



Absolute Equity Performance

Replacement Prospectus

Offer of Shares and Loyalty Options to raise a minimum of \$25,000,000 and a maximum of \$75,000,000 (with the ability to accept up to \$25,000,000 in oversubscriptions)

Important Information

This Replacement Prospectus contains important information for you as a Shareholder or prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Advisor to the Offer



Perma Capital

Joint Lead Managers:



AFS Licence 237121



AFS Licence 235410



AFS Licence 243480

Co-Manager:



AFS Licence 247083

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Important Notices

This Document

This document is a replacement prospectus dated 23 November 2015 (**Replacement Prospectus** or **Prospectus**). It replaces a prospectus dated and lodged with the Australian Securities & Investments Commission (**ASIC**) on 9 November 2015 (**Original Prospectus**). This Replacement Prospectus has been issued to:

- (a) clarify that the Investment Manager will manage the Company's portfolio of investments using the same investment strategy as its other portfolios (including BLSEF and the Bennelong Securities Managed Account);
- (b) clarify disclosures around short selling and leverage;
- (c) explain how the Investment Manager will use short sales to leverage the Portfolio (this was achieved by deleting any references to debt leverage, adding a simple explanation using dollar figures and deleting from Section 4.11 a Volatility graph that compared the Volatility of the Investment Strategy against a sample of asset classes and market indices from February 2002 to September 2015);
- (d) include a new table in Section 5.8 that shows the monthly net returns of the Investment Strategy for each calendar year since inception;
- (e) include Taylor Collison Limited as a Co-Manager to the Offer; and
- (f) correct minor typographical and formatting errors in the Original Prospectus.

The Prospectus and Offer

This Prospectus is issued by Absolute Equity Performance Fund Limited (ACN 608 552 496) (**Company**) and is an invitation to apply for up to 68,181,818 Shares at an Application Price of \$1.10 per Share to raise up to \$75,000,000 (with the ability to accept oversubscriptions to raise a further \$25,000,000). For every 1 Share issued under the Offer, Applicants will receive an entitlement to 1 Loyalty Option. Loyalty Options issued to an Applicant will either Vest or lapse on the date that is 6 months after the Company is admitted to the Official List. The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date. Each Vested Loyalty Option is exercisable at \$1.10 at any time on or before 16 November 2017.

None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Securities (other than Shares to be issued on the exercise of Loyalty Options) will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date 13 months after the date of the Original Prospectus.

ASX Listing

The Company applied within 7 days after the date of the Original Prospectus for admission to the official list of ASX and for the Shares and Loyalty Options to be quoted on ASX. Vested Loyalty Options are expected to be quoted on ASX within 1 month after the Vesting Date.

The fact that ASX may admit the Company to the official list and quote the Securities is not to be taken in any way as an indication of the merits of the Company. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Securities unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company.

If permission is not granted for the Shares to be quoted before the end of 3 months after the date of the Original Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act. ASIC has granted permission for Vested Loyalty Options to be quoted on ASX not later than 7 months after the Closing Date of the Offer.

Exposure Period

Pursuant to the Corporations Act, the Original Prospectus was subject to an exposure period of 7 days after the date of the Original Prospectus, which period may be extended by ASIC by a further period of 7 days (**Exposure Period**).

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Intermediary Authorisation

The Company does not hold an Australian Financial Services License (**AFSL**). Accordingly, offers under this Prospectus will be made pursuant to an arrangement between the Company and holders of an AFSL (**AFSL Holders**) pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares or Loyalty Options by the Company under this Prospectus and the Company will only issue Shares and Loyalty Options in accordance with such offers if they are accepted. Channel Investment Management Limited (AFSL 439007) is the licenced dealer to the Offer (**Licensed Dealer**). The Company will forward all Application Forms that do not bear an AFSL Holder stamp to the Licensed Dealer. The Company will not pay the Licensed Dealer a fee for provision of its services as Licensed Dealer to the Offer.

The Joint Lead Managers and the Co-Manager will manage the Offer on behalf of the Company. The Joint Lead Managers are Ord Minnett Limited, Morgans Financial Limited and Bell Potter Securities. Taylor Collison Limited is the Co-Manager to the Offer.

The Joint Lead Managers', the Co-Manager's, the Licensed Dealer's and each AFSL Holder's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor.

None of these persons guarantees the success or performance of the Company or its returns (if any). None of the Joint Lead Managers, the Co-Manager, the Licenced Dealer or the AFSL Holder is responsible for, or has caused the issue of, this Prospectus.

Investment Decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares and Loyalty Options. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 6. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Securities.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Forward Looking Statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 6, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Information About the Investment Manager

This Prospectus contains certain information about the Investment Manager, its senior executives and business. It also contains details of its investment approach, strategy and philosophy. To the extent that the Prospectus includes statements by the Investment Manager or includes statements based on any statement of, or information provided by, the Investment Manager, the Investment Manager consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

Prospectus

An electronic version of this Prospectus (**Electronic Prospectus**) can be downloaded from www.aepfund.com.au. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

The Company will also send a copy of the paper Prospectus and paper Application Form free of charge if the person asks during the application period.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares and Loyalty Options to which the Electronic Prospectus relates will only be issued on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus.

How to Apply

You can only make an Application for Shares and Loyalty Options under the Offer by completing and lodging the applicable Application Form attached at the back of this Prospectus. You can find detailed instructions on completing the Application Forms on the back of the Application Form.

Applications must be for a minimum of 2,000 Shares at \$1.10 each (i.e. for a minimum subscription amount \$2,200) and 2,000 Loyalty Options. A larger number of Shares and Loyalty Options may be applied for in multiples of 100 Shares and Loyalty Options.

Application Monies

Applications must be accompanied by payment in Australian currency.

Cheques in respect of Applications should be made payable to "Absolute Equity Performance Fund Limited" and crossed "Not Negotiable".

No stamp duty or brokerage is payable by Applicants.

Application Forms

Completed Application Forms, together with Application Monies, should be forwarded to the following address:

By Mail

Absolute Equity Performance Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

Absolute Equity Performance Fund Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Alternatively, Applicants can apply online and pay their Application Price by BPAY at www.aepfund.com.au.

When to Apply

Completed Applications and Application Monies under the Offer must be received by 5:00 pm (Sydney time) on the Closing Date. The Directors may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

Glossary of Terms

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 12.

Corporate Directory

DIRECTORS

Marc Fisher
Graham Hand
Andrew Reeve-Parker

COMPANY SECRETARY

Jeff Phillips

CONTACT

Bennelong House
Ground Floor, 9 Queen Street
Melbourne VIC 3000

SHARE REGISTRY

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

INVESTIGATING ACCOUNTANT

**Pitcher Partners Sydney
Corporate Finance Pty Ltd**
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

SOLICITORS TO THE OFFER

**Watson Mangioni
Lawyers Pty Limited**
Level 13, 50 Carrington Street
Sydney NSW 2000
Telephone: (02) 9262 6666
Facsimile: (02) 9262 2626

JOINT LEAD MANAGERS

Ord Minnett Limited
Level 8, NAB House,
255 George Street, Sydney

Morgans Financial Limited
Level 29, 123 Eagle St,
Brisbane QLD 4000

Bell Potter Securities Limited
Level 38, 88 Phillip Street,
Sydney NSW 2000

CO-MANAGER

Taylor Collison Limited
Level 16
211 Victoria Square
Adelaide SA 5000

LICENCED DEALER

**Channel Investment
Management Limited**
Level 27
111 Eagle Street
Brisbane QLD 4000

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Highlights of the Offer

Important Dates

Lodgement of Original Prospectus with ASIC	9 November 2015
Lodgement of Replacement Prospectus with ASIC	23 November 2015
Expiry of Exposure Period	23 November 2015
Offer expected to open	24 November 2015
Broker Firm Offer expected close	5.00pm, 4 December 2015
Offer expected to close	5.00pm, 7 December 2015
Expected date of allotment / date of dispatch of holding statements	11 December 2015
Shares expected to commence trading on ASX	16 December 2015
Vesting Date for Loyalty Options	6 months after Shares are quoted on ASX
Loyalty Options expiry date	16 November 2017

The above dates are subject to change and are indicative only and times are references to Sydney time. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicant.

Enquiries

Investors with questions or who require additional copies of the Prospectus should contact the Share Registry, Boardroom Pty Limited on 1300 737 760 (from within Australia) and (+612) 9290 9600 (outside Australia).

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Key Offer Statistics

Company	Absolute Equity Performance Fund Limited (ACN 608 552 496)
Proposed ASX codes	Shares: AEG Loyalty Options: AEGO
Securities offered	Fully paid ordinary shares 1 Loyalty Option for every Share issued under the Offer
Minimum number of Securities available under the Offer	22,727,273 Shares 22,727,273 Loyalty Options
Minimum proceeds from the Offer (before exercise of any Loyalty Options)	\$25,000,000
Maximum number of Securities available under the Offer (before oversubscriptions and exercise of any Loyalty Options)	68,181,818 Shares 68,181,818 Loyalty Options
Maximum proceeds from the Offer (before oversubscriptions and the exercise of any Loyalty Options)	\$75,000,000
Maximum number of Securities (assuming oversubscriptions are fully subscribed but before the exercise of any Loyalty Options)	90,909,091 Shares 90,909,091 Loyalty Options
Maximum proceeds from the Offer assuming oversubscriptions are fully subscribed (before the exercise of any Loyalty Options)	\$100,000,000
Application Price per Share	\$1.10
Vested Loyalty Option exercise price	\$1.10
Pro forma Net Asset Value (NAV) backing per Share if the Minimum Subscription amount is raised (based on pro forma balance sheet set out in Section 7.2)	\$1.074
Pro forma NAV backing per Share if the Maximum Subscription amount (before oversubscriptions) is raised (based on pro forma balance sheet set out in Section 7.2)	\$1.078
Pro forma NAV backing per Share if the Maximum Subscription amount and \$25,000,000 in oversubscriptions is raised (based on pro forma balance sheet set out in Section 7.2)	\$1.079

Chairman's Letter

Dear Investor,

On behalf of the Directors of the Company I would like to invite you to become a Shareholder in the Absolute Equity Performance Fund Limited (**Company**), a new ASX listed investment company (**LIC**). The Company has been established to invest in a diversified portfolio of Australian listed equities, with the aim of achieving positive returns regardless of share market performance, through an 'equity market neutral' style of investing.

Equity market neutral strategies do not rely on positive equity market performance for their returns. Instead, they use research to identify companies that are either undervalued or overvalued in the same sector and buy and sell similar amounts respectively. This leads to a portfolio with very low market and sector exposure, and instead one that performs as a result of the relative mis-pricing between these stock 'pairs'. An advantage of market neutral portfolios is that they aim to generate positive returns in both rising and falling markets – providing potentially valuable diversification benefits to investors.

One of the limitations of these strategies is so-called 'capacity'. The nature of the investment strategy is that it places a natural cap on the size of individual investments within market neutral portfolios. To protect investor returns, the leading managers place a limit on the amount of money they will accept from investors, and the best managers are often 'closed' for long periods of time, since investor demand exceeds capacity.

The Offer provides an opportunity for you to gain access to not only this style of investment, but also the Investment Manager's particular implementation.

Access to an Award Winning Investment Strategy¹

We believe that Bennelong Long Short Equity Fund (**BLSEF**) is currently one of the best known institutional market neutral funds in Australia. BLSEF is managed by Bennelong Long Short Equity Management Pty Ltd, the Company's Investment Manager. The Investment Manager will manage the Company's portfolio of investments using the same investment strategy as BLSEF. This investment strategy was first deployed by Richard Fish (one of the Principals of the Investment Manager) in 2002 in the management of a segregated managed account (known as the Bennelong Securities Managed Account).

The Company considers that the results of the strategy are best illustrated by aggregating the results of the managed account (from February 2002 to June 2008) and BLSEF (from July 2008 to September 2015). The aggregated results show that the investment strategy has generated annualised net returns of 18.14% between February 2002 and September 2015².

1. Winner of Australian Hedge Fund Industry Award for Best Market Neutral Fund in 2008. In addition, BLSEF was a finalist in the Australian Fund Manager Awards, Absolute Return Fund in 2012, nominated in 2009, 2010 and 2013 for Australian Hedge Fund Industry Award, Best Market Neutral Fund and nominated in 2011 for Australian Hedge Fund Industry Award – Australian Hedge Fund of the Year and Best Market Neutral Fund.

2. The historic performance of the Investment Strategy is represented by the performance of BLSEF (from July 2008 to 30 September 2015) and the Bennelong Securities Managed Account (from February 2002 to June 2008). See Section 5 for further details.

The Company considers that the strategy has also demonstrated its diversification benefits on many occasions. For example, BLSEF returned +11.9% in 2008 versus the S&P/ASX200 Accumulation Index's return of -38.4%. You should be aware that past performance is not indicative of future performance and that the performance of the Company could be significantly different to the performance of the portfolios managed in the past by the Investment Manager. Until recently this strategy has largely only been available to institutional investors. So we are delighted to have been able to establish the Company, whose portfolio will be managed using the same strategy implemented by the same management team.

The Investment Manager

The Investment Manager's investment team continues to be led after 13 years by Richard Fish who is supported by Sam Shepherd – the Senior Portfolio Manager.

Three members of the investment team (including Richard and Sam) collectively own 58% of the Investment Manager and are invested personally in BLSEF alongside their investors. The Bangarra Group owns the remaining 42% stake in the Investment Manager.

Risks and investment term

Notwithstanding our excitement to be able to offer you this opportunity, as with any investment, there are certain risks that you should fully apprise yourself of before deciding whether this investment is appropriate for your individual circumstances. See Section 6 for details of risks associated with an investment in the Company.

It should also go without saying that past performance of the investment strategy is no assurance as to how your investment in the Company will perform in the future. We also suggest that you consider this investment as a medium to long term allocation (5 years+) in your portfolio.

We very much look forward to welcoming you as a Shareholder and serving you in the years to come.

Yours sincerely,



Marc Fisher
Chairman
23 November 2015

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1. Offer Summary

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Loyalty Options.

Question	Answer	More Information
A. Key investment highlights		
What are the key highlights of the Offer?	<p>The Company will provide Shareholders with the opportunity to invest in a diversified portfolio of Australian listed equities, with the aim of achieving positive returns regardless of share market performance, through an 'equity market neutral' style of investing (see Section 3). The Company's objective is to deliver absolute returns through capital growth and income regardless of market movements.</p> <p>Taking up this Offer will allow investors to:</p> <ul style="list-style-type: none"> (a) access an experienced, specialist investment manager with deep expertise across the Australian equity market, that manages approximately \$320,000,000 (as at 30 September 2015); (b) diversify existing portfolios through a market neutral investment opportunity; (c) benefit from a team, members of which have been successfully implementing the same investment strategy since 2002 and has a strong and robust investment process; and (d) access a portfolio that will be predominately comprised of Long and Short Positions in large Australian listed companies and will be actively managed in a manner that seeks to minimise equity market risk. 	Section 4
What is the business model of the Company?	<p>The Company is a newly incorporated company which has not conducted business to date. Upon completion of the Offer, the Company will be a listed company that will invest predominately in S&P/ASX100 and other large capitalisation Australian listed companies.</p> <p>The investment will seek to provide long-term capital growth with, when possible, a steady dividend yield franked to the extent possible¹.</p> <p>The Company's Portfolio will be managed by the Investment Manager in accordance with the terms of the Investment Management Agreement between the Investment Manager and the Company (see Section 10.1 for a summary of this agreement).</p>	Sections 4, 5 and 10.1
Will the Company pay dividends?	<p>The Company's investment objective is to maximise total Shareholder return with a combination of capital growth and income, with the aim of allowing fully franked dividends to be paid to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practice to do so.¹</p> <p>The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 11.5.</p>	Sections 4.9 and 11.5

1. This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective.

Question	Answer	More Information
What are the key risks associated with the business model and the Offer?	<p>The Company's investment activities will expose it to a variety of risks. The key risks identified by the Company include:</p> <ul style="list-style-type: none">(a) <i>reliance on the Investment Manager</i>: The success and profitability of the Company depends almost entirely on the ability of the Investment Manager to construct a Portfolio that is exposed to Long Positions in well managed businesses that have the ability to increase in value over time and Short Positions in businesses that the Investment Manager considers have inferior prospects, minimising the Portfolio's exposure to market direction;(b) <i>key man risk</i>: The Company is exposed to the risk that Richard Fish and Sam Shepherd cease to be involved with the Investment Manager and as a result, cease to manage the Portfolio;(c) <i>market risk</i>: The Company's Portfolio will be constructed so as to minimise market risks. Certain events may have a negative effect on the price of all types of investments within a particular market. The Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely. In a strong share market, the Portfolio may underperform the market indices, as the Portfolio will have limited exposure to market risk;(d) <i>short selling risk</i>: There are inherent risks associated with short selling. Short selling exposes the Portfolio to leverage risk (see paragraph (e) below), and the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender;(e) <i>leverage risk</i>: The Company and the Investment Manager will use short sales to increase the scale of the Portfolio and create leverage. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing;(f) <i>derivative risk</i>: The Investment Manager is permitted to use some Derivatives to manage risk within the Portfolio, although this will not be the Company's main investment. Derivative values can fluctuate significantly and in certain circumstances a Derivative can be more volatile than the underlying asset or index;(g) <i>default risk</i>: The Investment Strategy relies in part on the successful performance of contracts with external counterparties. There is a risk that these counterparties may not meet their responsibilities, including as a result of the insolvency, financial distress or liquidation of the counterparty;(h) <i>compensation for fee structure risk</i>: The Investment Manager may receive compensation based on the Company's performance. The performance fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company;(i) <i>Company risk</i>: The Company is a new entity with no operating history and no proven track record.	Investors should read these risks together with the other risks described in Section 6

Question	Answer	More Information
B. Key Information About the Company's Portfolio and the Investment Strategy		
What is the Company's investment strategy?	<p>The Investment Strategy of the Company aims to limit market risk in the Portfolio by seeking to maintain a cash neutral position through the construction of a long/short portfolio predominantly comprised of a series of correlated Long and Short Positions.</p> <p>The Investment Manager will actively manage the Portfolio.</p> <p>The Investment Strategy is based on a strategy that members of the Investment Manager's team have employed since 2002 (see Section 5 for further information about the Investment Manager and the Investment Strategy).</p> <p>The Investment Strategy and process is based on the Investment Manager's qualitative analysis that seeks to identify Securities with poorer quality fundamentals that can be considered for Short Positions; and those with higher quality fundamentals that can be considered for Long Positions. Section 3 contains an overview of the market neutral investment style and Pair Trades that form the basis of the Investment Strategy. Sections 4.5 and 4.6 summarise the underlying investment process associated with implementing the Investment Strategy.</p> <p>The key dependencies underpinning the Investment Strategy are the research, analysis, skill and experience of the Investment Manager as well as market conditions. See Section 6.2 for details.</p>	Sections 4, 4.5, 4.14, 5, and 6.2
How will the Portfolio be constructed?	<p>The Company may invest in a wide range of Australian listed Securities (including Securities that are dual listed on a foreign stock exchange), cash and exchange traded Derivatives.</p> <p>The Portfolio will be constructed in accordance with the limitations, and consistent with the investment guidelines, set out in Section 4.7. As a guide, the Company's Portfolio is expected to contain approximately 50-80 Securities that will be selected and actively managed in approximately 25-40 Pair Trades. The Pair Trades are expected to comprise the core of the Portfolio and at any given time will represent no less than 60.0% of the total Portfolio. See Sections 4.2, 4.7 and 4.9 for details of the Company's investment objective, investment guidelines and limitations.</p>	Sections 4.2, 4.7, 4.9 and 4.14

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Question	Answer	More Information
<p>Will the Portfolio be leveraged?</p>	<p>The Company and the Investment Manager will use short sales to increase the scale of the Portfolio and create leverage.</p> <p>To explain how short sales are used to create leverage we will assume the value of Long Positions and Short Positions within the Portfolio are equal. For each \$1 invested in the Portfolio (and held as collateral) the Investment Manager can borrow \$2.50 of Securities which it then sells short. The Investment Manager uses these sale proceeds to buy \$2.50 of Long Position Securities and create a Portfolio comprised of \$2.50 of Short Positions and \$2.50 of Long Positions. In this example, the short sales caused the Portfolio to become 5 times leverage (i.e. \$1 initial investment was used to create a \$5.00 Portfolio).</p> <p>The Investment Manager can use leverage of up to 5 times NAV of the Portfolio. Where net exposure is zero, the Investment Manager is able to apply up to 2.5 times leverage on the Short Position portfolio and up to 2.5 times leverage on the Long Position portfolio.</p> <p>This means that, compared with an unleveraged portfolio, assuming the maximum leverage for the Portfolio, then a 1.0% increase in the return on assets within the Portfolio will result in a 5.0% return on the Portfolio; and minus 1.0% decrease in the return on assets within the Portfolio will result in a 5.0% decrease in returns to the Portfolio (ignoring transaction costs).</p> <p>The Investment Manager currently expects to maintain the level of leverage above 4 times NAV of the Portfolio (assuming normal market conditions).</p> <p>Please note that the above examples have been provided for reference purposes only. Any assumptions underlying these examples are hypothetical only.</p>	<p>Section 4.11</p>
<p>What is the Company's valuation and custody policy?</p>	<p>The Company's valuation policy is set out in Section 4.13.</p> <p>Generally, as the Company's investment universe will be restricted to large capitalisation Australian listed Securities, market prices are expected to support the NAV. The Company does not intend to invest in unlisted Securities unless they are pending listing. The Company may invest in Securities listed on other exchanges where such Securities are dual listed on an Australian exchange.</p> <p>The Company's policy is that all assets will be held and located in Australia. The Company has appointed UBS AG, Australia branch as its prime broker (Prime Broker) and UBS Nominees Pty Limited as its custodian (Custodian). The services provided may include the provision to the Company of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities.</p>	<p>Section 4.13</p>
<p>What is the Company's Derivatives Policy?</p>	<p>Exchange traded Derivatives may be used to hedge overall market risk at the Portfolio level or to manage individual stock risk. Over the counter Derivatives will not be used. See Sections 4.7 and 4.14 for further details.</p> <p>For key risks to the Company associated with the collateral requirements of the Derivative counterparties, please see Section 6.2.</p>	<p>Sections 4.7, 4.14 and 6.2</p>

Question	Answer	More Information
Will the Company participate in short selling?	<p>Short selling will be undertaken by the Company as part of the Investment Strategy to benefit from falling Securities prices. The Company is expected to engage in short selling by borrowing Securities from the Prime Broker and providing collateral on the terms and conditions set out in the Prime Broker Agreement (see Section 10.3 for details). Short selling can magnify gains in the Portfolio, but can also magnify losses. To manage this risk, the Company has adopted the leverage policy in Section 4.11.</p> <p>For key risks to the Company associated with short selling, please see Section 6.2.</p>	Sections 4.11, 6.2 and 10.3
What is the time frame for Portfolio construction?	The Investment Manager estimates that the Portfolio will be fully constructed within 7 business days of Shares and Loyalty Options being issued under the Offer.	Section 4.2
What is the investment term?	Investment in the Company should be regarded as a medium to long term proposition.	Section 6.6
C. Key Information about the Company and Investment Manager		
Who are the Company's Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> (a) Marc Fisher – Chairman (b) Graham Hand – Independent non-executive Director (c) Andrew Reeve-Parker – Independent non-executive Director <p>See Section 9.1 for further details regarding the background of the Directors.</p>	Section 9.1
What is the financial position of the Company?	The Company has no performance history available as it is yet to commence trading. Pro-forma statements of financial position are set out in Section 7.2.	Section 7.2
Who will manage the Portfolio?	<p>Bennelong Long Short Equity Management Pty Ltd is the Investment Manager. The Investment Manager will manage the Portfolio in accordance with the Investment Management Agreement and the guidelines and limitations required by the Company from time to time (initially being the guidelines set out in Sections 4.4 and 4.7 of this Prospectus). The Investment Management Agreement is summarised in Section 10.1.</p> <p>Richard Fish, Sam Shepherd, Sam Taylor and Steve Lambeth will be primarily responsible for the investment decisions of the Investment Manager. The team will dedicate its time to the implementation of the Investment Strategy. See Section 5.4 for detailed information regarding the experience and expertise of each of the team members.</p> <p>The Company believes that its Directors and the Investment Manager bring together significant experience and expertise in funds management, Australian listed equities, corporate governance and in providing comprehensive financial and investment services.</p>	Sections 5 and 10.1

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Question	Answer	More Information
What experience does the Investment Manager have?	<p>The Company's Investment Strategy was developed by Richard Fish in 2002. Richard is one of the Investment Manager's senior portfolio managers (see Section 5.4 for details). The Investment Manager has exclusively employed this Investment Strategy since incorporation.</p> <p>The Investment Strategy for the Company will be the same as the market neutral strategy employed with respect to BLSEF (a unit trust managed by the Investment Manager since its inception in July 2008) and Bennelong Securities Managed Account (managed initially by members of the Investment Manager's team from February 2002 to June 2008).</p> <p>The Company considers that the performance of BLSEF and pro forma performance the Bennelong Securities Managed Account to be representative of the historical performance of the Company's Investment Strategy and therefore relevant for investors assessing an investment in the Company. Section 5.6 sets out the historic performance of the Investment Strategy, represented by the performance of BLSEF (from July 2008) and the Bennelong Securities Managed Account (from February 2002 to June 2008). There can be no certainty that the performance of the Company will be similar to the historic performance of the Investment Strategy set out in Section 5.6.</p>	Sections 5, 5.4 and 5.6
Will any related party have a significant interest in the Company or in connection with the Offer?	<p>All Directors will be remunerated for their services. The annual salary of each Director (inclusive of superannuation) is summarised in Section 9.7. In addition to their annual salary, Directors are entitled to be reimbursed for certain costs and expenses. Full details of Director remuneration are set out in Section 9.7.</p> <p>Marc Fisher, the Chairman, currently holds the sole Share on issue in the Company. Directors or entities related to them may apply for Shares and Loyalty Options under this Offer.</p> <p>Marc Fisher is a director and shareholder of Perma Capital Pty Ltd (Perma Capital). Marc is also a director of ZG Advisors Pty Ltd.</p> <p>Perma Capital is an adviser to the Offer and was involved in structuring and establishing the Company. The Company has outsourced the management of its day-to-day operations to Perma Capital. Perma Capital will be remunerated with respect to both these arrangements by the Investment Manager (from management fees under the Investment Management Agreement) at no additional cost to the Company.</p>	Sections 9.5, 9.7 and 9.10
What are the key terms of the Investment Management Agreement?	<p>The Investment Management Agreement has an initial term of 10 years (or as extended annually on each subsequent anniversary).</p> <p>The Company will apply to ASX for a waiver to allow this initial term period of 10 years. If ASX refuses the waiver application, the initial term of the Investment Management Agreement will be 5 years.</p> <p>The Investment Manager will be responsible for managing the Portfolio in accordance with the strategy set out in Section 4 (as amended from time to time by the Company).</p>	Section 10.1

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Question	Answer	More Information
<p>What fees will the Investment Manager receive?</p>	<p>Management Fee</p> <p>In return for the performance of its duties as Investment Manager of the Company, the Investment Manager is entitled to be paid a management fee payable monthly in arrears equivalent to 1.50% per annum (plus GST) of the NAV of the Portfolio before all taxes calculated on the last business day of each calendar month (Management Fee).</p> <p>As a worked example, assuming an initial NAV of the Portfolio before all taxes of \$100,000,000 at 1 January 2016, and nil performance return on the Portfolio each month, the Management Fee payable on the Portfolio for the 6 month period 1 January 2016 to 30 June 2016 would be approximately \$750,000 (plus GST) or 0.75% of the initial NAV of the Portfolio before all taxes for the period. Management Fees would increase if the NAV of the Portfolio before all taxes increases, and decrease if the NAV of the Portfolio before all taxes decreases, over the period.</p> <p>Performance Fee</p> <p>In addition to the monthly Management Fee, in return for the performance of its duties as Investment Manager of the Portfolio, the Investment Manager is entitled to be paid and the Company must pay to the Investment Manager a performance fee of 20% (plus GST) of the amount (if any) by which the NAV of the Portfolio before all taxes on the last day of the current Performance Calculation Period exceeds the High Watermark (as defined in the Investment Management Agreement) (Performance Fee).</p> <p>As a worked example, assuming a Performance Calculation Period of 1 January 2016 to 30 June 2016, an initial NAV of the Portfolio before all taxes of \$100,000,000, and a NAV of the Portfolio before all taxes at the end of the Performance Calculation Period 6.0% higher than at the beginning (representing an annualised increase of approximately 12.1%) of \$106,000,000:</p> <ul style="list-style-type: none"> (a) there would be a Performance Fee payable as the closing NAV of the Portfolio before all taxes is above the High Watermark, being the initial NAV of the Portfolio before all taxes, with an aggregate outperformance of approximately \$6,000,000; and (b) in this instance, there would be an estimated Performance Fee payable at 20.0% of this amount equating to \$1,200,000 (plus GST) for the 6 month Performance Calculation Period; and (c) the closing High Watermark to be carried forward for future Performance Calculation Periods is the closing NAV of the Portfolio before all taxes of \$106,000,000 for this worked example. <p>As a worked example, assuming a Performance Calculation Period of 1 January 2016 to 30 June 2016, an initial NAV of the Portfolio before all taxes of \$100,000,000, and a NAV of the Portfolio before all taxes at the end of the Performance Calculation Period 6.0% lower than at the beginning (representing an annualised decrease of approximately 12.1%) of \$94,000,000:</p> <ul style="list-style-type: none"> (a) there would be no Performance Fee payable as the closing NAV of the Portfolio before all taxes is below the High Watermark, being the initial NAV of the Portfolio before all taxes, with an aggregate underperformance of approximately \$6,000,000; and (b) the closing High Watermark to be carried forward for future Performance Calculation Periods is the initial NAV of the Portfolio before all taxes of \$100,000,000 for this worked example. 	<p>Section 10.1</p>

Question	Answer	More Information
D. About the Offer		
Who is the issuer of the Shares, Loyalty Options under this Prospectus?	The issuer is Absolute Equity Performance Fund Limited (ACN 608 552 496).	Section 2
What is the Offer?	<p>The Company is offering for subscription fully paid Shares at an Application Price of \$1.10 to raise a minimum of \$25,000,000 (Minimum Subscription) and up to \$75,000,000 (Maximum Subscription). However, the Company reserves the right to accept additional subscriptions for Shares to raise up to an additional \$25,000,000 over the Maximum Subscription. In addition, Applicants will receive, for no additional consideration, 1 Loyalty Option for every 1 Share issued under the Offer.</p> <p>Loyalty Options issued to an Applicant will either Vest or lapse on the date that is 6 months after the Company is admitted to the Official List. The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date. Each Vested Loyalty Option is exercisable at \$1.10 at any time on or before 16 November 2017.</p> <p>The Offer is made up of the General Offer and the Broker Firm Offer.</p>	Sections 2.1, 2.2 and 2.3
What is the purpose of the Offer?	The money raised under the Offer will be used by the Company for investments consistent with the Company's Investment Strategy and objectives (refer Section 4 for details) and paying the costs of the Offer, including obtaining a listing on ASX.	Sections 4 and 7.1
Is there a Minimum Subscription?	Yes. For the Offer to proceed, valid Applications for no less than 22,727,273 Shares and Loyalty Options must be received by the Company.	Section 2.4
Is the Offer underwritten?	No.	Section 2.5
Is there a cooling off period?	No.	
Who can participate in the Offer?	Members of the general public who have a registered address in Australia.	Sections 2.1 and 2.13
Who can participate in the Broker Firm Offer?	The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.	Sections 2.2 and 2.7
How do I apply for Shares and Loyalty Options?	<p>The procedures for making an investment in the Company are described in Section 2.</p> <p>The Joint Lead Managers may be required to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2

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Question	Answer	More Information
How do I participate in the Broker Firm Offer?	<p>Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Application Form accompanying this Replacement Prospectus.</p> <p>Shares and Loyalty Options will be allotted under the Broker Firm Offer provided the Application Forms are received or commitments are given to the Joint Lead Managers to lodge the Broker Firm Application Form by 4 December 2015.</p>	Sections 2.2 and 2.7
Is there a minimum number of Shares and Loyalty Options Applicants must apply for?	Yes, each Applicant must subscribe for a minimum of 2,000 Shares and 2,000 Loyalty Options.	Section 2.4
What is the Application Price payable by Applicants under the Offer?	<p>Under the Offer, Applicants will pay an Application Price of \$1.10 per Share.</p> <p>Applicants do not have to pay to subscribe for Loyalty Options under the Offer.</p>	Sections 2.1 and 2.6
Who are the Joint Lead Managers?	Ord Minnett Limited, Morgans Financial Limited and Bell Potter Securities Limited are Joint Lead Managers to the Offer.	Section 10.2
What are the fees and costs of the Offer?	<p>The Company will pay the Joint Lead Managers a fee equal to 1.20% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (directly, through the Co-Manager or through its retail broking channel).</p> <p>The Company will pay a stamping fee of 1.5% (plus GST) of Application Monies provided with General Offer Application Forms bearing a stamp from an AFSL Holder (other than the Licenced Dealer, a Joint Lead Manager or the Co-Manager). None of the Licenced Dealer, Joint Lead Managers or the Co-Manager are entitled to be paid a stamping fee with respect to the General Offer.</p> <p>The costs of the Offer, net of tax and GST, include legal, accounting, marketing and other costs associated with the preparation of the Prospectus and the issue of Shares and Loyalty Options.</p> <p>These costs are estimated to be:</p> <ul style="list-style-type: none"> (a) \$589,548, assuming the Minimum Subscription; and (b) \$1,481,348, assuming the Maximum Subscription; and (c) \$1,925,844, assuming the Offer is fully subscribed and the Company accepts \$25,000,000 in oversubscriptions. 	Section 7
Who is the Licenced Dealer and the Co-Manager?	Taylor Collison Limited is the Co-Manager to the Offer. Channel Investment Management Limited (AFSL 439007) is the Licenced Dealer to the Offer.	
How can I obtain further information?	<p>For further information or if you have any questions relating to the Offer, you can contact the Share Registry, Boardroom Pty Limited on 1300 737 760 (from within Australia) and (+612) 9290 9600 (outside Australia).</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	

The above table is a summary only. This Prospectus should be read in full before making any decisions to apply for Shares.

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2. Details of the Offer

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Loyalty Options.

2.1. The Offer

Shares

The Company is offering for subscription up to 68,181,818 fully paid ordinary Shares at an Application Price of \$1.10 per Share to raise up to \$75,000,000. However, the Company reserves the right to accept additional subscriptions for Shares to raise up to an additional \$25,000,000 over the Maximum Subscription. The rights attaching to the Shares are set out in Section 11.3.

Loyalty Options

For each Share issued to an Applicant, the Company will also grant a Loyalty Option. Loyalty Options issued to an Applicant will either Vest or lapse on the Vesting Date. The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date. The Vesting Date will be a date that is 6 months after the Company is admitted to the Official List.

Loyalty Options that do not Vest on the Vesting Date lapse with immediate effect on the Vesting Date and cannot be exercised.

Each Vested Loyalty Option is exercisable at \$1.10 until 5.00pm (Sydney time) on 16 November 2017.

The terms of the Loyalty Options are set out in Section 11.4.

The Offer

The Offer is made up of the General Offer and the Broker Firm Offer (detailed in Section 2.2).

To participate in the Offer, your Application Form must be received by the Registry by 5:00pm Sydney time on the Closing Date.

The Offer will be made to investors who have a registered address in Australia only.

Applications will be processed, and Shares and Loyalty Options allocated under the General Offer as agreed by the Company and the Joint Lead Managers.

Early lodgement of your Application is recommended as the Directors may close the Offer at any time after the expiry of the exposure period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act.

The Directors reserve the right to terminate the Offer at any time.

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2.2. Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia.

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

Applicants should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

2.3. General Offer

The General Offer is open to all Applicants with a registered address in Australia.

2.4. Minimum Subscription

The Minimum Subscription required for the Offer to proceed is \$25,000,000. In addition, the minimum Application Price payable by an Applicant under the Offer is \$2,200.

2.5. Offer Not Underwritten

The Offer is not underwritten.

2.6. Applications

Application Forms

Applications under the Offer must be made and will only be accepted on the applicable Application Form issued with and attached to this Replacement Prospectus.

Application Forms will be accepted at any time after the Opening Date and prior to the Closing Date.

The Application Form marked "General Offer" must be completed by Applicants who are not participating in the Broker Firm Offer.

An Application Form must be completed in accordance with the instructions on the form (if using a paper Application Form, the instructions are on the reverse side of the Application Form, if using an electronic Application Form, follow the prompts).

Shares issued in respect of Applications received by the Company will be issued at \$1.10. Applications under the Offer must be for a minimum of 2,000 Shares at the Application Price of \$1.10 per Share i.e. \$2,200. The total amount payable for the Shares under the Offer will be rounded up to the nearest whole cent.

Applications and Application Monies for Shares and Loyalty Options under the Offer received after 5:00 p.m. (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date. Applications must be accompanied by payment in Australian currency.

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Payment by cheque or bank draft

Cheque(s) or bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to “Absolute Equity Performance Fund Limited Offer” and crossed “Not Negotiable”.

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms and accompanying cheques may be lodged with:

By Mail

Absolute Equity Performance Fund Limited
c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivered

Absolute Equity Performance Fund Limited
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Payment by BPAY

You may apply for Shares and Loyalty Options online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.aepfund.com.au and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

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2.7. Broker Firm

If you are applying for Shares under the Broker Firm Offer, you should arrange for your Broker Firm Application Form to be lodged with the Broker from whom you received your firm allocation.

Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to this Replacement Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, this Replacement Prospectus.

Applicants under the Broker Firm Offer must complete their Broker Firm Application Form and pay their Application Monies to their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Company or Registry.

The Broker Firm Offer is expected to close at 5.00pm (Sydney time) on 4 December 2015. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from their Broker. The allocation of Shares and Loyalty Options to Brokers will be determined by the Company. Shares and Loyalty Options that are allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares and Loyalty Options from those Brokers.

It will be a matter for the Brokers how they allocate Shares and Loyalty Options among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares and Loyalty Options.

The Company and Boardroom Pty Limited take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Application Form and Application Monies (including, without limitation, failure to submit Broker Firm Application Forms by the close of the Broker Firm Offer).

Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your broker or the Joint Lead Managers for further details.

Please contact your Broker if you have any questions.

2.8. Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of the Original Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC by up to a further 7 days. Applications received during the Exposure Period will not be processed until after the expiry of that period.

No preference will be conferred on Applications received during the Exposure Period.

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2.9. Allotment

The Company will not allot Shares and Loyalty Options until the minimum subscription has been received and ASX has granted permission for quotation of the Shares and Loyalty Options unconditionally or on terms acceptable to the Company.

It is expected that the issue of Shares and Loyalty Options under the Offer will take place by 11 December 2015. Application Monies will be held in a separate account until allotment. This account will be established and kept by the Company on behalf of the Applicant. The Company may retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

The Application constitutes an offer by the Applicant to subscribe for Shares and Loyalty Options on the terms and subject to the conditions set out in this Prospectus.

A binding contract to issue Shares and Loyalty Options will only be formed at the time Shares and Loyalty Options are allotted to Applicants.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Where the number of Shares and Loyalty Options allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) within the time prescribed by the Corporations Act.

It is the responsibility of each Applicant to confirm their holding before trading in Securities. Applicants who sell Securities before they receive an initial statement of holding do so at their own risk. The Company, Registry and each Joint Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Securities before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

2.10. ASX and CHESS

The Company applied within 7 days of the date of the Original Prospectus for admission to the official list of the ASX and for the Shares and Loyalty Options to be quoted. Vested Loyalty Options are expected to be quoted on the ASX within 1 month after the Vesting Date.

The Company will apply to participate in the ASX's CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in 1 of 2 sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.11. Brokerage, Commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares and Loyalty Options under the Offer.

2.12. Licensed Dealers

Offers under this Prospectus will be made under an arrangement between the Company and AFSL Holders, under Section 911A(2)(b) of the Corporations Act. The Company will only authorise AFSL Holders to make offers to people to arrange for the issue of Shares and Loyalty Options by the Company under the Prospectus and the Company will only issue Shares and Loyalty Options in accordance with Applications made under such offers if they are accepted. The Company has entered into an arrangement of this kind with the Licenced Dealer. No fees are payable by the Company with respect to the arrangement with the Licenced Dealer.

The Company will pay a stamping fee of 1.5% (plus GST) of Application Monies provided with General Offer Application Forms bearing a stamp from an AFSL Holder (other than the Licenced Dealer, a Joint Lead Manager or the Co-Manager). None of the Licenced Dealer, Joint Lead Managers or the Co-Manager are entitled to be paid a stamping fee with respect to the General Offer.

The Company has appointed the Joint Lead Managers to manage the Offer. The Joint Lead Managers have appointed the Co-Manager to assist with the management of the Offer. No fees are payable by the Company to the Co-Manager in consideration for its services as the Co-Manager.

The Company will pay the Joint Lead Managers a fee equal to 1.20% (plus GST) of the total proceeds raised under the Offer. In addition, the Company will pay to each Joint Lead Manager a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (directly, through the Co-Manager or its retail broking channel).

The Joint Lead Managers', the Co-Manager's, the Licenced Dealer's and each AFSL Holder's functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Neither the Joint Lead Managers, the Co-Manager, the Licenced Dealer nor any AFSL Holder guarantees the success or performance of the Company or the returns (if any) to be received by the Shareholders.

Neither the Joint Lead Managers, the Co-Manager, the Licenced Dealer nor any AFSL Holder is responsible for or caused the issue of this Prospectus.

2.13. Overseas Investors

The Offer is an offer to Australian investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

United States residents

The Offer is not open to persons in the United States or U.S. Persons.

The Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state Securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these Securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

2.14. Privacy

When you apply to invest in the Company, you acknowledge and agree that:

- (a) you are required to provide the Company with certain personal information to:
 - (i) facilitate the assessment of an Application;
 - (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - (iii) carry out appropriate administration;
- (b) the Company may be required to disclose this information to:
 - (i) third parties who carry out functions on behalf of the Company, including marketing and administration functions, on a confidential basis; and
 - (ii) third parties if that disclosure is required by law; and
 - (iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Company.

Under the *Privacy Act 1988* (Cth), Applicants may request access to their personal information held by (or on behalf of) the Company. Applicants may request access to personal information by telephoning or writing to the Investment Manager.

2.15. Tax implications of investing in the Company

The taxation consequences of any investment in the Securities will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 11.9 and are based on current tax law and ATO tax rulings. The information in Section 11.9 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.

2.16. Anti-Money Laundering / Counter-Terrorism Financing Act 2006

The Company, Investment Manager or any Joint Lead Manager may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

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3. Overview of Market Neutral and Pair Trades

3.1. What is an Equity Market Neutral Investment Strategy?

An equity market neutral investment strategy is an investment process that allows investors to exploit stock specific opportunities, whilst seeking to neutralise equity market risk.

The strategy seeks to profit by purchasing a Long Position that is financed by the Short Position, effectively minimising the exposure to general market movements, while the Company's investment capital is retained in cash.

The investment return is generated as a result of the difference in movements of the Long Positions versus the Short Positions. Returns in a market neutral portfolio will reflect the selection success in choosing Securities to buy and short sell. This is also a key source of risk. If Securities selection is poor, the portfolio value may fall.

A well-constructed portfolio retains little or no exposure to the overall level of the share market. If the share market were to fall in value there is unlikely to be a material impact on the portfolio's performance. The reverse is however also true. If the share market were to rise sharply, a well-constructed portfolio may underperform relative to the market, as it retains little or no market exposure.

3.2. What is a Pair Trade?

A method to implement a market neutral strategy through a portfolio of Pair Trades. A Pair Trade involves short selling a security and using the proceeds to purchase a security in a similar industry with an equal dollar value.

This strategy will generate a positive return if:

- (a) the prices of both Securities move positively, so long as the Long Position move is greater than the Short Position;
- (b) the prices of both Securities fall, so long as the Short Position falls further than the Long Position; and
- (c) the price of the Long Position moves up and the price of the Short Position moves down.

The strategy will generate a negative return if:

- (a) the prices of both Securities move positively where the Short Position move is greater than the Long Position move;
- (b) the prices of both Securities fall where the Long Position falls further than the Short Position; and
- (c) the price of the Short Position moves up and the price of the Long Position moves down.

3.3. More detail on Short Positions

A Short Position is created when an investor borrows Securities (Borrowed Stock) from a Securities lender (for example, a prime broker) and agrees to return the same type and quantity of Securities to the lender. Once the investor has received the Borrowed Stock from the lender, it sells the Borrowed Stock for cash (this is referred to as “selling short” or a “short sale”).

The obligation to the Securities lender will be satisfied when the investor buys back the same type and quantity of Securities and delivers those Securities back to the lender.

In order for a profit to be made on a short sale, the price of the Borrowed Stock needs to fall. For example, if an investor borrows 100 Securities which it sells on market at a price of \$1.00 per Borrowed Stock, the proceeds from that sale would be \$100.00.

If the Borrowed Stock subsequently trades at \$0.75 per security, the investor could buy 100 Securities of Borrowed Stock on market for a total of \$75.00. The investor would transfer the Borrowed Stock back to the lender (in satisfaction of its contractual obligations).

The result of this example is the investor has made \$25.00. This example is simplified as it does not take into account lending costs and other transactional costs.

Short selling has other associated risks, including counterparty, liquidity and leverage risks. See Section 6 for further detail.

3.4. Pair Trading: Advantages

There are a number of potential advantages of Pair Trading that investors should be aware of:

- (a) it is an absolute return strategy that can deliver positive returns in all market conditions. This is because the strategy, when correctly implemented, results in a portfolio that has low exposure to the overall level of the equity market;
- (b) it has uncorrelated returns to the Australian equity market providing diversification benefits to traditional asset classes; and
- (c) it has lower drawdowns (losses) than typical long only equity portfolios.

3.5. Pair Trading: Risk

There are a number of potential risks associated with Pair Trading that Investors should be aware of.

The key risks include:

- (a) reliance on the suitable selection of Securities;
- (b) reliance on historical observations of Volatility remaining similar into the future;
- (c) reliance on the skill of the Investment Manager; and
- (d) the use of short selling exposes investors to losses in excess of the original capital amount.

See Section 6 for a discussion of risk factors to be considered.

4. About the Company

4.1. Overview

The Company will provide investors with the opportunity to invest in a Portfolio of predominantly listed Australian equities in a market neutral style comprised largely of Pair Trades (see Section 3 for further details of Pair Trades).

The Company will predominantly invest both long and short in the S&P/ASX100 and other large capitalisation Australian listed companies in a manner that seeks to neutralise equity market risk.

4.2. Investment Objective

The Company's investment objective is to achieve absolute returns over the medium to long term, through capital growth and income, regardless of market cycles.

The Company intends to pay fully franked dividends to Shareholders to the extent it has sufficient profit reserves and franking credits and it is within prudent business practice to do so. This is not intended to be a forecast, it is merely an investment objective of the Company. The Company may not be successful in meeting this objective. See Section 4.9 for further information regarding the Company's dividend policy.

4.3. Investment Philosophy

The Company and the Investment Manager believe that in the short to medium term markets are not efficient and, with thorough fundamental research, it is possible to identify instances where stock prices do not reflect fundamental value. It is the experience of the Investment Manager that stock prices do tend to revert to fundamental value over the longer term.

The Company believes that it is possible, through skill and experience, to generate returns by exploiting these variations over the medium to long term.

4.4. Investment Strategy

The Investment Manager will actively manage the Portfolio in a market neutral style using predominantly Pair Trades, a strategy that it has a history of successfully deploying. See Section 5 for further information regarding the Investment Manager and its experience with this Investment Strategy.

The Investment Strategy involves a focus on Short Positions and using the funds generated from these sales to purchase Long Positions. As such Pair Trades within the Portfolio will usually be equal size in terms of purchase price (but not always).

Pair Trades will expose the Company to the relative performance difference between the Short Position and Long Positions within each Pair Trade. This exposure reduces the broader equity market risk that is traditionally associated with investments in ASX listed Securities. The Investment Manager may invest in Uncorrelated Pairs and Uncovered Long and Short Positions on an opportunistic basis.

4.5. Investment Process

The Investment Manager conducts a detailed fundamental analysis of various Australian industries, seeking opportunities to profit from the mispricing of listed Securities. Generally the Investment Manager will follow the same process when selecting Pair Trades, Uncorrelated Pairs and Uncovered Long and Short Positions.

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Industry Group Pair Trades

The Portfolio will be constructed predominantly using Pair Trades by industry groupings. For entities where there is no natural hedge in its Global Industry Classification Standard (GICS) sector, the Investment Manager will further investigate the drivers of the relevant businesses to find an appropriate offsetting position.

Qualitative Review: Assessment of Fundamentals

The Investment Manager uses its proprietary qualitative and quantitative process to identify potential Long and Short Positions within industry groupings.

The process is focused on the Investment Manager's qualitative analysis of fundamentals.

The primary characteristics that the Investment Manager will look for in Long Positions are entities with strong business franchises and management teams that have long track records of adding value. The Investment Manager will look for candidates displaying inferior characteristics when selecting Short Positions.

The Investment Manager will use sources such as ASX releases, broker research, industry contacts and manager meetings to develop its view. Consensus valuations are also monitored by the Investment Manager and they may conduct further research where there appears to be a wide divergence in peer and/or broker valuations.

The Investment Manager may also undertake quantitative analysis to identify stock correlations at the Pair Trade level using long term security price data.

The process will seek to identify the correlations between the Securities in the industry grouping. Pair Trades will then be monitored and the Investment Manager will look to execute a trade within the Portfolio construction guidelines when a Long or Short Position deviates outside of fair value.

4.6. Portfolio Construction

The Investment Manager intends for the Portfolio to be primarily constructed using a series of Pair Trades. Generally a Pair Trade will involve 2 similar Securities, 1 Long Position and 1 Short Position. Pair weightings are decided without reference to S&P/ASX index weightings and are designed to produce a better balanced portfolio outcome than the index weights. The Portfolio will be constructed using the 3 main categories of Pair Trades: immature, maturing and mature.

The Pair Trades within the Portfolio from time to time will be weighted between the 3 main categories approximately as follows:

- (a) 30.0% of Pair Trades will be immature pairs. Immature pairs will involve Securities that the Investment Manager has identified as being in early stage relative value opportunities where the catalyst for re-rating is at an early stage. Relative value opportunities are most commonly those where the attractiveness of a trade is measured in terms of expected return of one Security relative to another. For example, in a Pair Trade the Investment Manager will generate a return if the price difference (relative pricing) between the two Securities that make up the Pair changes;
- (b) 40.0% of Pair Trades will be maturing pairs. Securities within these trade pairs will have been identified by the Investment Manager and will have a catalyst driving an ongoing price adjustment. A catalyst in equity markets is a company specific development or event that moves the price of a Security up or down. Common catalysts include but are not limited to: earnings reports that exceed or are below expectations, analyst re-ratings, new product announcements, or changes to a company's competitive landscape. Catalysts can either be gradual or sudden; and
- (c) 30.0% Pair Trades will be in mature pairs. Mature pairs will be comprised of Securities that the Investment Manager assesses to have largely been re-rated by the market and are under review for an optimal exit.

This allocation may change from time to time depending on market conditions and a number of factors.

The Investment Manager can complement the Pair Trades within the Portfolio by investing in a limited number of Uncorrelated Pairs and Uncovered Long and Short Positions. The Investment Manager may invest in positions of this kind on an opportunistic basis, when its conviction levels are high if it has not been able to identify a suitable pair (due to the profile of the relevant Securities within the S&P/ASX 100 and the Portfolio concentration from time to time). These positions are intended to enhance returns and to balance overall Portfolio risk.

4.7. Investment Guidelines and Limitations

The following investment limitations and parameters apply to the Investment Manager's implementation of the Investment Strategy:

- When fully invested, the Portfolio will usually comprise 50 to 80 Securities with 25 to 40 Pair Trades and cash on deposit.
- The maximum investment in Securities issued by an entity or entities within a corporate group is 10.0% of NAV of the Portfolio at the time of initial purchase.
- The Company will not hold more than 5.0% of the capital of any 1 entity or group at the time of purchase.
- The Investment Manager expects that the average position weighting within the Portfolio for any 1 Security will be 1.0% to 2.0% of GAV and each Pair Trade will be 2.0% to 4.0% of GAV. Actual weightings may be higher or lower and will be based on the Investment Manager's level of conviction in each Security and Pair Trade as well as market movements from time to time.
- A Pair Trade will be reviewed if it obtains a position weighting of greater than 5.0% of GAV. The Investment Manager has the ability to allow a Pair Trade's weighting to exceed 5.0% of GAV depending on the attributes of the relevant Pair Trade, including Volatility, and the Investment Manager's level of conviction.
- At any given time, up to a maximum of 40.0% of GAV may be invested in Uncorrelated Pairs and Uncovered Long and Short Positions.
- The Portfolio can be leveraged up to a maximum of 5 times NAV of the Portfolio. The Investment Manager currently expects to maintain the level of gearing above 4 times NAV of the Portfolio (assuming normal market conditions) in order to optimise returns based on its level of conviction.
- The Investment Manager will target the Portfolio's Volatility in the range of 12.0% to 15.0% annualised.
- The maximum exposure to international Securities (ie dual listed Securities) is capped at 10.0% of GAV.
- The maximum exposure to entities with a small capitalisation is capped at 20.0% of GAV (at the time of purchase).
- The maximum net Derivatives effective exposure is capped at 100.0% of NAV of the Portfolio.

4.8. Risk Management

In contrast to many investment strategies that view risk as the prospect of underperforming a benchmark, the Company aims to achieve absolute returns, regardless of market direction. Accordingly, the risks that the Investment Manager will look to measure are absolute returns and risk is considered the prospect of capital loss.

In managing for absolute returns, risk management will be undertaken by continual management of the Portfolio's Volatility.

To ensure that the targeted Volatility within the range of 12.0% to 15.0% per annum is achieved, the Investment Manager may adjust the number of positions, the type of positions, the size of positions and leverage.

The Portfolio relies upon diversification and the avoidance of concentration at the pair level and the lack of market and sector exposure to manage risk.

The Company will manage risk by ensuring that it does not invest more than 10.0% of NAV of the Portfolio (at the time of purchase) in Securities issued by 1 entity or group or hold more than 5.0% of the capital of any 1 entity or group (at the time of purchase).

4.9. Dividend Objective

The Company's investment objective is to maximise total Shareholder return with a combination of capital growth and income, with the aim of allowing fully franked dividends to be paid to Shareholders provided the Company has sufficient profit reserves and franking credits available and it is within prudent business practice to do so.

The amount of any dividend will be at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deems relevant.

This is not intended to be a forecast, it is merely the investment objective of the Company. The Company may not be successful in meeting this objective.

The Company has established a dividend reinvestment plan for Shareholders. The terms of this dividend reinvestment plan are summarised at Section 11.5.

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4.10. Capital Management Policy

The Company may undertake capital management initiatives which may involve:

- (a) the issue of other Shares (through bonus option issues, placements, pro rata issues etc); and/or
- (b) the buy-back of its Shares.

4.11. Short Selling / Leverage Policy

While the Company and the Investment Manager do not currently intend to use debt to increase the scale of the Portfolio, the Investment manager will use short sales to create leverage. Short selling will be undertaken by the Company as part of the Investment Strategy to benefit from falling Securities prices. Leverage created short selling can magnify gains in the Portfolio, but can also magnify losses.

With a view to managing this risk, the Investment Manager has adopted the leverage limits set out in Section 4.7 and will monitor the use of leverage such that it can achieve the investment objective.

4.12. Allocation Policy

The Investment Manager is also the investment manager of 2 trusts and 1 managed account (See Section 5 for details of the portfolios managed by the Investment Manager). The Investment Manager will employ the Investment Strategy across its various portfolios, including the Company's Portfolio.

Different trading scenarios will be considered by the Investment Manager to ensure the equitable allocation of trades and investments is consistently provided across all of its portfolios.

The Investment Manager will use its portfolio management system to manage the allocation of trades and investments across its different portfolios. The allocation will be based on each portfolio's opening monthly portfolio NAV and targeted leverage levels.

The Investment Manager expects to allocate investments across its portfolios on a pro rata basis (based on portfolio NAVs) and having regard to their respective targeted gearing levels. Transactions specific to a particular portfolio however will not be allocated pro rata. Portfolio specific transactions are typically cashflow related.

In addition, where a small amount of stock is traded it may not be booked pro rata across all portfolios. In these circumstances, the Investment Manager expects that the stock would typically be added to a portfolio where it would have the least performance impact.

4.13. Valuation Policy and Custody of Assets

The NAV is calculated daily and the Company's assets will be valued in a manner that is consistent with current industry practice and regulatory requirements. The Company may also revalue the Company's assets less frequently or more frequently in certain circumstances. The valuations of the Company's assets used to calculate the monthly NTA will be provided by an administrator. The Company's policy is that it will only appoint independent fund administrators to value the Portfolio. The Company will engage TMF Fund Administrators (Australia) Pty Limited as the initial administrator for the Company. Consistent with the Company's policy, TMF Fund Administrators (Australia) Pty Limited is unrelated to both the Company and the Investment Manager.

Investments within the Portfolio will either be valued at the market value, a value determined from an independent source or by the administrator in consultation with the Company and the Investment Manager and in accordance with industry standards. As the Company's investment universe will generally be restricted to listed Securities, the Company expects that market prices will predominately be used to support the NAV.

The Company's policy is that all assets will be held and located in Australia. The Company intends to delegate custody of the physical domestic assets to an external custodian. The Company has appointed UBS Nominees Pty Limited to act as the initial custodian. A summary of the custody agreement with UBS Nominees Pty Limited is set out in Section 10.2.

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4.14. Derivatives Policy

Over the counter derivatives will not be used. Exchange traded Derivatives may be used to hedge overall market risk at the Portfolio level or to manage individual stock risk. The types of exchange traded Derivatives that may be used by the Company include futures, options, swaps, forward contracts. These Derivatives may be volatile and speculative.

The only Derivative counterparty, initially, that will be used is UBS AG. Counterparties are required to be an Australian bank or a financial institution approved by the Investment Manager. Exposure to each counterparty will vary depending on a number of factors, including the type of Derivative. The Investment Manager will enter into appropriate agreements with all counterparties.

4.15. Changes to Investment Strategy

The Investment Strategy outlined in this Section is expected to be implemented by the Investment Manager upon listing of the Company on ASX.

While no material changes to the Investment Strategy are presently contemplated, if there are changes, these changes would be made with the approval of the Board, after consultation with the Investment Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's Investment Strategy.

4.16. Status as a Listed Investment Company

It is intended that the Company will qualify as a listed investment company (LIC) under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in section 115 290(4) of the *Income Tax Assessment Act 1997*.

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of the entity in which it holds the permitted investment), financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

4.17. Reports to Shareholders

Within 14 days after the end of each month, the Company will release to the ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to Securityholders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company may also release to the ASX (and place on its website) reports, prepared by the Investment Manager from time to time, to keep Shareholders informed about the current activities of the Company, the performance of the Company's Portfolio and the investment outlook.

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5. About the Investment Manager

5.1. The Investment Manager

Bennelong Long Short Equity Management Pty Ltd (ACN 118 724 173) (**Investment Manager**) was established in 2006.

Today, the Investment Manager is a joint initiative between Richard Fish and Bennelong Funds Management Ltd (ACN 111 214 085) (**BFM**), a member of Bangarra Group (**Bangarra**).

Bangarra (previously known as the Bennelong Group) is a private family business and family office founded in 2000. It has global reach, with businesses in Australia, London, Europe and Asia.

BFM operates Bangarra's boutique funds management business, which invests in and provides services to a growing suite of boutique asset management teams. As at 30 September 2015, BFM had approximately \$5.5 billion in funds under management.

5.2. Investment Strategy

The Investment Strategy was developed by Richard Fish and first implemented on behalf of Bangarra in 2002.

Since inception, the Investment Manager's focus has been on delivering absolute returns to investors. As at 30 September 2015, the Investment Manager had approximately \$320,000,000 of funds under management.

The Investment Manager currently manages the Bennelong Long Short Equity Fund (**BLSEF**), Bennelong Market Neutral Fund (launched in October 2015) and a segregated private managed account (together the **Bennelong Market Neutral Portfolios**).

The Investment Manager will employ the same investment strategy across the Company's Portfolio and each of the Bennelong Market Neutral Portfolios. The key structural differences between the entities managed by the Investment Manager and the potential impact on their respective portfolios are explained in Section 5.5.

5.3. Role of the Investment Manager

The Investment Manager is a corporate authorised representative of BFM. The Investment Manager will be responsible for making investment and divestment decisions for the Company and implementing the Investment Strategy on the terms and conditions set out in the Investment Management Agreement (a summary of this agreement is set out in Section 10.1).

The Investment Manager will:

- (a) implement and manage the Portfolio and manage and supervise the Portfolio investments;
- (b) manage the Volatility of the Portfolio; and
- (c) regularly update the Company regarding the Portfolio.

5.4. Investment Manager Personnel

All key investment decisions by the Investment Manager are made by a team of 4 investment professionals, each bringing complementary skills. The team has a wealth of experience in managing long and short positions and leverage.

The team at the Investment Manager will devote its time fully to the implementation of the Investment Strategy across all portfolios managed by the Investment Manager. The Investment Manager considers that each member of the investment team will be available to devote the amount of time required for the Investment Manager to properly perform its functions in managing the Company's Portfolio in accordance with the Investment Management Agreement.

There have been no adverse regulatory findings against the Investment Manager or any of its staff.

Richard Fish – Senior Portfolio Manager and Principal

Richard Fish has specialist Australian equities capabilities. Richard commenced working with Bangarra in 2002, where he designed and first implemented the Investment Strategy. Richard is the senior portfolio manager responsible for implementation of the Investment Strategy across its various portfolios (see section 5.5 for details of these portfolios).

He has extensive experience in researching, executing and managing Pair Trades, deploying leverage and employing the Investment Strategy.

Prior to this, Richard worked in portfolio manager and dealer roles with National Asset Management Limited. His professional history encompasses positions with high profile investment banks including ANZ McCaughan Securities Limited, Bain Securities (Deutsche Bank AG) and MacNab Clarke & Partners (CS First Boston). Richard holds a Bachelor of Business, Associate Diploma of Marketing and a Graduate Diploma in Applied Finance and Investment.

Sam Shepherd – Senior Portfolio Manager and Principal

Sam Shepherd is a senior portfolio manager at the Investment Manager.

Sam joined the team in May 2012, bringing with him 21 years of Australian equities experience. He has considerable experience managing long and short positions and deploying leverage. Most recently, he was head of the Melbourne Institutional Equities desk for Credit Suisse Equities. In this role, he was responsible for research sales, account management and execution. Prior to Credit Suisse Equities, Sam was a sales trader and research salesman at JP Morgan Australia. His first 7 years in the industry was spent at Norwich Investment Management, where he worked as a dealer, analyst and portfolio manager.

Sam holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance and Investment.

Sam Taylor – Senior Investment Analyst

Sam Taylor is a Senior Investment Analyst at the Investment Manager. Sam has 15 years' experience researching and investing in the Australian equities market. He has worked with the Investment Manager since 2006, in both an analyst and portfolio manager capacity. Currently Sam is responsible for company and industry research and working closely with the portfolio managers on pair trade investment decisions.

Previously, Sam was Partner at Ocean Financial Group where he was an equity portfolio manager for high net worth individuals. Sam's professional history also includes investment advisory roles at Hartleys Ltd and Intersuisse Ltd.

Steven Lambeth – Senior Investment Analyst

Steven Lambeth joined the Investment Manager as a senior investment analyst in August 2014 with over 11 years' experience in the funds management industry.

Most recently, Steven worked with JCP Investment Partners as a senior investment analyst responsible for company research and valuation within a variety of sectors. Steven was also integrally involved in portfolio decision making across a range of investment portfolios, including the JCP 150/50 long short fund. Prior to this, Steven worked as senior investment manager with Wallara Asset Management and as an investment consultant with Towers Perrin's Asset Consulting Practice.

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5.5. The Investment Strategy Experience

The Investment Manager has historically operated the Bennelong Securities Managed Account and BLSEF which have structural differences in comparison to the Company.

As a result, while the composition of the Company's Portfolio and the weighting of individual positions will be similar, they will not be identical to that of the Bennelong Securities Managed Account and BLSEF.

Structural and cash flow differences between the Bennelong Securities Managed Account/BLSEF and the Company

- The Bennelong Securities Managed Account and BLSEF are open-ended structured entities. As such, their cash flows, and hence investment decisions, are affected by applications and redemptions by investors and unitholders. The entities, being open-ended, may receive cash inflows via investments from clients or purchases of units by investors and are accordingly able to redeploy capital without necessarily selling down any stocks they already hold. The entities can also be subject to cash outflows due to clients and investors redeeming investments and units that may need to be funded by the entities having to sell down stock positions. The Company is a closed-end investment vehicle and there are no redemptions by investors. The Company's investment decisions will not be affected by considerations of cash reserves for the purpose of meeting redemption requests and the Company will not be required to sell down positions in the Portfolio under disadvantageous market conditions for that purpose.
- Bennelong Securities Managed Account, BLSEF and the Company have different dividend or distribution policies. The Bennelong Securities Managed Account and BLSEF make distributions annually on 30 June and are required to distribute to investees and unitholders all of their taxable income and realised net capital gains. This could lead to fluctuations in the amount of distributions made from year to year. In contrast, while the current intention of the Company is to pay dividends to Shareholders, whether a dividend will be paid in respect of any period and the amount of any dividend to be paid will be at the discretion of the Board and will depend on factors such as cash flows and the availability of franking credits (see Section 4.9 for details on the Company's dividend objective). The Company's dividend objective has a higher degree of flexibility and allows the Board to determine dividends from year to year, subject to available profits and franking credits.
- The Company will also have a different capital structure. The Company will issue Loyalty Options to investors that participate in the Offer. Loyalty Options that are exercised may dilute the NTA of the portfolio. This may lead to variations in performance.

Differences in tax treatments between the Bennelong Securities Managed Account/BLSEF and the Company

The Absolute Equity Performance Fund Limited, as a company, and the Bennelong Securities Managed Account and BLSEF, as trust structures, are subject to different taxation rules and treatments which are not reflected in the performance figures set out in Section 5.

For example:

- As a company, Absolute Equity Performance Fund Limited's income (including any realised gains on the disposal of assets) is generally subject to income tax at the prevailing company tax rate, which is currently 30%. The Bennelong Securities Managed Account and BLSEF, on the other hand, are trust structures which are generally considered as flow through vehicles for taxation purposes. Their income is therefore generally not subject to income tax. However, investees and unitholders are generally subject to income tax in respect of the taxable distributions they receive from the entities at the income tax rate applicable to them. See Section 11.9 for details of the Australian taxation implications of investing under the Offer.
- Distributions from the Bennelong Securities Managed Account and BLSEF may include concessional tax capital gains, whereas distributions from the Company will typically be taxable as dividends.
- Distributions from the Bennelong Securities Managed Account and BLSEF may include foreign tax offsets whereas distributions from the Company will not. Rather, foreign tax offsets arising on the Company's Portfolio are applied by the Company to reduce its Australian tax payable.

This discussion is not intended to provide a comprehensive analysis of the taxation differences between a company and a trust. Investors are recommended to seek advice from a tax advisor prior to making any investment decision.

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5.6. Relevant Performance History

The Company considers the historic performance of the Investment Strategy as relevant for investors assessing an investment decision in the Company. The historic performance of the Investment Strategy is represented by the performance of BLSEF (from July 2008 to 30 September 2015) and the Bennelong Securities Managed Account (from February 2002 to June 2008). Notwithstanding, there can be no certainty that the performance of the Company will be similar to the historic performance of the Investment Strategy.

The past performance set out in Section 5.8 is historical, prepared on a pro forma basis (see Section 5.8) and does not relate to the future performance of the Company. Applicants should be aware that past performance is not indicative of future performance and that the performance of the Company could be significantly different to the performance of the portfolios managed in the past by the Investment Manager.

Applicants should also be aware that trusts have a different structure to the Company. As a result, the performance of the Company may differ from that of a managed investment scheme or trust employing the same strategy. See Section 5.5 for further details.

5.7. Calculation of Pro forma Historical Performance

This Section contains details of the historic performance of Bennelong Securities Managed Account (for the period commencing February 2002 and ending June 2008) and BLSEF (for the period commencing July 2008). The historic performance of Bennelong Securities Managed Account summarised in this Section has been prepared on a pro forma basis and reflects the actual performance of the Bennelong Securities Managed Account recalculated to reflect the identical fund terms of BLSEF.

This exercise was undertaken by Kingsway Taitz Fund Administration Pty Limited (acquired by the TMF group) as an independent party. The Bennelong Securities Managed Account was an internally run and administered account managed on behalf of the Bangarra Group.

The pro forma adjustments performed by Kingsway Taitz in respect of the actual historical performance of the Bennelong Securities Managed Account were to re-calculate the historical performance by applying the same management fee and performance fee structure that is currently in place for the Bennelong Long Short Equity Fund in order to ensure equivalence of the pro forma historical performance. The calculation was performed on a re-investment (total return) basis and Subscriptions and Redemptions during the life of the Bennelong Securities Managed Account were also taken into account. No other adjustments were made to the actual historical performance of the Bennelong Securities Managed Account.

The return calculations for BLSEF and Bennelong Securities Managed Account were calculated by the Investment Manager's external administrator and have not been audited or reviewed.

5.8. Pro forma Historical Data (Net of Fees)

The graphs and charts detailed in Section 5.8 do not represent future behaviour of the Company or the Investment Strategy. **Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance of the portfolios managed in the past by the Investment Manager.**

Investment Strategy Monthly Net Returns – Calendar Year Ending December

The below table sets out the pro forma pre tax net monthly returns of the Investment Strategy between January 2002 and September 2015. The only negative calendar year performance was 2014.

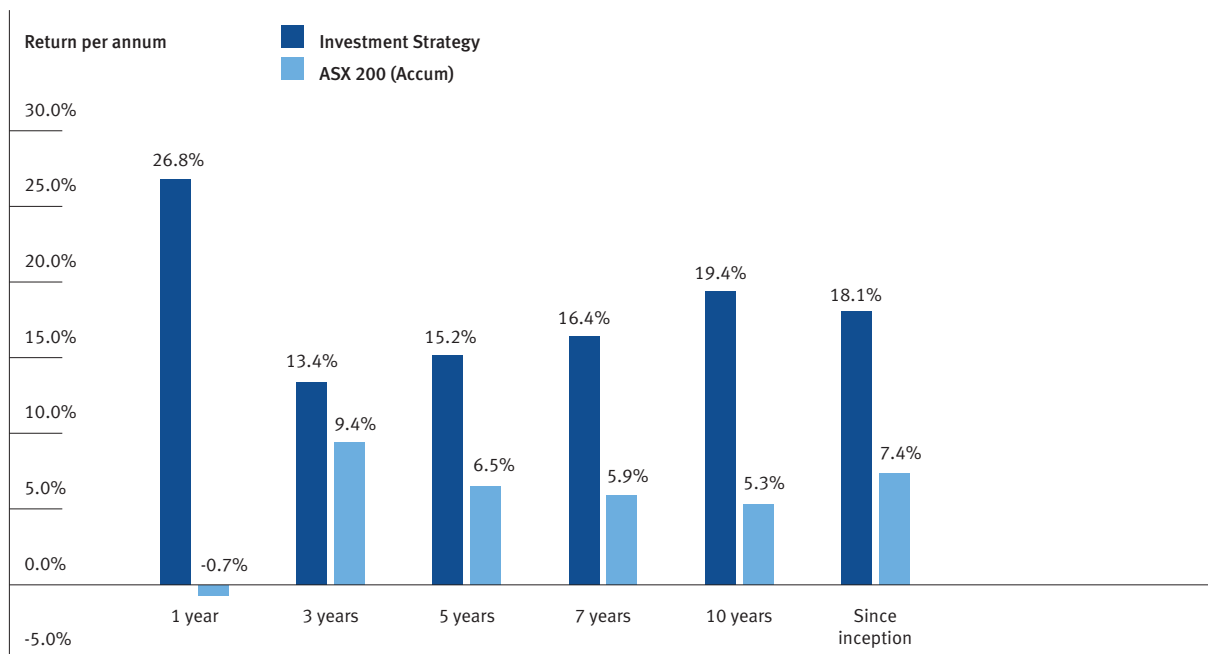
Calendar Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015 ytd	2.7%	0.1%	3.6%	0.0%	-1.9%	4.9%	8.8%	-0.7%	5.7%				25.1%
2014	-2.3%	2.5%	0.2%	-5.0%	-0.8%	-0.4%	3.0%	-1.6%	-3.6%	-4.3%	3.1%	2.8%	-6.6%
2013	0.5%	-0.3%	0.7%	0.0%	9.5%	1.1%	3.5%	2.3%	0.8%	1.9%	-1.8%	2.7%	22.5%
2012	-2.0%	-8.4%	6.4%	4.2%	1.2%	8.5%	1.6%	-1.6%	-2.0%	1.7%	-0.4%	0.9%	9.2%
2011	-0.6%	4.4%	1.8%	2.3%	3.1%	4.1%	2.1%	1.9%	-1.2%	-5.1%	3.1%	3.3%	20.6%
2010	0.3%	-6.2%	4.8%	-1.1%	3.2%	2.8%	2.9%	-1.0%	-1.0%	1.2%	2.9%	3.7%	12.7%
2009	5.7%	7.9%	-1.7%	4.3%	-1.2%	-7.2%	2.2%	5.6%	-1.1%	2.6%	1.7%	3.6%	23.6%
2008	-2.1%	-2.8%	3.4%	1.1%	7.1%	7.4%	1.2%	-3.6%	-9.0%	3.8%	5.8%	0.5%	11.9%
2007	0.6%	5.4%	3.6%	-3.1%	0.9%	-2.9%	1.7%	-3.7%	5.6%	-0.2%	4.4%	9.0%	22.5%
2006	1.2%	4.8%	10.2%	2.9%	2.6%	0.9%	5.6%	7.7%	-2.6%	5.2%	2.0%	1.3%	49.9%
2005	6.3%	7.3%	5.0%	-0.5%	-0.3%	1.8%	-2.9%	-1.5%	4.1%	-2.3%	2.9%	8.7%	31.6%
2004	0.2%	0.2%	0.5%	-3.4%	0.8%	2.6%	4.4%	-0.8%	3.2%	1.4%	-0.3%	1.6%	10.6%
2003	2.3%	6.2%	-0.4%	0.6%	0.8%	3.0%	-1.9%	-1.0%	2.0%	4.9%	3.8%	-1.3%	20.3%
2002	#N/A	-3.3%	3.1%	-1.0%	-0.3%	-0.9%	1.2%	2.6%	-3.5%	-2.6%	3.9%	4.6%	3.4%

Notes:

1. The returns highlighted in bold are net returns of BLSEF (pre tax) from July 2008 to September 2015.
2. The returns not bolded are “pro forma” net returns of the Bennelong Securities Managed Account (pre tax) July 2002 to June 2008. See Section 5.7 for details of the pro forma adjustments.

Net Returns of the Investment Strategy

The following chart illustrates the historical performance of the Investment Strategy from February 2002 to September 2015. The S&P/ASX200 Accumulation Index has been chosen as a comparison as it is often used for this purpose by the Investment Manager.



Notes:

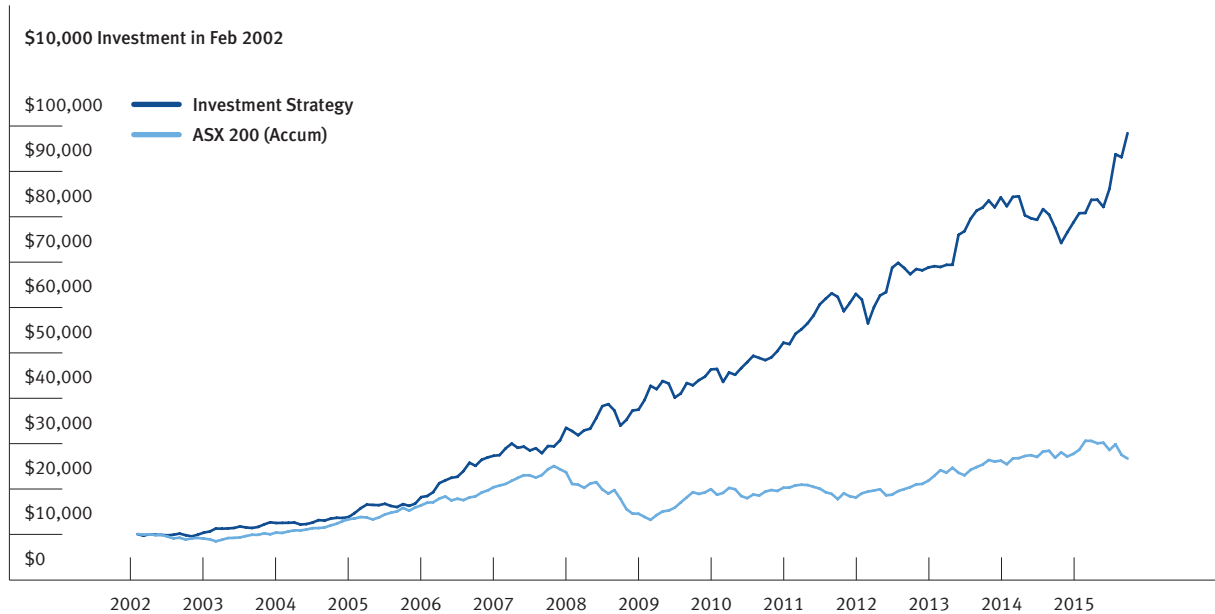
1. The performance of the S&P/ASX200 Accumulation Index is based on trading data prepared by Bloomberg.
2. The performance of the Investment Strategy above is based on the unaudited returns of BLSEF and the unaudited pro forma returns Bennelong Securities Managed Account, prepared as set out in Section 5.7.

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Net Returns – Cumulative

The graph below conveys the accumulated investment return of \$10,000 invested in the Investment Strategy assuming investment in February 2002 and assuming the reinvestment of all distributions made up until and including September 2015.

The S&P/ASX200 Accumulation Index A\$ investment return has been provided to assist in comparing what return may have been available had the initial \$10,000 been invested in another asset class or index in February 2002.



Notes:

1. The above table reflects the period commencing February 2002 and ending 30 September 2015.
2. S&P/ASX200 Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the Portfolio.
3. The performance of the Investment Strategy above is based on the unaudited returns of BLSEF and the unaudited pro forma returns Bennelong Securities Managed Account, prepared as set out in Section 5.7.
4. The relative returns of the Investment Strategy are not indicative of returns that have been achieved by other investment strategies or indicative of returns which other investment managers may have achieved over the same period using a similar strategy.

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Risk / Volatility and Returns

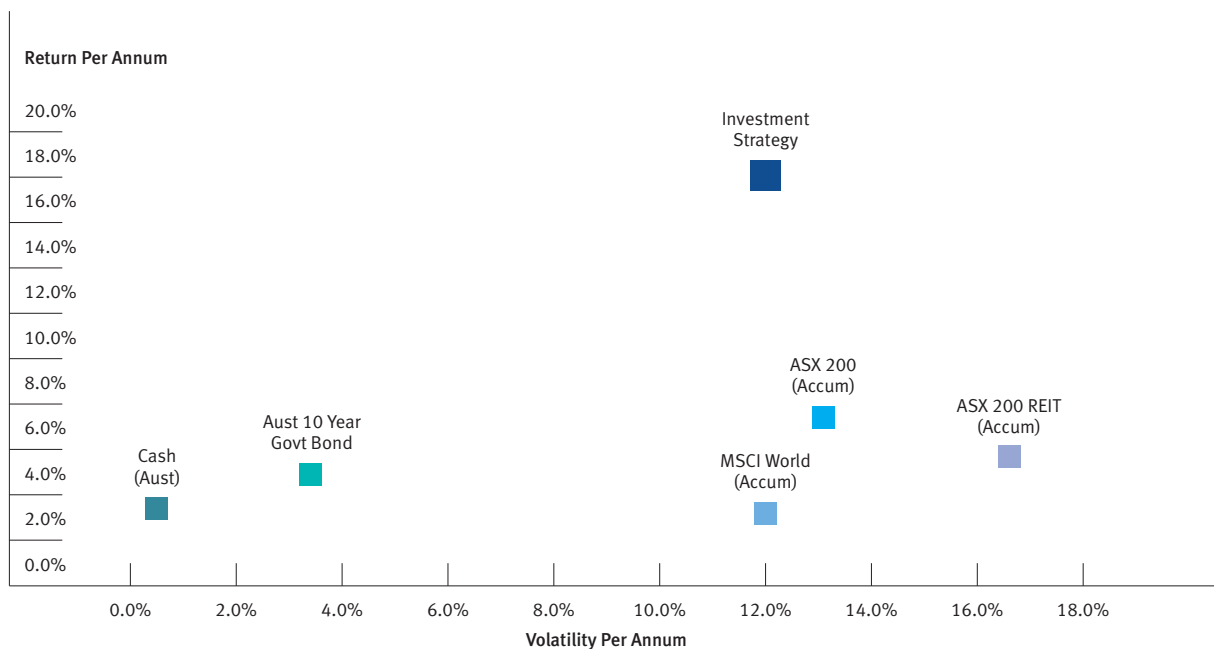
The following graph provides a Volatility comparison of the Investment Strategy, against a sample of market indices from February 2002 to September 2015. Volatility is often used to show the risk associated with an investment.

The Investment Strategy has had historical Volatility that is similar to that of the Australian equity market and global equity markets.

The chart below seeks to compare the risk/return profile of the Investment Strategy against a sample of assets classes and market indices assuming an investment from February 2002 to September 2015.

It provides a comparison of the annualised Volatility of an investment in the Investment Strategy and each asset class or index referred to in the chart over that period and the associated annual percentage return of the investment.

Since February 2002, the Investment Strategy has delivered a significantly higher return than global and domestic equity benchmarks with a similar level of Volatility (or risk profile).



Notes:

1. The performance of the Investment Strategy in the above chart is based the unaudited returns of BLSEF and the unaudited pro forma returns Bennelong Securities Managed Account, prepared as set out in Section 5.7.
2. The performance data for Cash (Aust), 10 Year Government Bond, MSCI World Accumulation Index, S&P/ASX200 Accumulation Index and ASX200 REIT Accumulation Index have been sourced from Bloomberg.
3. The indices in the above chart have been chosen as a basket of alternative investments opportunities which are used for comparison purposes only. There is no indication that the Volatility or returns of these assets classes or indices will be similar in the future and the graph is not intended to be an indication of future performance of any asset class, index or the Portfolio.

Drawdown Profile

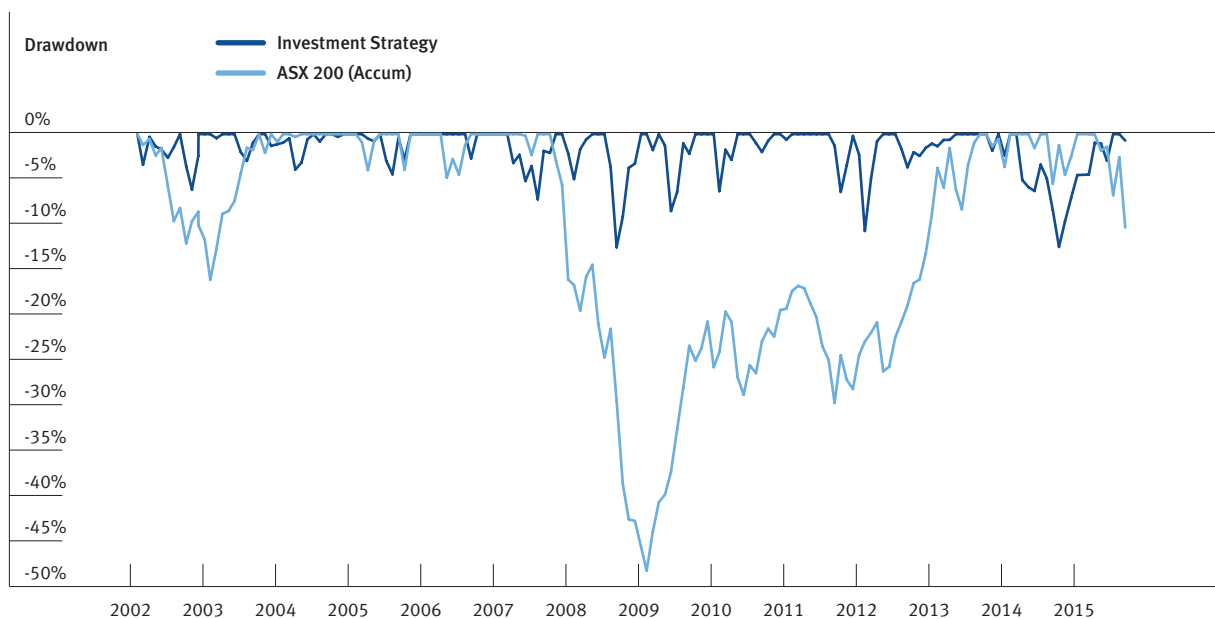
The below graph illustrates the drawdown profile of the Investment Strategy compared with the S&P/ASX200 Accumulation Index since February 2002 to September 2015.

Drawdown measures the decline from peak to trough and the subsequent recovery to the peak. It also demonstrates the time it took for this decline and recovery to occur.

The graph indicates that the drawdown and recovery period of the Investment Strategy have historically been less than a similar investment in a basket of Australian Securities over the relevant time frame.

The Investment Strategy's largest drawdown was 12.2% and occurred during the GFC, as compared to the 47.5% fall in the S&P/ASX200 Accumulation Index.

The Investment Strategy took 6 months to recover from this peak to trough decline compared with the 71 month period for the S&P/ASX200 Accumulation Index.



Notes:

1. The performance of the Investment Strategy in the above chart is based on the unaudited returns of BLSEF and the unaudited pro forma returns Bennelong Securities Managed Account, prepared as set out in Section 5.7.
2. S&P/ASX200 Accumulation Index has been chosen for comparison purposes only. The performance data for the S&P/ASX200 Accumulation Index was sourced from Bloomberg.
3. The graph is not intended to be an indication of future performance of any asset class, index or the Investment Portfolio.

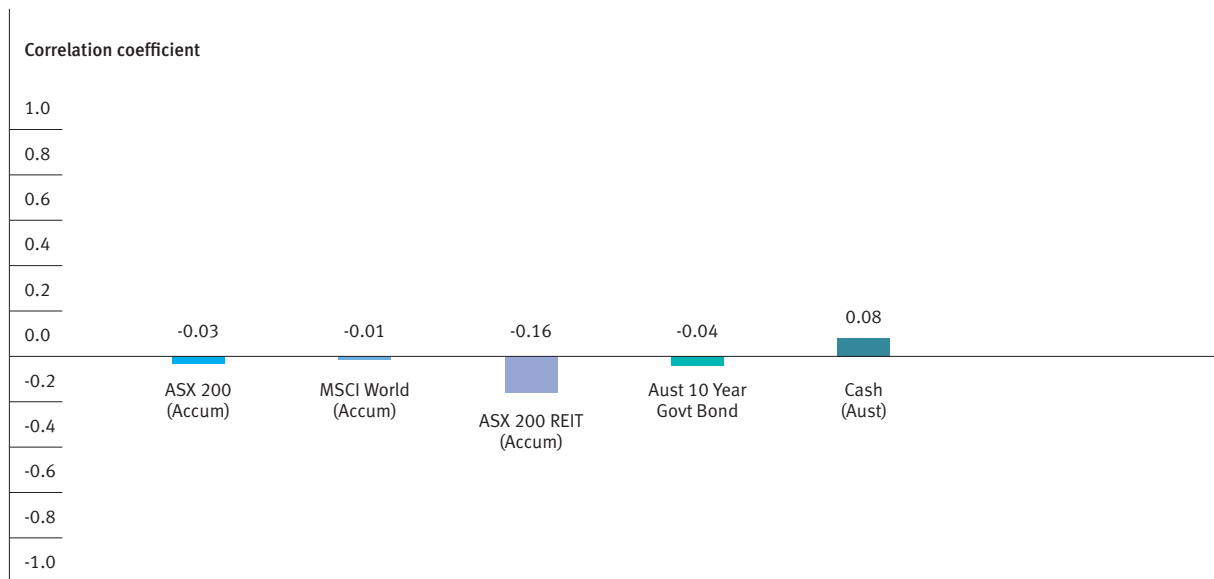
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Correlation of Returns

The chart below illustrates the correlation of the Investment Strategy against various market indices since February 2002 to September 2015. Correlation is the term used to describe the extent to which a movement in one asset class or index moves in a manner that is consistent with another asset class or index.

A correlation of 1 indicates absolute correlation whilst -1 indicates absolute negative correlation. A correlation of 0 indicates that there is no correlation.

The graph indicates that the Investment Strategy has consistently shown to have very little correlation with traditional asset classes. The Company considers that this illustrates the Investment Strategy's potential diversification benefit.



Notes:

1. The above table reflects the period commencing February 2002 and ending 30 September 2015.
2. The performance of the Investment Strategy in the above chart is based on the unaudited returns of BLSEF and the unaudited pro forma returns Bennelong Securities Managed Account, prepared as set out in Section 5.7.
3. The performance data for Cash, 10 Year Government Bond, MSCI World Total Return Index, S&P/ASX200 Accumulation Index and ASX REITs have been sourced from Bloomberg.
4. Cash, Aust Fixed Interest, S&P/ASX200 Accumulation, MSCI World Accumulation and ASX200 REIT Accumulation indices have been chosen as a basket of alternative investment opportunities which are used for comparison purposes only. The graph is not intended to be an indication of the future correlation of any asset class, index or the Portfolio.

6. Risk Factors

6.1. Introduction

Intending investors should be aware that subscribing for Shares and Loyalty Options involves various risks. There are general risks associated with owning Securities in publicly listed companies. The price of Securities can go down as well as up due to factors outside the control of the Company.

These factors include Australian and worldwide economic and political stability, natural disasters, performance of the domestic and global share markets, interest rates, foreign exchange, taxation and labour relations environments internationally.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommend by your professional adviser.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated in ASX listed Securities and the Company therefore is considered to have a higher risk profile than cash assets.

It is not possible to identify every risk associated with investing in the Company, however, the following provides a list of significant risks associated with the Company. There may be other risks associated with the Company.

6.2. Key Investment Strategy Risk

The Company's investment activities will expose it to a variety of risks. The Company has identified some as being particularly relevant to its Investment Strategy, these include the risks in this Section 6.2.

Reliance on the Investment Manager

The success and profitability of the Company in part will depend upon the ability of the Investment Manager to invest in Securities which have the ability to generate a return for the Company.

The Company is exposed to the risk that the Investment Manager may cease to manage the Portfolio. The ability of the Investment Manager to continue to manage the Company's Portfolio in accordance with this Prospectus and the Corporations Act is dependent on the Investment Manager continuing to be an authorised representative of BFM, BFM maintaining its AFSL and both the Investment Manager and BFM's continued solvency. Maintenance of the authorised representative arrangement depends, among other things, on the Investment Manager continuing to comply with the agreement in place with BFM whilst maintenance of BFM's AFSL depends, among other things, on BFM continuing to comply with ASIC imposed licence conditions and the Corporations Act.

Key Man Risk

Richard Fish and Sam Shepherd have primary responsibility for the Investment Manager implementing the Investment Strategy. The Company is exposed to the risk that Richard Fish and Sam Shepherd cease to be involved with the Investment Manager and as a result, cease to manage the Portfolio.

Investment Strategy Risk

The past performance of portfolios managed by the Investment Manager, and persons associated with the Investment Manager, are not necessarily a guide to future performance of the Company. There are risks inherent in the investment strategy that the Investment Manager will employ for the Company:

- (a) The success and profitability of the Company depends almost entirely on the ability of the Investment Manager to construct Portfolio comprised of Long Positions, exposed to well managed businesses that have the ability to increase in value over time, while minimising the Portfolio's exposure to market direction via Short Positions within the Portfolio.
- (b) Because the Investment Manager must first borrow a security to establish a Short Position, there is a risk that a security will not be available at a particular time or an acceptable price and therefore the Investment Manager may not be able to implement its investment strategy.
- (c) The Investment Manager may be obligated to cover its Short Position at a higher price than the short price, resulting in a loss. Losses on short sales are potentially unlimited as a loss occurs when the value of a security sold short increases.
- (d) Until the Investment Manager replaces a borrowed security, the Company will be required to maintain assets with the lending broker as collateral. In this way, Short Positions involve credit exposure to the Prime Broker that lends the Securities.
- (e) The Company uses the service of a Prime Broker and Custodian and must post Collateral with the Prime Broker under this agreement. In the event of insolvency of the Custodian or the Prime Broker, the Company may not be able to recover the entire value of the relevant Securities.

6.3. Significant Risks of Investing in the Company

The following risks should be carefully evaluated before making an investment in the Company. Consideration must also be given to the speculative nature of the Company's investments. The following is not an exhaustive list of the risks of investing in the Company.

Market Risk

Broad market risks include movements in domestic and international Securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value.

The Company's Portfolio will be constructed so as to minimise market risks. Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment. The Investment Manager will seek to minimise market and economic risks but cannot eliminate them entirely. In a strong share market, the Portfolio may underperform the market indices, as the Portfolio will have limited exposure to market risk.

Short Selling Risk

Selling Securities short involves borrowing stock and selling these borrowed Securities. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate. Additionally, there is a risk that the Securities lender may request return of the Securities. These risks may give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

Leverage Risk

The Company and the Investment Manager will use short sales to increase the scale of the Portfolio and create leverage. Short sales can enlarge the fluctuations in the value of the Portfolio of the Company in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not at a time of the Investment Manager's choosing.

Interest Rate Risk

Interest rate movements may adversely affect the value of the Company through their effect on the price of a security and the cost of borrowing.

Derivative Risk

The Company may use various Derivative instruments, including options and forward contracts, which may be volatile and speculative. Use of Derivative instruments involves various risks such as tracking, liquidity and leverage.

The Company enters into a Derivatives arrangement that requires it to deliver collateral or other credit support to the Derivatives counterparty, the Company will be exposed to the following additional risks in respect of that collateral.

The Company:

- (a) may be required to post upfront margin/collateral with the Derivatives counterparty (whether cash or other Securities). The Company will need to have sufficient liquid assets to satisfy this obligation;
- (b) may, from time to time if the value of the derivatives arrangements moves against it, be required to post additional collateral with the Derivatives counterparty on an ongoing basis.

The Company will need to have sufficient liquid assets to satisfy such calls, and in the event it fails to do so, the Derivatives counterparty may have the right to terminate such Derivatives arrangements; and will be subject to credit risk on the counterparty. In the event the Derivatives counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Company, the Company will be an unsecured creditor of the Derivatives counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law (for example, employees).

Default Risk

Investment in Securities and financial instruments generally involves third parties as custodial and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company.

The Company will outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company.

Compensation Fee Structure Risk

The Investment Manager may receive compensation based on the Company's performance. Performance Fee arrangements may create an incentive for the Investment Manager to make more speculative or higher risk investments than might otherwise be the case.

Regulatory Risk

All investments carry the risk that their value may be affected by changes in laws and regulations especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

Concentration Risk

The Company's typical portfolio is expected to holding between 50 to 80 Securities represents moderate investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility.

Company risk

The Company is a new entity with no operating history and no proven track record.

6.4. Risks Associated with Investments in Shares and Loyalty Options

The prices at which Shares and Vested Loyalty Options will trade on the ASX are subject to a number of risks, including:

Market Risk

Share markets tend to move in cycles, and individual Securities prices may fluctuate and under perform other asset classes over extended periods of time. The value of Shares and Loyalty Options listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Shareholders in the Company are exposed to this risk both through their holding in Shares and Loyalty Options as well as through the Company's Portfolio.

Economic Risk

Investment returns are influenced by numerous economic factors. These factors include changes in the economic conditions (e.g. changes in interest rates or economic growth), changes to legislative and political environment, as well as changes in investor sentiment.

In addition, exogenous shocks, natural disasters and acts of terrorism and financial market turmoil (such as the global financial crisis) can (and sometimes do) add to equity market volatility as well as impact directly on individual entities. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's Portfolio or appreciation of the Company's Share price.

Liquidity Risk

The Company will be a listed entity, therefore the ability to sell Shares and Options will be a function of the turnover of the Shares and Options at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time.

Discount to NTA

The Company will be listed on the ASX and may not trade in line with the underlying value of the Portfolio. The Company may trade at a discount or a premium to its NTA.

6.5. Other Risk Factors

Before deciding to subscribe for Shares and Loyalty Options, Applicants should consider whether Shares and Loyalty Options are a suitable investment.

There may be tax implications arising from the application for Shares and Loyalty Options, the receipt of dividends (both franked and unfranked) from the Company, participation in any dividend reinvestment plan of the Company, participation in any on market share buy-back and on the disposal of Shares or Loyalty Options. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

If you are in doubt as to whether you should subscribe for Shares and Loyalty Options, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

6.6. Time Frame for Investment

Applicants are strongly advised to regard any investment in the Company as a medium-to-long term proposition for at least 5 years and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period.

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7. Financial Information

7.1. Proceeds of the Offer

The Board intends to use the funds raised from the Offer for investments consistent with the investment objectives and investment process set out in Section 4.

7.2. Unaudited Pro Forma Statement of Financial Position

The pro forma statements of financial position set out below have been prepared to illustrate the effects of the pro forma adjustments described below for the different subscription amounts as if they had occurred on 2 October 2015, being the incorporation date of the Company, including:

- completion of the Offer based on each of the amounts indicated being raised; and
- payment of expenses (which have been deducted from the cash amount) which consist of the Offer related expenses in accordance with Section 7.6 below.

It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Offer.

The unaudited pro forma statements of financial position have been prepared on the basis of the assumptions set out in Section 7.5.

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Absolute Equity Performance Fund Limited

Unaudited Pro Forma Statement of Financial Position Assumes Completion of the Offer

The unaudited pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

The information in this Section should also be read in conjunction with the Risk Factors set out in Section 6 and other information contained in this Prospectus.

	Minimum Subscription \$25 million \$'000	Subscription \$50 million \$'000	Maximum Subscription \$75 million \$'000	Over Subscription \$100 million \$'000
Assets				
Cash	24,121	48,475	72,757	97,077
Receivables	37	79	127	172
Deferred Tax Asset	253	434	635	825
Total Assets	24,411	48,988	73,519	98,074
Total Liabilities	-	-	-	-
Net Assets	24,411	48,988	73,519	98,074
Equity				
Contributed Equity	25,000	50,000	75,000	100,000
Less: Capitalised costs of the offer	(588)	(1,011)	(1,480)	(1,925)
	24,412	48,989	73,520	98,075
Costs not eligible to be Capitalised	(1)	(1)	(1)	(1)
Total Equity	24,411	48,988	73,519	98,074
NAV Backing Per Share	1.074	1.078	1.078	1.079

7.3. Capital Structure

The anticipated capital structure of the Company on completion of the Issue is set out below:

	Minimum Subscription \$25 million	Subscription \$50 million	Maximum Subscription \$75 million	Over Subscription \$100 million
Shares on issue	22,727,274	45,454,546	68,181,819	90,909,092
Loyalty Options	22,727,273	45,454,545	68,181,818	90,909,091

As at the date of this Prospectus, the Company has 1 Share on issue which is held by Marc Fisher (Chairman).

7.4. Cash

A reconciliation of the pro forma statements of financial position for cash is as below:

	Minimum Subscription \$25 million	Subscription \$50 million	Maximum Subscription \$75 million	Over Subscription \$100 million
Initial Subscriber Share	\$1	\$1	\$1	\$1
Proceeds of Offer	\$25,000,000	\$50,000,000	\$75,000,000	\$100,000,000
Expenses of Offer – refer to Section 7.6	\$589,548	\$1,012,392	\$1,481,348	\$1,925,844
Deferred Tax Asset	\$252,663	\$433,882	\$634,863	\$825,362
GST Receivable	\$36,563	\$78,750	\$126,563	\$171,818
Estimated net cash position	\$24,121,227	\$48,474,977	\$72,757,227	\$97,076,977

7.5. Assumptions

These unaudited pro forma statements of financial position and the information in Sections 7.2, 7.3 and 7.4 have been prepared on the basis of the following assumptions:

- (a) Application of the proposed accounting policies and notes to the accounts set out in Section 7.7.
- (b) In the unaudited pro forma statement of financial position entitled “Minimum Subscription \$25,000,000”, the reference is to issuing 22,727,273 Shares and 22,727,273 Loyalty Options to Applicants under this Prospectus.
- (c) In the unaudited pro forma statement of financial position entitled “Subscription \$50,000,000”, the reference is to issuing 45,454,545 Shares and 45,454,545 Loyalty Options to Applicants under this Prospectus.
- (d) In the unaudited pro forma statement of financial position entitled “Maximum Subscription \$75,000,000”, the reference is to issuing 68,181,818 Shares and 68,181,818 Loyalty Options to Applicants under this Prospectus.
- (e) In the unaudited pro forma statement of financial position entitled “Over Subscription \$100,000,000”, the reference is to issuing 90,909,091 Shares and 90,909,091 Loyalty Options to Applicants under this Prospectus.
- (f) The Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset for the capital raising costs.
- (g) The costs incurred by the Company in respect of the Offer referred to in this Section are net of deferred tax asset, in accordance with accounting standards and the accounting policy note in Section 7.7. This means that the tax benefit (a 30.0% tax deduction) is applied to these costs to reduce them by 30.0%. The cash outlay of an expense is gross of this tax benefit. For example, an outlay described in this Section as \$70 (net of tax) is a cash outlay of \$100.00 less the tax benefit of a \$30.00 income tax deduction.
- (h) Expenses of the Offer have been paid and are recognised in equity net of tax (refer to Section 7.6).
- (i) The Company will pay a Broker firm selling fee equal to 1.50% (excluding GST) of the Application Amounts provided with valid Application Forms bearing a Licensee’s stamp to the extent Shares and Loyalty Options are allotted under the Offer and the Applications or commitments to lodge Application Forms (with respect to the Broker Firm Offer) are received before the Closing Date.
- (j) For the purpose of the unaudited pro forma statement of financial position, it has been assumed that the Broker firm selling fee of 1.50% (excluding GST) will be paid on:
 - (i) 50.0% of Applications in respect of the Minimum Subscription of \$25,000,000;
 - (ii) 60.0% of Applications in respect of the Subscription of \$50,000,000; and
 - (iii) 70.0% of Applications in respect of the Maximum Subscription of \$75,000,000; and
 - (iv) 80.0% of Applications in respect of the Over Subscription of \$100,000,000.
- (k) The Company will pay a fee of 1.20% (excluding GST) of the total gross proceeds of the Offer to the Joint Lead Managers.

7.6. Expenses of the Offer

The Company will pay the expenses of the Offer including legal, accounting, taxation, printing and initial ASX listing fees. These expenses have been estimated at \$589,548 (net of tax) assuming the Minimum Subscription is achieved and \$1,481,348 (net of tax) assuming the Maximum Subscription is achieved and \$1,925,844 (net of tax) assuming the Over Subscription is achieved. A breakdown of these expenses (including GST), assuming the Minimum Subscription of Applications for \$25,000,000, Subscription of Applications for \$50,000,000, Maximum Subscription of Applications for \$75,000,000 and Over Subscription of Applications for \$100,000,000 is provided below:

	Minimum Subscription \$25 million \$	Subscription \$50 million \$	Maximum Subscription \$75 million \$	Over Subscription \$100 million \$
Joint Lead Manager fees	536,250	1,155,000	1,856,250	2,520,000
Legal fees	110,000	110,000	110,000	110,000
Investigating accountant fees	29,700	29,700	29,700	29,700
ASX fees	88,000	115,500	132,000	148,500
ASIC lodgement fees	2,320	2,320	2,320	2,320
Other expenses	112,504	112,504	112,504	112,504
Total estimated gross expenses of the Offer	878,774	1,525,024	2,242,774	2,923,024
<i>Less: Deferred tax asset</i>	<i>(252,663)</i>	<i>(433,882)</i>	<i>(634,863)</i>	<i>(825,362)</i>
<i>Less: GST Receivable</i>	<i>(36,563)</i>	<i>(78,750)</i>	<i>(126,563)</i>	<i>(171,818)</i>
Total estimated expenses of the Offer	589,548	1,012,392	1,481,348	1,925,844

7.7. Proposed Significant Accounting Policies and Notes to Accounts

A summary of significant accounting policies that have been adopted in the preparation of unaudited pro forma statements of financial position set out in Section 7.2 or that will be adopted and applied in preparation of the financial statements of the Company for the period ended 30 June 2016 and subsequent periods is set out as follows:

(a) Basis of Preparation

The pro forma statement of financial position has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the AASB and the Corporations Act, as appropriate for for-profit oriented entities (as modified for inclusion in the Prospectus).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 7.5.

The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

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(b) Investments

(i) Classification

The category of financial assets and financial liabilities comprises:

- Financial instruments held for trading
- These include futures, forward contracts, options and interest rate swaps. Derivative financial instruments entered into by the Company do not meet the hedge accounting requirements as defined by the accounting standards. Consequently, hedge accounting is not applied by the Company.
- Financial instruments designated at fair value through profit or loss upon initial recognition.
- These include financial assets that are not held for trading purposes and which may be sold. The fair value through profit or loss classification is available for the majority of the financial assets held by the Company and the financial liabilities arising from the units must be fair valued.

(ii) Recognition/Derecognition

Financial assets and liabilities at fair value through profit or loss and available for sale financial assets are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(iii) Measurement

Financial Instruments Designated at Fair Value Through Profit or Loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the statement of profit or loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of profit or loss.

Listed Equities

Shares that are listed or traded on an exchange are fair valued using last sale prices, as at the close of business on the day the shares are being valued. If a quoted market price is not available on a recognised stock exchange, the fair value of the instruments are estimated using valuation techniques, which include the use or recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Derivative Financial Instruments

Derivative Financial instruments are classified as held for trading, as the Company does not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at cost on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values for financial assets and liabilities are obtained from quoted market prices in active markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of financial instruments at a predetermined price. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the statement of profit or loss.

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. Futures over listed equities and indices are accounted for on the same basis as the underlying investment exposure. Gains or losses are recorded in the relevant period as a change in the fair value of investments in the statement of profit or loss.

If a quoted market price is not available on a recognised stock exchange or from the brokers/dealers for non-exchange-traded financial instruments, the fair value of the instrument is estimated using the last available quoted market price or valuation techniques, which include use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(iv) Income and Expenditure

Interest income and expenses, including interest income and expenses from non-derivative financial assets, are recognised in the statement of profit or loss as they accrue, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including any withholding tax, if any.

Dividend income relating to exchange-traded equity instruments is recognised in the statement of profit or loss on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis and recognised in the statement of profit or loss on the day the distributions are announced.

All expenses, including performance fees and investment management fees, are recognised in the statement of profit or loss on an accrual basis.

(c) Fair Value Measurement

When a financial asset is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into 3 levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(d) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted for each jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Share Capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of any tax effects.

(h) Share Option Reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.

(i) Foreign Currency Translation

Items included in the Company's financial statements will be measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

8. Investigating Accountant's Report



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23 November 2015

Board of Directors
Absolute Equity Performance Fund Limited
Level 34, Collins Street
Melbourne VIC 3000

Dear Directors

Part 1: Independent Limited Assurance Report on Absolute Equity Performance Fund Limited Pro Forma Historical Financial Information

8.1 Introduction

The Directors of Absolute Equity Performance Fund Limited (the “Company”) have engaged Pitcher Partners Sydney Corporate Finance Pty Limited (“Pitcher Partners”) to report on the pro forma historical financial information of the Company as at 2 October 2015.

We have prepared this Independent Limited Assurance Report (“Report”) to be included in a Replacement Prospectus dated on or about 23 November 2015 (“Prospectus”) and relating to the offer of up to 90,909,091 fully paid ordinary Shares at an offer price of \$1.10 per share to raise up to \$100,000,000 should the maximum subscription be raised and all over subscriptions be accepted.

The minimum subscription is 22,727,273 fully paid ordinary Shares. The Offer is not underwritten.

Under the Offer, there will also be an entitlement to one Loyalty Option for every ordinary Share subscribed for, which will be exercisable at an exercise price of \$1.10 per Loyalty Option, on or before 16 November 2017.

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Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to sections of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("AFSL") under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

8.2 Background

The Company incorporated on 2 October 2015 and has not traded. As at the date of this Report, the Company has 1 Share and no Options on issue and has net assets of \$1.

8.3 Scope

This Report deals with the pro forma financial information included in Section 7 of the Prospectus ("*Financial Information*"). The Financial Information consists of the pro forma statements of financial positions as at 2 October 2015 and related notes as set out on page 45 of the Prospectus.

The unaudited pro forma statements of financial position in Section 7.2 have been prepared to illustrate the financial position of the Company on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 7.5 of the Prospectus, as if those events had occurred as at 2 October 2015. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

The pro forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

8.4 Director's Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and the notes included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

8.5 Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the pro forma historical financial information included in Section 7 of the Prospectus based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the pro forma historical financial information of the Company.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any financial information used as a source of the financial information.

8.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information being the pro forma statements of financial position of the Company are not presented fairly, in all material respects, in accordance with the assumptions described in Section 7.5 of the Prospectus and the stated basis of preparation as described in Section 7.7 of the Prospectus.

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8.7 Restriction on Use

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in Section 6 of the Prospectus.

8.8 Legal Proceedings

To the best of our knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken, not otherwise disclosed in this Report, which would cause the information included in the Report to be misleading.

8.9 Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8.10 Sources of Information

Pitcher Partners has made enquiries of the Directors and management of the Company and other parties as considered necessary during the course of our analysis of the pro forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

8.11 Independence or Disclosure of Interest

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

8.12 Liability

Pitcher Partners has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Pitcher Partners is limited to the inclusion of this Report in the Prospectus. Pitcher Partners has not authorised the issue of the Prospectus. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

8.13 Financial Services Guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett
Director

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Part 2: Financial Services Guide

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("*Licence Holder*") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "*Authorised Financial Products*"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Pitcher Partners to provide this Financial Services Guide ("*FSG*") in connection with its provision of an Investigating Accountant's Report ("*Report*") which is included in the Prospectus provided by Absolute Equity Performance Fund Limited (the "*Entity*").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("*AFSL*") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$27,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Pitcher Partners Sydney, a chartered accounting partnership associated with Pitcher Partners has been nominated to be the appointed auditor of the Company, for which it will receive fees.

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6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

9. Directors of Absolute Equity Performance Fund Limited

9.1. Introduction

The Company believes that the Investment Manager has the skill, depth of knowledge and history of achieving results through the Investment Strategy to manage this Portfolio.

The Investment Manager will be overseen by the Board of Directors who have a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their positions:

Director	Position	Independence
Marc Fisher	Chairman	Not Independent
Graham Hand	Non-executive Director	Independent
Andrew Reeve-Parker	Non-executive Director	Independent

9.2. Background of the Directors

Marc Fisher – Chairman Non-executive Director

Marc Fisher is a Hong Kong based Senior Managing Director and Executive Committee Member of Gottex Fund Management, a global alternative investment specialist.

Marc runs Gottex's Alternative Risk Premia business, and also oversees the Asia Pacific and Middle East client businesses. In addition, Marc currently holds board level directorships in 2 other Australian businesses related to financial services.

Marc joined Gottex from FRM in Hong Kong (now Man Group PLCs multi-manager business) where he was a Management Committee Member and Chairman of their Asia Pacific business excluding Japan and Korea. Additionally, Marc ran FRM's private client product range and served as product head for their Managed Futures fund.

Previously, Marc was a Managing Director at Citigroup in London, where he founded and managed a global fund-linked product development and marketing business. Prior to Citigroup, Marc started his career at Deutsche Bank in London, where he held a number of trading, marketing and product development positions with an emphasis on multi asset class derivatives.

He holds a Bachelor of Veterinary Medicine (BVSc) (Hons) degree from Bristol University.

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Graham Hand – Non-executive Director

Graham Hand has 38 years' experience in financial markets.

Graham held prominent positions including General Manager of Capital Markets at the Commonwealth Bank of Australia, Deputy Treasurer of the State Bank of New South Wales and Managing Director of Treasury at NatWest Markets Australia.

Later in his career as a full-time consultant, Graham's clients included AMP, Westpac, Commonwealth Bank and Colonial First State (Colonial). In 2007, Graham was appointed General Manager of Funding & Alliances at Colonial, where he managed the funding for \$10 billion of geared funds and established 7 boutique asset management alliances, including Acadian (Australia), Realindex and Aspect Capital.

He is currently a member of the compliance committee of Lazard Asset Management Pacific Co. Graham is a founder and managing editor of Cuffelinks, a leading investments newsletter. Graham's book, *Naked Among Cannibals*, an analysis of the evolution of Australian banking, featured in the Top 10 Business Books in Australia at the time of publication. His articles have appeared in *Euromoney*, *International Financing Review*, *CFO Magazine* and *Money Management*.

Graham has an honours degree in economics from the University of NSW and a Diploma from FINSIA.

Andrew Reeve-Parker – Non-executive Director

Andrew is a representative director and responsible manager of NW Advice Pty Limited (AFSL 241715). Andrew joined NW Advice Pty Limited (previously Neville Ward Advice Pty Ltd) in 2004 and is responsible for providing financial advice to NW Advice Pty Limited's client base, principally focused on strategy and asset allocation. Andrew is also a director and responsible manager for Wealth Focus Pty Ltd (AFSL 314872) and Personal Choice Management Pty Ltd (AFSL 247324) and is a Non-Executive Director of Datacenter Limited and PM Capital Asian Opportunities Fund.

Prior to these roles, Andrew worked for Deutsche Asset Management (in London, United Kingdom), the Commonwealth Bank of Australia and the National Australia Bank in roles spanning funds management to custody and settlements.

Andrew holds a Bachelor of Business majoring in Finance and an Advanced Diploma in Financial Services.

9.3. Director Disclosures

No Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

9.4. The Role of the Directors

The Directors will ensure the Company has Corporate Governance procedures and that those procedures are followed. In addition, the Board will be responsible for reviewing the Investment Manager's performance and ensuring that compliance with the Investment Management Agreement terms. Together the members of the Board, may implement capital management strategies (in line with the policy set out in Section 4.10) from time to time.

It is expected that Board meetings will be held at least quarterly and more frequently as required. The Directors commitment of time to these activities will depend on a number of factors including the size of the Portfolio, the spread of investments in the Portfolio and the state of investment of the Portfolio.

The Company has outsourced the management of its day-to-day operations to Perma Capital under the direction of the Board, the Company Secretary and the Investment Manager. See Section 9.10 for further details.

The Company will outsource its valuation and accounting functions to TMF Fund Administrators (Australia) Pty Limited (ABN 96 131 370 824). These services will be provided on commercial terms. The Board will supervise compliance with this agreement.

Each Director has confirmed that, notwithstanding his other commitments, he will be available to spend the required amount of time on the Company's affairs including attending Board meetings of the Company.

9.5. Participation by the Directors

Marc Fisher currently holds 1 Share in the Company which was issued on incorporation.

The Directors, and entities associated with them, are permitted to participate in the Offer.

9.6. No Other Interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

9.7. Directors' Remuneration

Directors are entitled to receive Directors fees of up to \$95,000 per annum to be shared among the non-executive directors.

Additional remuneration may be paid in accordance with the Company's Constitution. As at the date of the Prospectus, the Company has agreed to pay the Directors the following annual fees.

Director	Director's Fees
Marc Fisher	\$35,000
Graham Hand	\$30,000
Andrew Reeve-Parker	\$30,000

For the year ending 30 June 2016 Directors will be paid a pro rata amount calculated by reference to the date the Company is admitted to the Official List. The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

9.8. Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 10.4 for details.

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9.9. Corporate Governance Policies

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Board endorses the Corporate Governance Principles and Recommendations (ASX Recommendations) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company). These will be available on the Company's website, at www.aepfund.com.au.

The Board will review the corporate governance policies and structures that the Company has in place on an ongoing basis to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.

9.10. Related Party Disclosures

Perma Capital is an adviser to the Offer and has been involved in structuring and establishing the Company. No fees are payable by the Company to Perma Capital with respect to this arrangement.

The Company has outsourced the management of its day-to-day operations to Perma Capital. Under the direction of the Board, the Company Secretary and the Investment Manager, Perma Capital will provide, or procure the provision of, administrative support services reasonably required by the Company to conduct its business.

These services will include:

- (a) maintenance of the corporate and statutory records of the Company;
- (b) liaison with ASIC with respect to compliance with the Corporations Act;
- (c) liaison with ASX with respect to compliance with the Listing Rules;
- (d) liaison with the Company's service providers (including the Share Registry); and
- (e) preparing or assisting to prepare ASX announcements (including annual reports and notices of meeting) and arranging for any notices of meeting and annual reports to be printed and distributed.

Perma Capital has engaged Seed Partnerships Pty Limited and ZG Advisors to assist it provide these management services (at Perma Capital's cost). Other than services provided by Seed Partnerships Pty Limited and ZG Advisors, the Company will be responsible for the fees and charges of third parties Perma Capital engages (with the Company's consent) in relation to the above services.

In consideration for providing these services, Perma Capital will be remunerated by the Investment Manager, from management fees paid to it under the Investment Management Agreement at no additional cost to the Company. The termination of the arrangement with Perma Capital will not impact the fees payable under the Investment Management Agreement.

Marc Fisher is a director and shareholder of Perma Capital. Marc is also a director of ZG Advisors. As set out above, 2 of the 3 Directors are Independent. In accordance with the Corporations Act and its corporate governance policies, Marc Fisher will excuse himself from any decisions the Board makes with respect to the relationship between the Company and Perma Capital and ZG Advisors.

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10. Material Contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This Section contains a summary of the material contracts and their substantive terms.

10.1. Investment Management Agreement

The Company has appointed the Investment Manager to manage all of the assets of the Company from time to time on the terms set out in the Investment Management Agreement.

The Investment Management Agreement whereby, subject to the provisions set out below, the Company has exclusively appointed the Investment Manager to invest and manage all of the assets of the Company from time to time, for and on behalf of the Company for an initial term of 5 years with automatic 5 year extensions, unless terminated earlier in accordance with the Investment Management Agreement. However, the Company will apply to the ASX for a waiver to extend the initial term to 10 years. If the waiver application is refused, the initial term of the Investment Management Agreement will remain 5 years.

The initial term will commence on the date on which Shares first commence trading on ASX on a deferred or normal settlement basis.

Duties

Under the Investment Management Agreement, the Investment Manager must (amongst other things):

- (a) keep proper books of account in relation to the Portfolio, recording transactions by the Investment Manager and provide information in relation to the Portfolio to assist the Company in the preparation of reports required under any 'Relevant Law' (as defined in the Investment Management Agreement);
- (b) exercise reasonable due diligence and vigilance in carrying out its functions, powers and duties under the Investment Management Agreement;
- (c) account to the Company for any monetary benefits, fees or commissions received by the Investment Manager or any related body corporate of the Investment Manager in relation to the investment in the Portfolio other than benefits in the nature of soft dollar receipts and in relation to the investment or management of the assets of the Portfolio;
- (d) ensure that the allocation of each Block-Booked Transaction to the Portfolio is determined in accordance with the allocation policy set out in the Prospectus and act in good faith before, during and after each such transaction has been entered into by the Manager; and
- (e) value or procure the valuation of the Portfolio at least once per month.

Investment Guidelines

The Investment Management Agreement requires the Investment Manager to manage the Portfolio in line with the investment process, objectives and guidelines agreed with the Company from time to time. The Investment Management Agreement sets out the investment instructions that must be complied with by the Investment Manager in making any investment decision. The investment instructions may be amended from time to time by agreement in writing between the Company and the Investment Manager.

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Subject to the investment instructions investment process, objectives and guidelines in place from time to time, the Investment Management Agreement allows the Investment Manager to invest in a wide range of Securities, including Australian listed Securities, cash and cash equivalents and Derivatives.

Powers of the Investment Manager

Subject to the investment instructions of the Company and any express restrictions set out in the Investment Management Agreement, the Investment Manager has the powers of a natural person to deal with the Investment Portfolio and to do all things and execute all documents necessary for the purpose of managing the Investment Portfolio.

However, the Investment Manager must not knowingly do anything which the Investment Manager is prohibited from doing by a 'Relevant Law' (as defined in the Investment Management Agreement) and must not without the prior written consent of the Company:

- (a) enter into or cause the Company to enter into any Derivatives Contracts (as defined in the Investment Management Agreement) unless there are at all times, in the case of each Derivative Contract, sufficient assets in the Investment Portfolio to support the Company's underlying liability;
- (b) delegate any of its discretionary management powers under the Investment Management Agreement, except to a related body corporate of the Investment Manager;
- (c) encumber in any way any asset in the Portfolio;
- (d) engage in securities lending in relation to the Portfolio other than in accordance with the short selling and leverage policies set out in this Prospectus.

For the purposes of carrying out its function under the Investment Management Agreement, the Investment Manager may (subject to the Investment Manager using reasonable care and diligence) appoint any broker to act in relation to the Investment Portfolio on behalf of the Company (subject to reasonable monitoring of capacity and performance of the broker by the Investment Manager).

Non-exclusivity

The Investment Manager is permitted to perform similar investment and management services to the services performed for the Company for itself and other persons.

Management Fee

In return for the performance of its duties as Investment Manager of the Company, the Investment Manager is entitled to be paid, and the Company must pay to the Investment Manager, a management fee payable monthly in arrears equivalent to 1.50% per annum (plus GST) of the NAV of the Portfolio before all taxes calculated on the last Business Day of each calendar month (**Management Fee**).

As a worked example, assuming an initial NAV of the Portfolio before all taxes of \$100,000,000 at 1 January 2016, and nil performance return on the Portfolio each month, the Management Fee payable on the Portfolio for the 6 month period 1 January 2016 to 30 June 2016 would be approximately \$750,000 (plus GST) or 0.75% of the initial NAV of the Portfolio before all taxes for the period.

Management Fees would increase if the NAV of the Portfolio before all taxes increases, and decrease if the NAV of the Portfolio before all taxes decreases, over the period.

Performance Fee

In return for the performance of its duties as Investment Manager of the Portfolio, the Investment Manager is entitled to be paid and the Company must pay to the Investment Manager a performance fee of 20% (plus GST) of the amount (if any) by which the NAV of the Portfolio before all taxes on the last day of the current Performance Calculation Period exceeds the High Watermark (as defined in the Investment Management Agreement) (**Performance Fee**).

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As a worked example, assuming a Performance Calculation Period of 1 January 2016 to 30 June 2016, an initial NAV of the Portfolio before all taxes of \$100,000,000, and a NAV of the Portfolio before all taxes at the end of the Performance Calculation Period 6.0% higher than at the beginning (representing an annualised increase of approximately 12.1%) of \$106,000,000:

- (a) There would be a Performance Fee payable as the closing NAV of the Portfolio before all taxes is above the High Watermark, being the initial NAV of the Portfolio before all taxes, with an aggregate outperformance of approximately \$6,000,000.
- (b) In this instance, there would be an estimated Performance Fee payable at 20% of this amount equating to \$1,200,000 (plus GST) for the 6 month Performance Calculation Period.
- (c) The closing High Watermark to be carried forward for future Performance Calculation Periods is the closing NAV of the Portfolio before all taxes of \$106,000,000 for this worked example.

As a worked example, assuming a Performance Calculation Period of 1 January 2016 to 30 June 2016, an initial NAV of the Portfolio before all taxes of \$100,000,000, and a NAV of the Portfolio before all taxes at the end of the Performance Calculation Period 6.0% lower than at the beginning (representing an annualised decrease of approximately 12.1%) of \$94,000,000:

- (a) There would be no Performance Fee payable as the closing NAV of the Portfolio before all taxes is below the High Watermark, being the initial NAV of the Portfolio before all taxes, with an aggregate underperformance of approximately \$6,000,000.
- (b) The closing High Watermark to be carried forward for future Performance Calculation Periods is the initial NAV of the Portfolio before all taxes of \$100,000,000 for this worked example.

Expenses

The Company must pay or cause to be paid all taxes, costs, charges and expenses properly incurred by the Investment Manager in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any investment in the Portfolio, (including all 'Custodian', 'Clearing House' (as defined in the Investment Management Agreement) and brokerage fees and excluding taxes incurred by the Investment Manager in respect of the income of the Investment Manager and also excluding in-house administration costs of the Investment Manager) or in acting under the Investment Management Agreement.

The Investment Manager may allocate costs, charges and expenses incurred in connection with an asset acquired or to be acquired and disposed of on behalf of the several persons between those persons proportionately to their respective interests in the relevant asset.

Termination

The Investment Management Agreement gives the Company and the Investment Manager certain termination rights.

In accordance with the Listing Rules, the Company will terminate the Investment Management Agreement if Shareholders pass an ordinary resolution directing the Company to terminate the Investment Manager's appointment on three months' notice after the initial term.

The Company may also at any time remove the Investment Manager on the occurrence of any 1 of the following events:

- (a) the Investment Manager ceases to hold the AFSL authorisations required to operate as the Investment Manager or otherwise ceases to carry on the business of an investment manager;
- (b) a receiver, administrator or similar person is appointed with respect to substantially all of the Investment Manager's assets and undertakings or the Investment Manager goes into insolvency;
- (c) the Company believes on reasonable grounds that termination of the Investment Management Agreement and the Investment Manager's role as manager of the Portfolio is necessary for the purposes of the Board complying with its duty to act in the best interests of the Shareholders; or
- (d) the Investment Manager is in default or breach of its obligations under the Investment Management Agreement in a material respect and fails to remedy that default or breach within 30 days after receiving notice of that default or breach.

After the initial term, the Manager may terminate the Investment Management Agreement on three months' written notice. The Investment Manager may also at any time terminate the Investment Management Agreement on written notice to the Company if:

- (a) the Company goes into liquidation or a receiver, administrator or similar person is appointed with respect to substantially all of the Company's assets and undertakings; and
- (b) the Company is in default or breach of its obligations under the Investment Management Agreement in a material respect and fails to remedy that default or breach within 20 days after receiving notice of that default or breach.

Limitation of Investment Manager's liability

The Investment Management Agreement limits the Investment Manager's liability. It provides that the Investment Manager is not liable for or have any responsibility with respect to:

- (a) any person, firm or company through whom transactions in investments are effected for the Portfolio's account (including the Custodian, any clearance or settlement system any counterparties, brokers, dealers, market-makers, banks or other third parties);
- (b) losses, costs, expenses or damages suffered by the Company in connection with:
 - (i) the Investment Manager's management of the Portfolio; or
 - (ii) the Investment Management Agreement; or
 - (iii) any decline in the value of the Portfolio howsoever arising, unless such losses, costs, expenses or damages or decline arises from negligence, fraud or wilful default of the Investment Manager or the Investment Manager's employees, officers or supervised agents; and
- (c) for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by the Investment Manager's howsoever arising except to the extent that any such error or action (or the omission thereof) is due to the Investment Manager's breach of the Investment Management Agreement, negligence, wilful default or fraud or that of any of its employees, officers or supervised agents.

Company Indemnity

The Company indemnifies the Investment Manager and its directors, officers, employees, agents and delegates (each an Indemnified Person) against any liability they may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties of the Investment Manager under the Investment Management Agreement, except insofar as any such liability is caused by the breach of this agreement, negligence, fraud or dishonesty of the Investment Manager or such Indemnified Person.

This obligation continues after the termination of the Investment Management Agreement.

Investment Manager Indemnity

The Investment Manager indemnifies the Company against any direct loss or liability reasonably incurred by the Company arising out of, or in connection with, any direct costs, charges and expenses reasonably incurred by the Company in connection with any negligence, fraud or dishonesty of the Investment Manager or its officers or supervised agents.

This obligation continues after the termination of the Investment Management Agreement. The indemnity given by the Investment Manager to the Company does not extend to any consequential loss (including loss of business, goodwill, opportunity or profit) or special or punitive damages of any kind (even if advised of the possibility of such loss or damage).

Assignment

Neither the Company nor the Investment Manager may assign any of its rights and obligations under the Investment Management Agreement without the prior written consent of the other party.

10.2. Offer Management Agreement

The Company and the Manager have entered into an Offer Management Agreement (**Offer Management Agreement**) with the Joint Lead Managers pursuant to which the Joint Lead Managers will manage the Offer.

Commission, Fees and Expenses

In return for providing the services under the Offer Management Agreement, the Company will pay the Joint Lead Managers a fee of 1.20% (plus GST) of the total proceeds raised under the Offer, to be apportioned between the Joint Lead Managers as follows:

- (a) Ord Minnett Limited will receive 0.52% (plus GST) of the total gross proceeds of the Offer; and
- (b) each of Morgans Financial Limited and Bell Potter Securities Limited will receive 0.34% (plus GST) of the total gross proceeds of the Offer.

The Company must also pay each of the Joint Lead Managers a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (directly or indirectly through the Co-Manager or its retail broking channels).

The Company has also agreed to pay, or reimburse the Joint Lead Managers, for all expenses incurred by them in connection with the Offer including legal fees up to \$30,000 (plus GST).

The payment obligations of the Company under the Offer Management Agreement are guaranteed by ZG Advisers Pty Ltd, a promoter of the Company.

Warranties

The Offer Management Agreement contains certain standard representations, warranties and undertakings provided by the Company to the Joint Lead Managers. The warranties given by the Company relate to matters such as the conduct of the parties, the information provided by the parties in relation to the Prospectus and the Offer, the Company's compliance with the law and events affecting the Company's business. Each undertaking provided by the Company, specifically in relation to the conduct of the parties, is guaranteed by ZG Advisers Pty Ltd.

The Company's undertakings include that it will not within 120 days from completion of the Offer alter or agree to alter the Company's capital structure, other than in response to a takeover offer or merger, without the Joint Lead Managers' consent.

Indemnity

Subject to certain exclusions relating to, amongst other things, fraud, wilful misconduct or gross negligence by an indemnified party, the Company has agreed to keep the Joint Lead Managers and their respective associated parties indemnified against losses suffered in connection with their appointment as a Joint Lead Manager, the Offer or the Offer Management Agreement, including a breach by the Company of its obligations under the Offer Management Agreement.

Termination Events

If any of the termination events included in the Offer Management Agreement (including those set out below) occur at any time before the Shares and Loyalty Options are allotted under the Offer (**Allotment Date**) then each Joint Lead Manager may terminate any of its obligations under the Offer Management Agreement which have not been performed at that time (without cost or liability to that Joint Lead Manager) by notice in writing to the Company. Events of termination under the Offer Management Agreement include, among others:

- (a) **Index change:** the S&P/ASX200 Accumulation Index at any time falls to a level which is 90% or less than the level at the close of trading on the date of this agreement and remains below that level for a period of two consecutive Business Days;
- (b) **Unable to issue Offer securities:** the ASX makes an official written statement to any person, or indicates to the Company or the Lead Manager that the Company will not be admitted to the official list of ASX or the Shares will not be quoted by ASX before 31 December 2015.

- (c) **Offer Document:** the Disclosure Documents (as defined in the Offer Management Agreement), including the Original Prospectus or any statement, report, representation, matter or thing contained in the Disclosure Documents is or becomes false, misleading or deceptive or likely to mislead or deceive including by omission. There is an omission from the Disclosure Documents of material required by applicable law or there are not, or there cease to be reasonable grounds for all statements in the Disclosure Documents which relate to future matters.
- (d) **Supplementary Prospectus:** in the reasonable opinion of the Joint Lead Managers, the Company is required to issue a supplementary prospectus pursuant to Section 719 of the Corporations Act.
- (e) **Notifications:** ASIC issues an order (including an interim order) or holds a hearing under Section 739 of the Corporations Act in relation to the Offer or the Prospectus. ASIC applies for an order under Section 1324B or 1325 of the Corporations Act in relation to any Offer Document or prosecutes or commences proceedings against the Company;
- (f) **ASIC Application:** an application is made by ASIC for an order under part 9.5 in relation to the Offer or an Offer Document or ASIC commences or, gives notice of an intention to hold, any investigation or hearing under Part 3 of the ASIC Act or other applicable law;
- (g) **Withdrawal of Consent:** any person who has previously consented to the inclusion of its name in the Prospectus withdraws that consent;
- (h) **Material adverse change in financial markets:** Trading in all Securities quoted or listed on the ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for at least one trading day; and
- (i) **Breach of significant contracts:** A contract or agreement referred to in the Prospectus is, without the prior written consent of the Joint Lead Managers, breached or terminated. The Company is in default of any of the material terms or conditions of the Offer Management Agreement or breaches any warranty, undertaking or covenant given or made by it under that agreement and that default or breach is either incapable of remedy or is not remedied within 5 business days after it occurs.

10.3. Prime Broker / Custodian “Customer Documents”

The Company has appointed UBS AG, Australia Branch to be Prime Broker and UBS Nominees Pty Limited as Custodian for the Company. Both are members of the UBS Group of companies. The appointments were made pursuant to the prime brokerage customer documents (the “**Customer Documents**”) entered into between the Company and the Prime Broker (for itself and as agent for certain other members of the UBS Group of companies (the “**UBS Companies**”)) and the Custodian. These services may include the provision to the Company of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Company may also utilise the Prime Broker, other members of the UBS Group of companies and other brokers and dealers for the purposes of executing transactions for the Company.

The fees of the Prime Broker and the Custodian are payable by the Company. The Prime Broker has no decision making discretion relating to the investment of the Assets of the Company and makes no representation in respect of the Company or the investment of the Assets.

Certain Assets of the Company will, subject to the following paragraph, be held by the Custodian in segregated accounts together with assets deposited by it on behalf of other customers of the Custodian or the Prime Broker.

Such Assets will not be mixed with the property of the Custodian or the Prime Broker and should not be available to third party creditors of the Custodian or the Prime Broker in the event of insolvency of the Custodian or the Prime Broker (as the case may be). However, the Assets of the Company held by a Custodian will be subject to a charge to secure the Company’s obligations to the Prime Broker.

The obligations of the Company to the Prime Broker in respect of any transactions will be secured by transferring to the Prime Broker by way of security title to certain investments, cash or other Assets of the Company (together referred to as “Collateral”). The Prime Broker is entitled to sell, lend or otherwise use any Collateral for their own purposes, subject to an obligation to return equivalent Securities or cash value. Such Collateral is not segregated from the Prime Broker’s own property and may be available to third party creditors of the Prime Broker in the event of the insolvency of the Prime Broker.

Under the Customer Documents, the Prime Broker is not responsible for and is not liable for any loss on settlement of a transaction, any acts or omission of the executing broker, its employees or agents, non-compliance with any regulatory requirements to report transactions, refusing to settle a transaction or failing to notify the Company of its failure to settle a transaction (except where the Prime Broker performs such functions in its own capacity).

Where the Company intends to short-sell Securities it is anticipated that the Securities will be borrowed from or by the Prime Broker under the Customer Documents. Under the terms of the Customer Documents, the Company may seek to borrow the Securities with a borrowing request. If the Prime Broker accepts the Company’s borrowing request, the Prime Broker will deliver the Securities borrowed to the Company or as the Company directs.

The Company will have an obligation to redeliver the Securities borrowed or equivalent Securities on an agreed date or otherwise the Prime Broker may call for the redelivery at any time by giving notice on any Business Day of not less than the standard settlement time for such equivalent Securities. The Company must provide Collateral to secure its obligations under the relevant Customer Documents. The amount of Collateral is the value of the Securities borrowed plus a margin. In the event that the value of the Securities borrowed plus a margin exceeds the Collateral provided, further Collateral will need to be delivered so that the Collateral equals the value of Securities borrowed plus the margin.

UBS Nominees Pty Limited will provide custody services for the Assets of the Company (but not those Assets which the Cash Custodian may hold from time to time) including documents of title or certificates evidencing title to investments, held on the books of the Prime Broker as part of its brokerage function in accordance with the terms of the Customer Documents. The Custodian may appoint sub-custodians, including a member of the UBS Group, for such investments.

The Company may remove UBS AG, Australia Branch as the Prime Broker and UBS Nominees Pty Limited as the Custodian and appoint another prime broker and custodian in their respective place at any time without notice to investors.

Neither the Prime Broker, the Custodian nor any UBS Company will be liable for any loss to the Company resulting from any act or omission in relation to the services provided under the terms of the Customer Documents unless such loss results directly from the gross negligence, willful default breach of contract or fraud of the indemnified person.

The Prime Broker and the Custodian are providers to the Company and are not responsible for the preparation of this or the activities of the Company and therefore accepts no responsibility for any information contained in this document. Neither the Prime Broker nor the Custodian will participate in the investment decision-making process for the Company.

UBS has financial resources in excess of US\$200 million.

10.4. Director Protection Deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company.

The Company has also agreed to maintain in favour of each officer a directors’ and officers’ policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

11. Additional Information

11.1. Incorporation

The Company was incorporated in Victoria on 2 October 2015.

11.2. Balance date and Tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be taxed as a public company.

11.3. Rights Attaching to the Shares

The following information is a summary of the Company Constitution. Shareholders have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

- (a) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (1 vote per shareholder) and on a poll (1 vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share;
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (d) Subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

11.4. Rights attaching to the Loyalty Options

The terms and conditions of the Loyalty Options are as follows:

Register

The Company will maintain a register of holders of Loyalty Options in accordance with Section 168(1)(b) of the Corporations Act.

Transfer / transmission

Until the Vesting Date, Loyalty Options will not be transferable and will not be quoted on ASX. Following the Vesting Date, Loyalty Options may be transferred or transmitted in any manner approved by the ASX.

Issue, Vesting and lapse

Loyalty Options issued to an Applicant will either Vest or lapse on the Vesting Date. The number of Loyalty Options held by an Applicant that will Vest on the Vesting Date will be equal to the number of Shares issued to that Applicant under this Prospectus that the Applicant holds on the Vesting Date.

Loyalty Options that do not Vest on the Vesting Date lapse with immediate effect on the Vesting Date and are of no further force or effect.

Exercise

On exercise, the Company will issue a Share for each Vested Loyalty Option exercised. A Vested Loyalty Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Vested Loyalty Options, signed by the registered holder of the Vested Loyalty Option, together with payment to the Company of \$1.10 per Vested Loyalty Option being exercised.

A Vested Loyalty Option may be exercised on any Business Day from the Vesting Date to 16 November 2017 but not thereafter.

A Notice of Exercise of Loyalty Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend entitlement

Loyalty Options do not carry any dividend entitlement. Shares issued on exercise of Vested Loyalty Options rank equally with other issued Shares of the Company on and from issue.

Participating rights

For determining entitlements to the issue, Loyalty Option holders may only participate in new issues of Securities to holders of Shares in the Company if the Loyalty Option has been exercised and Shares allotted in respect of the Loyalty Option before the record date. The Company must give at least 6 business days' notice to Loyalty Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.

If, between the date of issue and the date of exercise of a Loyalty Option, the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Loyalty Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E [P - (S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Loyalty Option;

OE is the old exercise price of the Loyalty Option;

E is the number of underlying Shares into which 1 Loyalty Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Loyalty Option is exercisable will be increased by the number of Shares which the holder of the Loyalty Option would have received if the Loyalty Option had been exercised before the record date for the bonus issue.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding Loyalty Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

ASX listing

Loyalty Options that have not Vested will not be listed for quotation on the ASX or any other financial market. Vested Loyalty Options are expected to be quoted on the ASX within 1 month of the Vesting Date.

The Company must make application for quotation of Shares issued on exercise of the Vested Loyalty Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

For personal use only

11.5. Dividend Re-Investment Plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan (**Plan**) comprise shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or
- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia, and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible Members may elect to participate in the Plan in respect of all or part of their Shares, which will comprise that member's Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription price

Shares allotted to participants will be allotted at a price per Share determined by the Directors from time to time in accordance with the Corporations Act and the Listing Rules.

Investment of dividends

In respect of each cash dividend from time to time due and payable to a Shareholder in respect of the member's Plan Shares, the Directors will on behalf of and in the name of the Shareholder subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for Shares at the subscription price.

Ranking of Shares

All Shares allotted and issued under the Plan will rank equally in all respects with existing Shares.

ASX Listing

The Company will make application promptly after each allotment of Shares for quotation of such Shares on the official list of the ASX.

Variation or termination of participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

11.6. ASIC relief

The Company has sought the following ASIC relief with respect to the Loyalty Options and will apply to ASIC for the relief required align the reporting periods for the Company's first half year imposed by the Corporations Act and the ASX Listing Rules. Below is a summary of the relief sought.

Section 723(3)(b) of the Corporations Act requires that, if a disclosure document for an offer of Securities states or implies that the Securities are to be quoted on a financial market (whether in Australia or elsewhere), the Securities must be admitted to quotation within 3 months of the date of the disclosure documents, or else the issue or transfer of Securities is void, and the person offering the Securities must return the money received by the person from the applicants as soon as possible.

The Company has applied to ASIC for and been granted relief from this requirement, to permit it to apply for quotation of Loyalty Options within 7 days of the date of this Prospectus, on the basis that Vested Loyalty Options will not be admitted to quotation until a date that is not later than 1 month after the Vesting Date in respect of Loyalty Options.

The Company's first financial year will end on 30 June 2016. The Corporations Act normally requires that the half-year be the first 6 months of each financial year and imposes certain reporting requirement with respect to that period.

Without relief the Company's first half year will end around 2 April 2016. The ASX Listing Rules may require the Company to also provide half year accounts for the period from incorporation to 31 December 2015. The Company will seek ASIC relief to align the reporting periods for the Company's first half year imposed by the Corporations Act and the ASX Listing Rules.

11.7. ASX Waiver

ASX Listing Rule 15.16 sets a maximum term of 5 years for an Investment Management Agreement. The Company will apply for an 'in-principle' waiver of ASX Listing Rule 15.16 to allow for a maximum term of 10 years under the Investment Management Agreement, which may be renewed with the approval of Shareholders for a further period of up to 10 years. The waiver is expected to be granted prior to the inclusion of the Company in ASX's Official List.

11.8. Investor Considerations

Before deciding to participate in this Offer, you should consider whether the Shares and Loyalty Options to be issued are a suitable investment for you. There are general risks associated with any investment in the share market. The value of Securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

11.9. Australian taxation implications of investing under the Offer

Introduction

The tax implications provided below only relate to Australian Security holders who hold their Securities on capital account. Different tax implications apply to non-resident Security holders or Security holders whose Securities are held on revenue account.

The comments in this Section 11.9 are general in nature on the basis that the tax implications for each Security holder may vary depending on their particular circumstances.

Accordingly, it is recommended that each Security holder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 11.9 are based on the *Income Tax Assessment Act 1936*, and the *Income Tax Assessment Act 1997*, *A New Tax System (Goods and Services Tax) Act 1999* and the relevant stamp duties legislation as at the date of this Prospectus.

This Section 11.9 provides a general overview of the Australian income tax implications of investing in the Company, based on current tax law. As such, it is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 30.0% for businesses with an aggregate turnover of more than \$2,000,000).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders. The Directors intend to frank dividends at 100.0%, or to the maximum extent possible.

Income tax position of Australian resident Security holders

A general outline of the tax implications associated with the Offer for Australian resident Security holders who hold their Securities on capital account are set out below.

Treatment of Shares and Loyalty Options

The Offer comprises the issue of Shares and an entitlement or right (Right) to receive Loyalty Options in the Company. To determine the Capital Gains Tax (CGT) cost base of each asset, an investor's subscription price may need to be apportioned between the Shares and Right based on their respective value.

On disposal of Shares or Rights in the Company, an investor will realise a capital gain if the capital proceeds it receives or is deemed to have received for the disposal of the Shares or Rights exceeds their respective cost base.

Where a Right held in the Company is not exercised or expires, a capital loss may arise equal to the cost base of the Right at the time of expiry. Where a Right is exercised and results in the issue of Loyalty Options, no capital gain or loss arises from the exercise of the Right, but the cost base of the Rights will rollover into the Loyalty Options.

Upon the exercise of the Loyalty Options, no capital gain or loss arises but the cost base of the Loyalty Options will be added to the exercise price to be included in the cost base of the Shares acquired.

A CGT discount may be available where the Shares, Rights or Loyalty Options have been held for twelve months or more. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following percentages:

- (a) 50.0% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30.0% for companies with an annual turnover of \$2,000,000 or more and 28.5% for companies with an annual turnover of less than \$2,000,000).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15.0%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100.0% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability to pay current pensions, and are therefore exempt from income tax.

Status as a Listed Investment Company (LIC)

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The major requirements the Company must meet to be a LIC are:

- (a) the Company must be listed; and
- (b) 90.0% of the Portfolio value must comprise certain permitted investments as defined in section 115 290(4) of the *Income Tax Assessment Act 1997*.

Permitted investments include shares, options, units (provided the Company does not own more than 10.0% of the entity in which it holds the permitted investment) financial instruments, derivatives and assets that generate passive income such as interest, rent and royalties.

It is expected that the Company will generally be considered to hold its investments on revenue account. Consequently, it is likely that the Company will generally not make capital gains and therefore, Shareholders may not be able to obtain a deduction in relation to dividends attributable to LIC capital gains under the LIC regime.

Goods and Services Tax (GST)

Security holders should not be liable to GST in Australia in respect of the acquisition of Securities under the Offer. Security holders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Securities under the Offer.

Stamp duty

Security holders should not be liable to stamp duty in Australia in respect of the acquisition of Securities under the Offer.

11.10. Legal proceedings

The Company is not and has not been, in the 12 months preceding the date of the Original Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

11.11. Consents and Responsibility Statements

Each of the following parties has given and, before lodgement of the paper Prospectus with ASIC and the issue of the Electronic Prospectus, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

Name	Role / Responsible
Bennelong Long Short Equity Management Pty Ltd	Investment Manager
Watson Mangioni Lawyers Pty Limited	Solicitor to the Offer
Pitcher Partners Sydney Corporate Finance Pty Ltd	Investigating accountant for the Company
Boardroom Pty Limited	Share registrar for the Company
Each of Ord Minnett Limited, Morgans Financial Limited and Bell Potter Securities Limited	Joint Lead Managers to the Offer
Taylor Collison Limited	Co-Manager to the Offer
Channel Investment Management Limited	Licensed Dealer to the Offer
Perma Capital Pty Ltd	Adviser to the Offer
ZG Advisors Pty Ltd	Adviser to the Offer
Seed Partnerships Pty Ltd	Adviser to the Offer
UBS AG, Australia Branch	Prime Broker
UBS Nominees Pty Limited	Custodian
TMF Fund Administrators (Australia) Pty Limited	Accounting and valuation services provider Administrator of BLSEF and responsible for the pro forma historical results for the Bennelong Securities Managed Account prepared by Kingsway Taitz Fund Administration Pty Limited
Bennelong Funds Management Ltd as trustee of Bennelong Long Short Equity Fund	Provider of information regarding Bennelong Long Short Equity Fund including historic financial performance

Each of the above parties has only been involved in the preparation of that part of the Prospectus where they are named and specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. None of the above parties has authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

11.12. Offer expenses

The Company will pay all of the costs associated with the Offer excluding any costs associated with the Licenced Dealer (which will be paid by Seed Partnerships Pty Ltd) and the Co-Manager (which will be paid by the Joint Lead Managers). These costs are fully described in Section 7.

11.13. Interest of Experts

Other than as set out below or disclosed elsewhere in this Prospectus, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni Lawyers Pty Limited has acted as solicitors to the Offer and have performed work in relation to preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this work, the Company estimates that it will pay amounts totalling approximately \$80,000 (excluding GST and disbursements) to *Watson Mangioni Lawyers Pty Limited*.

Pitcher Partners Sydney Corporate Finance Pty Ltd has prepared the investigating accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. In respect of this work, the Company estimates that it will pay amounts totalling approximately \$27,000 (excluding GST and disbursements) to *Pitcher Partners Sydney Corporate Finance Pty Ltd*.

The Company will pay a stamping fee of 1.5% (plus GST) of Application Monies provided with General Offer Application Forms bearing a stamp from an AFSL Holder (other than the Licenced Dealer, a Joint Lead Manager or the Co-Manager). None of the Licenced Dealer, Joint Lead Managers or the Co-Manager are entitled to be paid a stamping fee with respect to the General Offer.

The Company will pay the Joint Lead Managers a fee of 1.20% (plus GST) of the total proceeds raised under the Offer, to be apportioned between the Joint Lead Managers as follows:

- (a) Ord Minnett Limited will receive 0.52% (plus GST) of the total gross proceeds of the Offer; and
- (b) each of Morgans Financial Limited and Bell Potter Securities Limited will receive 0.34% (plus GST) of the total gross proceeds of the Offer.

The Company will also pay each of the Joint Lead Managers a Broker Firm selling fee of 1.50% (plus GST) of the total proceeds of the Broker Firm Offer raised by the relevant Joint Lead Manager (directly, through the Co-Manager or through its retail broking channel).

Certain partners and employees of the above firms may subscribe for Shares and Options in the context of the Offer.

12. Definitions and Interpretation

12.1. Defined Terms

In this Prospectus:

AFSL means Australian Financial Services License.

AFSL Holder means any holder of an AFSL.

Applicant means an applicant for Shares and Loyalty Options under this Prospectus.

Application means an application for Shares and Loyalty Options under this Prospectus.

Application Form means the General Offer Application Form or Broker Firm Application Form (as applicable) each in the form attached to this Replacement Prospectus.

Application Monies means the Application Price of \$1.10 multiplied by the number of Shares applied for.

Application Price means \$1.10 per Share.

ASIC means the Australian Securities and Investments Commission.

ASX or Australian Securities Exchange means the ASX Limited or the Securities exchange operated by ASX Limited.

ASX Recommendations means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).

BFM means Bennelong Funds Management Limited (ABN 39 111 214 085) (AFSL No. 296806).

Block Booked Transaction means entering into a trade on behalf of 1 or more clients and allocating parts of the trade among those clients before, at the time of or after the trade has been entered into.

BLSEF means Bennelong Long Short Equity Fund.

Board means the board of Directors of the Company.

Broker means any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Offer.

Broker Firm Offer means the broker firm offer referred to in Section 2.2.

Closing Date means the date by which valid Application Forms must be received being 7 December 2015 or such other dates as the Company may determine in its discretion.

Collateral means such Securities or financial instruments or cash which the Company delivers or is required to deliver to the Prime Broker for the purpose of meeting any margin requirement in accordance with the Prime Brokerage Agreement, and includes any certificate or other documents of title and transfer in respect of such Securities, financial instruments or cash.

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Company means Absolute Equity Performance Fund Limited (ACN 608 552 496).

Co-Manager means Taylor Collison Limited.

Constitution means the constitution of the Company.

Custodian means the custodian of the Company, initially being UBS Nominees.

Derivatives means a security, such as an option or futures contract whose value depends on the performance of an underlying asset.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of this Prospectus, a copy of which can be downloaded at www.aepfund.com.au.

Exposure Period means the period of 7 days after the date of lodgement of the Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Gearing means the result of dividing the aggregate absolute mark-to-market value of all trading positions constituting assets (whether long or short and regardless of whether they are pairs trades) by the Net Asset Value.

General Offer means the offer referred to in Section 2.1.

General Offer Application Form means the Application Form to be used by Applicants who are not participating in the Broker Firm Offer.

GAV of the Portfolio means the aggregate gross value of all assets in the Company.

GST means Goods and Services Tax and has the same meaning as contained in *A New Tax System (Goods and Services Tax) Act 1999* (Commonwealth).

Investment Manager means the Investment Manager of the Portfolio appointed under the terms of the Investment Management Agreement, being Bennelong Long Short Equity Management Pty Limited (ABN 63 118 724 173) (AFS Representative No. 000303432).

Investment Management Agreement means the investment management agreement between the Investment Manager and the Company, the terms of which are summarised in Section 10.1.

Investment Strategy means the strategy to be used by the Investment Manager in relation to the Portfolio, involving actively managing the Portfolio in a market neutral style using predominantly using Pair Trades in accordance with the guidelines set out in Section 4 (as amended from time to time).

Joint Lead Managers means Ord Minnett Limited, Morgans Financial Limited and Bell Potter Securities Limited.

Licensed Dealer means Channel Investment Management Limited (AFSL 439007).

Listing Rules means the listing rules of the ASX.

LIC means listed investment company.

Long and Short Positions means Long Positions and Short Positions.

Long Position means holding a positive amount of an asset in the expectation that the value of that asset will appreciate.

Loyalty Option means an option to be issued a Share with an exercise price of \$1.10 expiring on 16 November 2017 and otherwise on the terms set out in Section 11.4.

Maximum Subscription means the maximum subscription being sought by the Company (before oversubscriptions) under the Offer, being \$75,000,000.

Minimum Subscription means the maximum subscription being sought by the Company under the Offer, being \$25,000,000.

NAV or Net Asset Value means the value of the Company's total assets less the value of any liabilities.

NAV of the Portfolio means the net asset value of the Company's Portfolio from time to time.

NTA or Net Tangible Assets means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities.

Offer means the offer of up to 68,181,818 fully paid ordinary Shares at an Application Price of \$1.10 per Share to raise up to \$75,000,000,000 (with the ability to accept oversubscriptions to raise up to a further \$25,000,000). In addition, the Company will issue 1 Loyalty Option for every 1 Share issued to an Applicant, with each Loyalty Option exercisable at \$1.10 on or before the Vesting Date.

Official List means the official list of the ASX.

Opening Date means the date the Offer opens, expected to be 17 November 2015.

Original Prospectus means the prospectus dated 9 November 2015, replaced in full by the Replacement Prospectus.

Pair Trades means equal dollar long share positions that are offset by equal dollar short positions and where long and short positions have a relevant statistical correlation or a 'common sense' relationship.

Performance Calculation Period means:

- (a) for the first Performance Calculation Period, the period commencing on the date of issue of shares ending on the following 30 June;
- (b) in all other circumstances, the 12 month period ending on 30 June each year.

Perma Capital means Perma Capital Pty Ltd (ACN 608 391 939).

Portfolio means the portfolio of investments of the Company.

Prime Broker means UBS AG.

Prime Brokerage Agreement means the agreement between the Responsible Entity and the Prime Broker, the terms of which are summarised in Section 10.2.

Principals means Richard Fish and Sam Shepherd.

Prospectus means this replacement prospectus dated 23 November 2015 as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.

Related Body Corporate has the meaning given to that term under Section 50 of the Corporations Act.

Replacement Prospectus means this document dated 23 November 2015 which replaces the Original Prospectus in full.

S&P/ASX100 means the index comprised of the 100 largest index-eligible stocks listed on the ASX by float adjusted market capitalisation.

S&P/ASX200 Accumulation Index or ASX200 means the index comprised of the 200 largest index-eligible Securities listed on the ASX by float adjusted market capitalisation.

Securities means the Shares and Loyalty Options the subject of the Offer or, if the context requires, has the meaning given in Section 92 of the Corporations Act.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Share Registrar means Boardroom Pty Limited.

Short Position means borrowing an asset (stock) and then immediately selling it in the expectation that the value of the relevant Security will depreciate. The short position is covered by buying back the asset, theoretically at a lower price thereby locking in a profit. The borrowed relevant Security is then returned.

TMF means TMF Fund Administrators (Australia) Pty Limited ABN 96 131 370 824.

UBS AG means UBS AG, Australia branch ABN 47 088 129 613.

UBS Group means the group of companies including UBS AG and UBS Nominees.

UBS Nominees means UBS Nominees Pty Limited ABN 32 001 450 522.

Uncorrelated Pairs means usually 2 (or sometimes more than 2) Securities that do not have a relevant statistical correlation or do not have a 'common sense' relationship. In most instances the pairs will coincide with S&P/ASX GICS.

Uncovered Long Positions means a long position that is not offset by a Short Position.

Uncovered Short Positions means a short position that is not offset by a Long Position.

Vesting means the process under which a Loyalty Option first becomes exercisable by an Applicant in accordance with the terms of issue of the Loyalty Option.

Vest and **Vesting** have a corresponding meaning.

Vesting Date means the date which is 6 months after the Shares are quoted on ASX.

Volatility means the extent of fluctuation such as share prices, exchange rates and interest rates. The greater the volatility, the less certain an investor is of return, and hence volatility is one measure of risk.

12.2. Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) The singular includes the plural and vice versa;
- (c) A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) A reference to any gender includes both genders;
- (e) A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) A reference to "dollars" or "\$" is to Australian currency;
- (g) In this document, headings are for ease of reference only and do not affect its interpretation; and
- (h) Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

12.3. Governing Law

This Replacement Prospectus is governed by the laws of New South Wales.

12.4. Approval

This Replacement Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: 23 November 2015



Marc Fisher
Chairman

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Absolute Equity Performance