotted by the Trustee or refunded to the Applicant.

The Trustee will acknowledge receipt of an Application Form on behalf of the Fund, and in the event no acknowledgement is received from the Trustee within 5 Business Days of submitting the request, the Applicant should assume the Application Form has not been received and they should contact the Trustee via telephone on 08 9430 5262 to confirm the status of their application.

The Trustee or Investment Manager may, at their absolute discretion, reject an application in whole or in part without giving any reason for the rejection. Applications that are not accepted, or are accepted for a lower number of Units than the number applied for, will receive a refund of their Application Money without interest.

## How to make a redemption from the Fund?

Unit Holders wishing to redeem Units must give a written redemption request to the Administrator before the 25th day of the month in which the Dealing Day falls. A redemption request must specify the number of Units to be redeemed or the value of the proceeds of redemption to be received. The minimum requirement for each redemption is \$50,000 unless otherwise permitted by the Trustee.

A minimum holding of \$50,000 must be held in the Fund and as such, if a redemption request would cause the Unit Holder to have an interest in the Fund of less than the minimum holding, the Trustee may refuse the request or treat the request as relating to the Unit Holder's entire unitholding.

The Trustee may suspend redemptions on the occurrence of certain market events (such as the closing of a securities exchange, an emergency or other state of affairs which would make it impracticable for

the Trustee to calculate the Unit Price or acquire or dispose of Assets) or where the Trustee reasonably considers it is in the interests of Unit Holders.

Units will be redeemed after close of business on a Dealing Day at the Redemption Price. Redemption proceeds will be available as soon as practicable after the Dealing Day but no later than 5 days after the Administrator strikes the Unit Price on that Dealing Day. Redemption proceeds will be settled in Australian dollars and are remitted by direct credit to an account designated by the Unit Holder, after receipt by the Trustee of duly completed documents including the original executed redemption notice.

## Redemption Price

The Redemption Price will be calculated using the Net Asset Value of the last Dealing Day on which the Net Asset Value was calculated, divided by the number of Units on Issue, less the Buy-Sell Spread, rounded up or down as appropriate to the nearest one tenth of one cent (or otherwise as the Trustee decides).

## Ongoing Unit Price

The Unit Price is calculated by dividing the NAV of the Fund by the number of Units on Issue on each Dealing Day.

The NAV of the Fund includes the value of income accumulated by the Fund since the previous distribution date less the expenses and liabilities of the Fund.

Some examples of income and expenses included in the Fund Unit Price calculation are as follows:

- Realised gains or losses
- Unrealised gains or losses
- Dividends, distributions and interest income
- Accrued Management Fees
- Estimated Performance Fees
- Trustee Fees
- Fees accrued to other service providers
- Taxes and government charges
- Other expenses reasonably and properly incurred by the Trustee in connection with the Fund

## Distributions

The Fund will distribute all its net taxable income (gross assessable income net of deductible expenses) 6 monthly, being 30 June and 31 December.

Unit Holders may elect to either receive cash distributions (only paid to Australian resident bank accounts) or to reinvest in additional Units in the Fund. Unit Holders who elect to receive distributions via bank transfers will receive their distribution within one month after the end of the relevant distribution period.

Distributions will automatically be reinvested in Units in the Fund if the Trustee does not receive Unit Holder instructions to pay out such distributions including the Unit Holder's bank account details.

The Trustee may at its absolute discretion distribute the capital of the Fund to Unit Holders.

## Communication and Reporting

Unit Holders will be provided with the following reports from either the Trustee or the Investment Manager.

- Application and redemption confirmation statements;
- Unit Holder monthly statements;
- Fund monthly report highlighting performance, attribution & risk metrics;
- Annual financial statements; and
- Annual income distribution and tax statements.

## 6. Risks

### Investment Risks

All investments involve a varying degree of risk. An investment in the Fund will be subject to a number of risks. Whilst the Investment Manager will adopt strong risk management procedures, prospective investors should consider the following risks in determining whether an investment in the Fund is a suitable investment.

Before you make an investment decision, it is important to identify your investment objectives and the level of risk you are prepared to accept. This may

be influenced by factors such as:

- The timeframe over which you are expecting a return on your investment and your need for regular income versus longer-term capital growth.
- Your level of comfort with volatility in returns.
- Risks associated with the structure through which your investments are made.

As such, it may be important for you to obtain personal advice about your financial circumstances and needs, as well as the suitability of the Fund.

### General Risks

All investments in Financial Products have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of investment returns. Investment risk may also result in loss of income or capital invested and possible delays in repayment. Unit Holders could receive back less than they initially invested and there is no guarantee that they will receive any income.

There are a number of risks of a general nature which may affect the future operation and financial performance of the Fund, and the value of an investment in the Fund.

If any of the risks associated with the Fund occur, the Fund's financial condition and prospects could be materially and adversely affected, which could result in the loss of all or part of your investment in the Fund.

Some of these risks can be mitigated by the use of appropriate risk management practices and controls but many are outside the control of the Trustee or the Investment Manager.

Investors should be aware that the value of Units may rise and fall depending on a range of factors including local, regional and global economic conditions.

The Units issued under this Information Memorandum carry no guarantee with respect to profitability, payment and distributions, return of capital or the price at which the Units may be sold. Neither the Trustee nor Investment Manager nor any member of their respective groups provide any guarantee or warranty that your capital is protected. Before making decisions to apply for Units, prospective investors should carefully consider the key risks that affect

boutique funds management businesses, as well as the other information contained in this Information Memorandum. An investment in the Fund should be considered as speculative.

General risks include:

- changes in legislation, including taxation laws that may affect the profitability or viability of the Fund;
- changes in fiscal, monetary and regulatory policies;
- changes in domestic and global interest rates;
- movements in domestic and international stock markets;
- movements in foreign exchange rates;
- investor sentiment;
- declaration of a pandemic;
- prevailing economic and political conditions in Australia and internationally; and
- increased regulation in the industry or sector.

This list is by no means exhaustive. Investors should consider whether Units in the Fund are appropriate for their own financial and investment circumstances and objectives. Potential investors are urged to seek independent professional advice and to read the Information Memorandum in its entirety prior to investment.

### **Covid-19 Risk**

While the COVID-19 pandemic continues, the investments of and operation of the Fund could be affected in numerous ways. For example, markets may be more volatile than usual and the management of the Fund could be affected by self-isolation or sickness.

### **Speculative Financial Products Risk**

The Investment Manager may invest in speculative Financial Products with increased levels of investment risk. The value of the Fund's Financial Products may fall or fluctuate widely which will affect the value of the Fund. Changes in economic, political or market conditions or the regulatory environment may

adversely impact the Fund and its Financial Products. In addition, other factors may affect particular Financial Products (i.e. interest rates, exchange rates) and consequently the value of the Fund may fall. There are no assurances that the Investment Manager will anticipate these developments.

### **Investment Manager Risk**

The success of the Fund will depend upon the Investment Manager's ability to execute and maintain the investment strategy to produce positive returns over time. The Investment Manager's ability to deliver returns is dependent on investment trading strategies and risk management strategies. There is no guarantee that these strategies will be successful. Poor trading execution and poor investment decisions by the Investment Manager will mean that the Assets held by the Fund will not produce the desired returns and this could have an adverse impact on the Fund's financial performance.

The Investment Manager is engaged by the Trustee under an Investment Management Agreement. If the Investment Management Agreement is terminated, the Investment Manager would no longer be able to manage the Fund and, unless alternative arrangements could be made, it may be necessary to wind up the Fund.

### **Underperformance of Investment Strategy**

The strategy chosen for the Fund may underperform its stated performance objectives, even if the general market performs well. Neither the Trustee nor the Investment Manager can assure performance of the investment strategy, so underperformance is one of the key risks for the Unit Holder.

### **Trustee Risk**

The Investment Manager is an authorised representative of the Trustee. The ability of the Investment Manager to manage the Fund in accordance with this Information Memorandum and the Corporations Act is dependent on the maintenance of the Trustee's AFSL and the Trustee's continued solvency. Maintenance of the AFSL depends, among other things, on the Trustee continuing to comply with ASIC's imposed licence

conditions and the Corporations Act. The AFSL is therefore also dependent on the retention of key personnel within the Trustee with responsibility for ensuring compliance with ASIC's imposed licence conditions and the Corporations Act. If the Trustee was no longer able to act as Trustee, the Investment Manager may be able to identify another entity to act as trustee. Unless alternative arrangements could be made, it may be necessary to wind up the Fund.

### **Key Man Risk**

The main risk to the Fund is key man risk in relation to the Investment Manager, Hue Frame.

### **Liquidity Risk**

If the Fund takes large illiquid positions, this could potentially make it difficult for the Fund to close or exit that particular position. This lack of market liquidity can potentially cause losses to the Fund and the halt of processing redemptions. In futures markets, generally the liquidity is a lot higher, but may exist if there is some form of government intervention, and trading halts could potentially occur.

In certain circumstances where the Trustee considers it is in the interests of Unit Holders, the Trustee may suspend redemptions in the Fund.

### **Leverage Risk**

As part of the Fund's principal investment strategy, the Fund will make investments into futures contracts and other Derivative instruments to gain long and short exposure across equity index futures, commodity futures, energy futures and equities. The futures contracts and other Derivatives, provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. If the Fund uses leverage, the Fund has the risk of magnified capital losses. The Net Asset Value of the Fund employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires the Fund to pay interest.

### **Leverage Risk Carries Higher Fees**

The Investment Manager may leverage the Fund's Financial Products by using Derivatives which may cause the Fund to assume a larger exposure to a Financial Product by posting a much smaller amount as a margin. When this occurs, the gain or loss is calculated based on the full amount (or face value) of the Derivative, not the amount of the margin. Fees associated with Derivatives are also determined by the full value of the Derivative and these would include interest or funding costs. These fees would also vary depending on the Derivative or leverage used.

### **Commodities Risk**

Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked Derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

### **Regulatory Risk**

This is the risk that a government or regulator may affect the value of securities in the Fund by introducing regulatory or tax changes.

### **Market Risk**

Market risk represents the risk of adverse movements in markets (including asset prices, volatility, changes in yield curve, changes in interest rates or other market variables) impacting instruments held by the Fund. Market risk is best assessed in the context of the total portfolio, where the measure of this risk is the combined effective market exposure of both long and short Derivative contracts and their impact to market movements. As Derivatives generally have the ability to provide greater levels of exposure (this level may exceed the value of the Fund), if there are changes in these market risks, either positively or negatively, it could provide accentuated movements to the Derivatives held by the Fund, thus increasing or decreasing the Fund NAV. Please

refer to Section 6, leverage risk for more information.

### Diversification Risk

Lack of diversification across asset classes (for example shares, property, cash, fixed interest) over your entire Fund of Financial Products may result in returns having a higher volatility.

### Derivative Risk

A range of financial Derivatives, futures and options, may be used to implement investment decisions and to manage risk in the Fund. An investment in Derivatives is a sophisticated Financial Product and can cause the Fund to make gains or incur losses that are large in proportion to the money invested in them. Derivative transactions may also involve the risk (including credit risk) that the counterparty on a transaction will be unable to honour its financial obligation to the Trustee with respect to Derivatives held on behalf of the Fund. However, it is not intended to enter into any Derivative transactions that are not exchange traded.

### Counterparty Risk

This risk is the risk that a counterparty to a given agreement may not meet its contractual obligations. Obviously, this risk can be managed by choosing to deal with only exchange traded securities.

### Stock Selection Risks

Within each asset class, individual securities like shares can be affected by risks that are specific to that security. For example, the value of a company's shares can be influenced by changes in a company's management, its business environment or profitability. These can also impact the company's share price.

### Operational Risks

The custody of the Fund has been outsourced to Interactive Brokers Australia Pty Ltd (**Interactive Brokers**), FP Markets Pty Ltd (**FP Markets**) and Invast Global (Invast). The custodial operations of Interactive Brokers are subject to regular review and reporting

by external audit, however, by itself this review does not prevent breakdown of operations and procedures. The Trustee is satisfied that Interactive Brokers, FP Markets and Invast Global have in place adequate internal controls for its custody and investment administration operations. Should Interactive Brokers, FP Markets or Invast Global default on its obligations, this could adversely affect the Fund and the Unit Holders.

### Hedging Risk

Normally, a hedge consists of taking an offsetting position in a related security, such as a Derivative. Risks that may arise to the Fund when using Derivatives as a hedge are liquidity risks and pricing risk when trying to unwind the hedge; there could be slippage and the hedge may not be able to be unwound at the same price as the original asset. There could also be margin calls should the price move adversely against the hedge. Having a hedged position would also eliminate gains on the original trade should the price move in favour of the original trade.

### Short Selling Risks

The Fund will engage in selling Financial Products short. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the costs of borrowing in relation to the purchase of the Financial Products. A short sale creates the risk of an unlimited loss, as the price of the underlying Financial Product could theoretically increase without limit, thus increasing the cost of buying those Financial Products to cover the short position. There can be no assurance that the Financial Products necessary to cover a short position will be available for purchase. Purchasing Financial Products to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss.

### Realisation Risk

The risk the Fund may not be able to withdraw from or sell any part of all of the Financial Products held by the Fund at fair value.



## Redemption Risk

Under certain circumstances, there is a risk that the timeframe for meeting redemption requests may not be able to be met. In this case, redemptions may take significantly longer than the generally applicable timeframe. The timeframe is set out in the Trust Deed of the Fund.

## Performance Fee Risk

The Investment Manager's entitlement to a performance fee in relation to out-performance may create an incentive to the Investment Manager to make riskier or more speculative investments than would be the case absent such performance fee.

## Risk Management

The risk management strategy of the Fund involves:

- generally investing in a diverse portfolio of stocks (typically between 20-80 securities);
- applying a robust investment process developed by experienced fund managers;
- running daily portfolio risk analytics which identify changes in correlations and portfolio volatility.

While the risk of COVID-19 exists, the Investment Manager has implemented additional processes to ensure the continuation of the investment strategy and management of the Fund. The Investment Manager has implemented the following steps: the ability of the staff to work remotely, remote monitoring of exposure risk occurs on a daily basis, all staff are upskilled on the roles of other staff to ensure that if one becomes incapacitated, the implementation of the investment strategy continues. The Investment Manager believes these steps will ensure that the management of the Fund continues at the same level of detail as business as usual.

## 7. Fees

### General

Various fees and expenses are recoverable from the Fund. All fees listed below are exclusive of the effect of GST and any reduced input tax credit.

## Management Fee

The Investment Manager is entitled to receive a management fee (**Management Fee**) equal to 1.6% per annum plus GST of the Net Asset Value (before the payment of any Performance Fees) calculated and accrued monthly on the Net Asset Value as at the last day of the month and payable within 5 days of the Trustee striking the Unit Price at the end of the month. The Trustee will pay the Management Fee out of the Assets of the Fund.

## Performance Fee

The Investment Manager will also be entitled to receive a performance fee (**Performance Fee**) from the Fund. The Performance Fee will be calculated in respect of each period of 3 months ending on 31 December, 31 March, 30 September and 30 June in each year (each a Calculation Period). The Performance Fee will be calculated before payment of any distribution for the Calculation Period.

The Performance Fee will be 25% plus GST of the amount (if any) by which the Fund's positive net performance exceeds the Hurdle Rate. The Hurdle Rate is the target cash rate published by the Reserve Bank of Australia plus 3% per annum subject to the High Water Mark. The performance of the Fund is the difference between the NAV and the Base NAV during that Calculation Period, with appropriate adjustments for any contributions, withdrawals or distributions.

The Base NAV is the greater of:

- the NAV at the beginning of the relevant Calculation Period; and
- the highest NAV achieved at the end of any previous Calculation Period (**High Water Mark**).

Where the Performance Fee is paid for the first time, the Net Asset Value for the purposes of this definition means \$1.00.

The Performance Fee will be estimated monthly and accrued as a provisional expense of the Fund. The Performance Fee will be payable to the Investment Manager in arrears within 5 days of the Administrator striking the Unit Price at the end of each Calculation Period.

If the Investment Management Agreement is terminated during a Calculation Period, the Performance Fee in respect of the then current

Calculation Period will be calculated and paid as though the date of termination were the end of the relevant period.

that it is to be issued Units instead of money in payment of its fees or reimbursement of its expenses.

## Other Fees and Costs

Until Allotment, the Trustee is entitled to any interest earned on the Application Money in the application bank account prior to Allotment (the period is likely to be too short to justify calculation).

Each Unit Holder must pay a handling fee of \$100 plus GST for any deed of assignment, transfer or transmission of their interest in the Fund.

## Expenses

All expenses reasonably and properly incurred by the Trustee, or the Investment Manager on behalf of the Trustee, in connection with the Fund (including the establishment and administration of the Fund) or in performing the Trustee's obligations under the Trust Deed are payable or can be reimbursed out of the Fund. These expenses include administration, custodial, prime broking, transaction, accounting, audit, government charges, taxation, adviser, and establishment expenses. All operational expenses are estimated on a yearly basis and pro-rated monthly over the year.

## Differential Fees

The Investment Manager, at its discretion, may individually negotiate fees with Unit Holders. The size of the investment and other relevant factors may be taken into account. Differential fees may be achieved through the payment of fee rebates or by issuing different classes of Units.

## Buy/sell spread

This takes into account estimated transaction costs such as brokerage costs, government or bank charges and market spreads pertaining to the acquisition or disposal of all the Assets of the Fund. These are reflected as a percentage difference between the Application and Withdrawal Prices. The 'buy/sell spread' is currently expected to be up to 0.20%.

## Issue of Units instead of Payment

The Trustee and the Investment Manager may elect

## Trustee Fee

Trustee's establishment fee	\$2,500 plus GST, for establishment services performed by the Trustee or its solicitors.	Paid by the Investment Manager but payable out of the Fund to the Investment Manager on the Date of First Allotment.
Trustee's Monthly fee	From the Date of First Allotment, (a) for the first three months a set monthly fee of \$1,000 plus GST (b) following the first three months until 31 December 2020, a monthly fee of whichever is the greater of \$1,500 plus GST or 1/12th of 0.2% of FUM plus GST; and (c) thereafter, until the FUM reaches \$20,000,000 a monthly fee of whichever is the greater of \$1,800 plus GST or 1/12th of 0.2% of FUM plus GST; (d) after FUM reaches \$20,000,000 then for the excess above \$20,000,000 a monthly fee of 1/12th of 0.05% of FUM plus GST to a maximum monthly fee of \$6,667 plus GST	Payable on the last day of the relevant month
Trustee's Administration fee	The Trustee is paid a fee for its service as Administrator of the Fund. The Administration Fee charged by the Trustee is paid by the Investment Manager.	Payable on the last day of the relevant month by the Investment Manager.
Trustee's Financial Statements fee	\$3,000 plus GST per financial statement.	Payable out of the Fund on preparation of the financial statements.
Trustee's online portal fee	If requested by the Investment Manager, \$3,000 plus GST per annum for up to 250 Unit Holders, reasonable apportionment if more.	Payable out of the Fund
Trustee's PI Insurance fee	Whichever is the greater: (a) 1/12 <sup>th</sup> of \$1,200 plus GST; or (b) 1/12 <sup>th</sup> of \$500 plus GST per \$1m FUM Until the rollover of the Trustee's policy, then a reasonable proportion of the total premium of the Trustee's policy.	Payable out of the Fund on the last day of the relevant month
Additional services and expenses fee	Reasonable fees for a range of additional services and expenses such as holding meetings, regulatory fees. If the Trustee is required to pay any taxes in relation to the Fund, the Trustee may be indemnified out of the Fund.	Payable out of the Fund on receipt of a tax invoice.

## 8. Additional Information

### Trust Deed of the Fund

The Trust Deed of the Fund provides an operational framework for the ongoing management of the Fund. It sets out the rights, duties and obligations of the Trustee in respect of the Fund.

Upon Allotment each Unit becomes bound to the terms of the Trust Deed.

The main operative provisions outlined in the Trust Deed include:

- Creation and duration of the Fund;
- Applications, redemptions and Fund reinvestments;
- Valuation of Assets;
- Distributions;
- Fees and expenses;
- Meetings of Unit Holders;
- Investment, borrowing and valuation procedures;
- Trustee's indemnities;
- Confidentiality and conflicts of interest; and
- Procedures on termination of the Fund.

### Indemnification

The Trust Deed contains provisions indemnifying the Trustee in respect of the Fund's activities that are broader than the protections that would apply in the absence of those provisions. In general, the Trustee (and all employees, directors and agents) are to be held harmless from any losses arising out of activities involving the Fund, except to the extent that those losses are found to have resulted from negligence, fraud or dishonesty of the Trustee.

The Trustee is entitled to be indemnified out of the Assets of the Fund for any liability, loss, claim, demand and cost incurred by the Trustee in properly performing or exercising any of its powers or duties in relation to the Trust.

Subject to the Corporations Act, the Trustee and each director and officer of the Trustee, is not personally liable in contract, tort or otherwise to any Unit Holder or other person for the loss suffered in any way relating to the Trust, or for any act or failure to act in

connection with the Trust or with the office of trustee, or of director or officer, except for its own fraud, gross negligence or breach of trust.

To the maximum extent permitted by law, the Trustee is released from any claim relating to losses or liabilities incurred by a Unit Holder in relation to the Trust or this information memorandum except to the extent those losses and liabilities arise from the Trustee's own gross negligence, fraud or wilful default.

In addition to any other right of indemnity which it might have under the Trust Deed or at law, the Trustee is indemnified and entitled to be reimbursed out of or have paid from the Assets of the Trust, any expenses incurred in the performance of its duties or the exercise of its powers in relation to the Trust.

Should investors require more detailed information on the operation of the Fund, the Trustee will provide a full copy of the Trust Deed on request.

### Investment Management Agreement

The Trustee and the Investment Manager have or will enter into an Investment Management Agreement under which the Investment Manager agrees to act as investment manager of the Fund and is entitled to the Management Fee and Performance Fee (details disclosed in Section 7 above).

The Investment Manager can terminate the Investment Management Agreement by giving 30 days' notice in writing after the first three years if the Investment Manager nominates another trustee who holds an AFSL and at any time as a result of certain material un-remedied breaches by the Trustee.

If the Investment Management Agreement is terminated by the Trustee as a result of certain material un-remedied breaches by the Investment Manager, the Trustee will:

- (a) take over the role of Investment Manager for the Fund until a replacement Investment Manager is contracted;
- (b) will continue to run the Fund in accordance with the Trust Deed and the Information Memorandum; and
- (c) if the Trustee decides to terminate the Fund, termination will be processed in accordance with the Trust Deed.

## Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Laws

The Fund must comply with anti-money laundering laws, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Laws**), which requires the Trustee of the Fund to have an AML/CTF Program and comply with a range of other requirements.

Under the Trustee's AML/CTF Program and the AML/CTF Laws, the Trustee is required to collect and verify certain identification information (Know Your Customer (**KYC**) Information) from all Applicants/Unit Holders in the Fund. If you do not provide the KYC Information when requested, processing of applications or redemptions may be delayed or refused. The Trustee may be required to disclose your personal information or your transactions to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

Under AML/CTF Laws, the Trustee may be required to deny you (on a temporary or permanent basis) access to your Units. This could result in a loss of the capital invested, or you may experience significant delays when you wish to transact on your Units. The Trustee or Investment Manager are not liable for any loss you may suffer as a result of compliance with AML/CTF Laws.

## US Foreign Account Tax Compliance Act (FATCA) /Common Reporting Standards

As part of the application process you must complete a self-certification form. This form is being used to comply with legislation which gives effect to the OECD Common Reporting Standard and the US legislation known as FATCA.

The Trustee is required to collect and report to the Australian Taxation Office (ATO) certain information about the tax residency of account holders. The ATO shares this information with the competent authorities of other jurisdictions as a means of countering global tax evasion.

For more information, refer to the ATO website:

<http://www.ato.gov.au>

## Privacy Disclosure

By completing the Application Form and any other relevant forms to your application, you are providing personal information for the primary purpose of the Trustee and Investment Manager providing Units in the Fund to you.

The Trustee and Investment Manager manage your personal information in accordance with the Privacy Act 1988 and the Trustee's Privacy Policy, which includes details about the following matters:

- the kinds of personal information they collect and hold;
- how they collect and hold personal information;
- the purposes for which they collect, hold, use and disclose personal information;
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (APP), or a
- registered APP code (if any) that binds us, and how we will deal with such a complaint; and
- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

You can obtain a copy of the Trustee's Privacy Policy and any additional information you require relating to how your personal information is managed by writing to the Trustee.

To contact the Trustee about privacy, please use the following contact details:

Primary Securities Ltd

PO Box 732

Fremantle WA 6959

**Ph:** +61 8 9430 5262

**Email:** [registry@primarysecurities.com.au](mailto:registry@primarysecurities.com.au)

The Investment Manager's Privacy Policy is publicly available at its website at [www.framefunds.com.au](http://www.framefunds.com.au) or you can obtain a copy free of charge by contacting the Investment Manager.

To contact the Investment Manager about privacy, please use the following contact details:

Frame Funds Management Pty Ltd

Suite 25, Level 6

58 Pitt Street

Sydney NSW 2000

**Ph:** +61 2 8668 4877

**Email:** admin@framefunds.com.au

## 9. Taxation Considerations

The tax information provided here is a brief guide only and is based on current laws and interpretation as at the date of this Information Memorandum. It is not tax advice. The effects of taxation on managed investment schemes can be complex and may change over time. It is recommended that investors seek professional taxation advice before investing in the Fund.

### Tax Position of the Fund

The Fund has been established as an Australian resident unit trust.

If the Fund qualifies as an “attribution managed investment trust” (AMIT) for Australian tax purposes, and an election is made to treat the trust as an AMIT, components of taxable income of an AMIT will be attributed to Unit Holders on a fair and reasonable basis, rather than based on the share of the trust income to which Unit Holders are presently entitled. The AMIT tax system also includes rules for dealing with identified variances in calculating an AMIT’s taxable income, increasing a Unit Holder’s cost base of Units where the taxable components attributed to the Unit Holder exceeds the amount distributed, decreasing a Unit Holder’s cost base of Units where the taxable components attributed to the Unit Holders are less than the amount distributed and various other changes.

### Tax Position of Australian Investors

Investments in, redemptions from, and income paid from the Fund are likely to have taxation consequences to Unit Holders under current

Australian tax legislation.

If you invest in the Fund after the start of a financial year, the distributions you receive from the Fund may include income earned by the Fund before you became a Unit Holder. This could have negative tax consequences for you as you may be taxed on these amounts.

It is suggested that potential Unit Holders seek their own advice from a tax professional.

### Tax Position of Non Resident Investors

If a Unit Holder is a non-resident of Australia for tax purposes, the Fund may withhold Australian tax from any distributions consisting of Australian sourced income and capital gains derived by the Fund. The Fund withholds tax at the rate applicable to the non-resident Unit Holder. Such Unit Holders may be able to claim a credit for this tax in their country of residence.

### Foreign Tax

Where the Fund’s investments have a connection with a foreign jurisdiction, there may be Australian and foreign taxation consequences.

Under provisions added to the U.S. Tax Code in 2010, known as the Foreign Account Tax Compliance Act (FATCA), and guidance interpreting these provisions, a 30% U.S. withholding tax applies to (i) U.S.-source interest, dividends and certain other types of income paid after June 30, 2014, and (ii) gross proceeds from the sale or disposition after December 31, 2016 of assets which produce such types of income, which are received by a foreign financial institution (FFI), unless such FFI collects and reports certain information as to the identity of the direct and indirect owners of accounts in such institution; either of these provisions may apply to payments made in respect of Derivative transactions. An FFI will generally comply with these requirements by entering into an agreement with, and reporting such information to, the U.S. Internal Revenue Service (IRS). Such an agreement may require the FFI, no earlier than 2017, to act as withholding agent for the IRS with respect to payments by the FFI that are attributable to withholding tax payments received by the FFI. An FFI organised or doing business in a jurisdiction that has entered into an intergovernmental agreement



(IGA) with the United States to implement FATCA may instead need to comply with rules issued by, and report any required information to, its home government. In addition, this withholding tax may be imposed on payments to certain non-financial foreign entities which do not obtain and provide information as to their direct and indirect owners.

A FATCA-like intergovernmental agreement was signed on 28 April 2014 between the Government of Australia and the Government of the United States of America.

## Goods and Services Tax (GST)

The Fund will register for GST. However, no GST will be payable by the Trustee in respect of dealings in the Units, investment in cash and cash equivalents or in respect of distributions from the Fund.

The Fund will be liable to pay GST on certain goods and services acquired in connection with its operations, to the extent that they are connected with Australia. In particular, GST will be payable on the Trustee's fees and certain administration expenses incurred by the Fund. However, it is expected that the Fund will be entitled to full input tax credits or reduced input tax credits paid on many of these fees and charges.

Unless stated otherwise, the fees and expenses listed in the Information Memorandum are listed exclusive of GST and do not reflect the benefit of input tax credits to the Fund.

## Tax File Numbers

You are not required to provide the Trustee with your Tax File Numbers (TFN) or an Australian Business Number (ABN). If you hold Units as part of a business you may disclose your ABN instead. By quoting your TFN you authorise the Trustee to disclose it to the Australian Taxation Office and apply it to your investments. Privacy and tax laws regulate the collection of TFNs and ABNs. Whilst it is not compulsory to provide either your TFN or any relevant exemptions, if you do not, the Trustee will have to deduct tax at the highest marginal rate (including Medicare Levy) from any distributions paid to you from the Fund.

## 10. Complaints Handling Procedures

The Trustee will deal with any Complaint in accordance with s912A(2) of the Corporations Act.

The Trustee has appointed solicitor Ms Anna Catelli, B Juris., LLB., Dip. Ed., as its Complaints Officer.

If you have a complaint, please contact the Trustee:

**Telephone:** +61 8 9430 5262

**Email:** catelli@primarysecurities.com.au

**Post:** PO BOX 732, Fremantle, WA, 6959

### Complaints Handling Methods

The Trustee will deal with all Complaints made by Complainants according to the following methods:

**(a)** Receipt of any Complaint is to be acknowledged to the Complainant by the Complaints Officer, or a staff member of the Trustee, within 24 hours (or one business day) of receipt, or as soon as practicable.

**(b)** Complaints that do not require investigation are to be resolved immediately or expeditiously. These will not be recorded in the Trustee's complaints register unless:

- (i)** the Complainant requests a written response; or
- (ii)** the Complaint is about hardship.

**(c)** Complaints are to be investigated and the Complaints Officer or Managing Director may request the Complainant to provide further information which the Complaints Officer or Managing Director thinks is needed to consider the Complaint and make a decision regarding the Complaint.

**(d)** IDR Response

Either the Complaints Officer or the Managing Director will provide a copy of the decision or outcome of the Complaint to the Complainant (IDR Response) within 30 days of receiving the Complaint.

**(e)** If the Complaints Officer or the Managing Director are unable to provide an IDR Response within 30 days of receiving the Complaint due to either:

- (i)** the complexity of the Complaint; or
- (ii)** circumstances beyond the control of the Trustee are causing complaint management delays:

then prior to 30 days of receiving the Complaint the Complaints Officer or Managing Director must give to the Complainant an IDR Delay Notification that informs the Complainant about:

- (iii)** the reasons for the delay;
- (iv)** the right of the Complainant to complain to AFCA if they are dissatisfied; and
- (v)** the contact details for AFCA.

**(f)** At the same time as providing the IDR Response to the Complainant, the Complaints Officer or the Managing Director will also advise the Complainant that they may complain to AFCA should the Complainant be unsatisfied with the IDR Response.

**(g)** Any issues arising from Complaints that have material ramifications on other schemes shall be reported by the Complaints Officer to the Board of the Trustee.

**(h)** The Trustee may refer a Complaint directly to AFCA for resolution, in which case the Trustee will obtain the consent of the Complainant for this purpose.

**(i)** A Complaint will be closed either when:

- (i)** the Complainant is satisfied with the outcome and informs either the Complaints Officer or the Managing Director of their satisfaction;
- (ii)** a decision regarding the Complaint is made by AFCA and the orders made by AFCA (if any) have been complied with by the Trustee.

**(j)** The Complaints Officer or Managing Director must also inform the Complainant of the following information:

**(i)** AFCA may be contacted:

- by phone on 1300 931 678 (or whichever number is for the time being applicable);
- by email to [info@afca.org.au](mailto:info@afca.org.au) (or whichever email address is for the time being applicable);
- by writing to GPO Box 3, Melbourne, VIC 3001 (or whichever address is for the time being applicable).

- (ii) If AFCA accepts the Complaint AFCA will first invoke a conciliation process. If the Complainant remains unsatisfied with the outcome, the Complainant has the right to have the Complaint resolved in accordance with the dispute resolution procedure provided for in the Trust Deed. Each Complaint is handled in confidence and without affecting any legal rights of the Complainant should they remain dissatisfied.
- (iii) AFCA may not deal with all Complaints, in which case only dispute resolution or legal proceedings are available.
- (iv) ASIC has a Freecall Infoline 1300 300 630 (or such other number as is being used for the time being) which the Complainant may use to make a complaint and obtain information.
- (k) A copy of the Complaints handling procedures are available on request by any Unit Holder free of charge.

## 11. Definitions

\$ or dollar	Australian dollar unless otherwise stated.
Administrator	Primary Securities Ltd ACN 089 812 635.
Allotment	The issue of Units in the Fund to an Applicant and the Applicant becoming a Unit Holder
Applicant	Any person who has completed and delivered to the Trustee or to a duly authorised lawful agent of the Trustee an Application Form and Application Money but who is not yet a Unit Holder.
Application Form	The Interactive application form available from the Investment Manager or the Application Form available on the Trustee's website.
Application Money	The amount payable by an Applicant with their Application Form.
ASIC	Australian Securities and Investments Commission.
Assets	All property, assets, rights and income of the Fund from time to time, but excluding any Application Money in respect of which Units have not been issued, proceeds of redemption which have not been paid or any amount earmarked for distribution.
Business Day	Any day other than Saturday, Sunday, a bank holiday or public holiday in Sydney or Perth.
Buy-Sell Spread	<p>The buy/sell spread amount determined by the Trustee, being up to 0.2% to be associated with the acquisition or disposal of Assets, being:</p> <ul style="list-style-type: none"> <li>(a) when calculating the Issue Price of a Unit, the amount that the Trustee reasonably estimates as reflecting any costs and expenses which would be incurred if all the Assets were to be acquired at the relevant time, per Unit; and</li> <li>(b) when calculating the Redemption Price of a Unit, the amount that the Trustee reasonably estimates as reflecting the total costs and expenses which would be incurred if all the Assets were to be sold at the relevant time, per Unit, necessary to avoid an adverse impact on other Unit Holders because of an issue or a withdrawal of Units, but the Trustee may at any time in connection with a particular Application or Redemption treat these costs to be a lesser sum or zero.</li> </ul>
Calculation Period	Three month period ending on 31 March, 30 June, 30 September and 31 December each year.
Complainant	A person making a Complaint.
Complaint	An expression of dissatisfaction made to or about an organisation (including the Trustee and the Manager (if applicable)), related to its products, services, staff or the handling of a complaint where a response or resolution is explicitly or implicitly expected or legally required.
Complaints Officer	The complaints officer of the Trustee for the time being.
Complaints Registry	The register of Complaints maintained by the Trustee.
Corporations Act or Act	Corporations Act 2001 (Cth) (as amended from time to time).
Custodian	Interactive Brokers Australia Pty Ltd ( <b>Interactive Brokers</b> ), FP Markets Pty Ltd ( <b>FP Markets</b> ) and Invast Global ( <b>Invast</b> ).
Dealing Day	Last Business Day of each Calendar Month.

Derivative	An arrangement or product (such as a future, option, or warrant) whose value derives from and is dependent on the value of an underlying asset, such as a commodity, currency, or security.
Eligible Investor or Wholesale Client	Any natural person, firm or company who qualifies as a “wholesale client” as defined in section 761G of the Corporations Act (as listed in the Application Form) or a “sophisticated investor” as deemed by section 761GA of the Corporations Act, other than: (a) any person, corporation or entity which cannot acquire or hold Units without violating laws or regulations applicable to it or would cause the Fund to be in breach of the laws or regulations which apply to it, or (b) a custodian, nominee, or trustee for any person described in (a).
FATCA	The Foreign Account Tax Compliance Act and is United States (US) legislation aimed at improving compliance with US tax laws. FATCA imposes certain due diligence and reporting obligations on Australian financial institutions including the Trustee and those of other non-US countries, to report US citizen or US tax-resident Account Holders to the US Internal Revenue Service.
Financial Products	Investments made in Australian equities, Derivatives, commodities, currencies & bonds.
Fund	Frame Long Short Australian Equity Fund, an Australian resident unit trust constituted by the Trust Deed.
FUM	Funds under management, being the aggregate value of all Assets at that time.
GST	Goods and services tax imposed under A New Tax System (Goods and Services Tax) Act 1999 or other laws implementing the GST including all amendments.
High Water Mark	The highest NAV per Unit at the end of the most recent Calculation Period in respect of which a Performance Fee was paid to the Investment Manager. Where the Performance Fee is paid for the first time the Net Asset Value per Unit for the purposes of this definition means \$1.00.
Hurdle Rate	The target cash rate published by the Reserve Bank of Australia plus 3% per annum.
IDR Delay Response	A Notice to the Complainant explaining why an IDR Response has not been provided to the Complainant within the time frame set out in the Complaints procedures and includes the information as to the remedies available to the Complainant.
IDR Response	The decision or outcome of the Complaint provided to the Complainant.
Investment Manager	Frame Funds Management Pty Ltd ACN 608 862 442.
Issue Price	On the first Allotment, \$1.00 per Unit; and thereafter, the Net Asset Value each on the last Dealing Day on which the Net Asset Value was calculated, divided by the number of Units on Issue, plus the Buy-Sell Spread, rounded up or down as appropriate to the nearest one tenth of one cent (or otherwise as the Trustee decides).
Minimum Holding	Units with an aggregate Unit Price of \$50,000.
Net Asset Value or NAV	The total current market value of the Assets of the Fund less the total value of the liabilities of the Fund as calculated by the Trustee on any relevant date.
Redemption Price	The Net Trust Value on the day prior to the Redemption of Units divided by the number of Units on Issue, less the Buy-Sell Spread, rounded up or down as appropriate to the nearest one tenth of one cent (or otherwise as the Trustee decides).

Short sale	A trading strategy that speculates on the decline in a share price in which the investor sells borrowed shares to buyers willing to pay the market price.
Trust Deed	The trust deed for the Fund dated 30th April 2020.
Trustee	Primary Securities Ltd ACN 089 812 635.
Unit	Units of the Fund.
Unit Holder	A person who becomes a unit holder under the Trust Deed.
Unit Price	The Net Asset Value divided by the number of Units on Issue.
Units on Issue	The number of Units issued in the Fund.



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**Contact Details**

**P.** 02 8668 4877  
**E.** [admin@framefunds.com.au](mailto:admin@framefunds.com.au)  
**I.** [www.framefunds.com.au](http://www.framefunds.com.au)

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58 Pitt Street  
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