

Clime Australian Value Fund

Product Disclosure Statement

ARSN 126 118 189
Wholesale Investor APIR Code: CRE0005AU
Retail Investor APIR Code: CRE0001AU
Dated 29 September 2017

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Investing in this Fund

Clime Asset Management Pty Limited ABN 72 098 420 770 AFSL 221 146 (**Clime** or **Investment Manager**) is the investment manager appointed for the Clime Australian Value Fund ARSN 126 118 189 (the **Fund**).

This fund seeks capital growth and income over the medium term by investing in an actively managed concentrated (approximately 25 securities) portfolio of ASX listed securities and may hold some cash. Clime may use exchange traded (or listed) derivatives to manage risk where considered appropriate.

The Fund's investment objective is to outperform its performance benchmark, being 12% pa after Investment Management Fees and Usual Expenses but before any Performance Related Fee.

The Fund offers applications and withdrawals processing generally each Sydney business day. It offers competitive fees:

Wholesale Investors – for this fund, defined those who:

- initially directly invest at least \$500,000 or
- invest indirectly through an Administration Platform, pay lower Investment Management Fees.

Other investors – we call them **Retail Investors** - pay different Investment Management Fees.

It may suit investors with a medium risk tolerance and investment time horizon of at least 3 to 5 years.

This document

This is the product disclosure statement (PDS) for the Fund. It is an important document, and it is a condition of investing that you have read it carefully.

It has been prepared by OneVue RE Services Limited ABN 94 101 103 011 AFSL 223271, the responsible entity (or trustee) of the Fund (Responsible Entity, OneVue, us or we).

This PDS is a summary of significant information and contains several references, marked with an asterix (*), to important additional information contained in the Information Booklet which forms part of this PDS, available free from Clime or us on request.

You should read the PDS and the Additional Information Booklet before making any decision about the Fund.

Seek advice

This PDS is for general information only. It does not take into account the particular objectives, financial situation or needs of any person, and is not a recommendation to any person to invest. Investors should consider the appropriateness of the Fund having regard to their own objectives, financial situation and needs.

Investing involves risk. This is a high-risk investment, which should be considered as long term. Neither returns nor the money you invest is guaranteed. You can lose as well as make money.

We strongly encourage you to seek timely professional advice before making investment decisions.

The past and the future

What happened in the past is not a reliable indicator of what may happen in the future. Keep this in mind when considering historical matters in this PDS, such as past performance.

The future is also uncertain. Statements in this PDS about the future, although made on a basis considered reasonable, may prove to be untrue. Keep this in mind when considering statements about what may happen and what is intended.

Indirect investors

You may gain investment exposure to the Fund by investing 'indirectly' through an administration platform (known commonly as an IDPS, IDPS-like scheme, master trust, wrap account or managed discretionary account). In this PDS, we call them **Administration Platforms** and persons who invest like this we call **indirect investors**.

1. About OneVue

Founded in December 2002, OneVue is a professional responsible entity, a wholly owned subsidiary of OneVue Holdings Limited ABN 15 108 221 870 (OneVue Holdings), an ASX listed company (ASX code OVH) which provides services to participants in the wealth management industry with a focus on the superannuation and investment management sectors.

As the Responsible Entity of the Fund and issuer of this PDS, OneVue is responsible for the operation of the Fund in accordance with the Fund's constitution, the Corporations Act and trust law.

More information about the OneVue group can be found at www.onevue.com.au.

About Clime

Clime is a wholly owned subsidiary of Clime Investment Management Limited, a company listed on the Australian Securities Exchange (ASX: CIW). Clime is an Australian value-based fund manager, specialising in absolute return, objective based investing.

Clime is dedicated to providing investment solutions aligned with its customers' objectives and this is reflected in its corporate values of integrity, transparency and conviction.

Clime's primary goal is to provide access for all investors to strategies intended to create long-term wealth and provide security on their investment journey.

2. How the Fund works

A managed fund

The Fund is a managed investment scheme (or trust). When you invest your money in the Fund, it is pooled together with other investors' money. This larger pool of money is used to buy investments on behalf of all investors.

The Fund is a unit trust. An investor's interest in the Fund is represented by a number of units, each class of which has identical rights (such as a right to certain fees and to vote) and a value, which will vary as the market value of assets in the Fund rises and falls. As a unit holder, each investor also has certain obligations to us. Investors have no direct interest in the assets of the Fund.

You can increase your investment by applying and paying for more units, and the number of units issued depends on the amount you invest and the unit price at the relevant time. You can decrease your investment by withdrawing (or redeeming), and the number of units

redeemed depends on the amount you withdraw and the unit price at the relevant time.

You generally have access to your investment at the end of each month, but in unusual circumstances (and even after your request is processed) there can be delays in payment.

This Fund aims to pay distributions each 6 months after 30 June and 31 December, each year. An investor's entitlement is generally based on the number of units held by the investor at the end of the distribution period. Our policy is to distribute all cash income of the Fund unless we consider it in the best interests of investors as a whole to do otherwise.

The price of units

Unit prices can be found at Clime's website. Remember that quoted unit prices will be historical and are unlikely to be the price you will receive when applying or withdrawing – that price could be higher or lower.

Unit prices will vary as the market value of the assets of the Fund fluctuate. The unit prices for issuing and withdrawing are slightly different: this difference is called the "spread" and Section 6 of this PDS gives more detail.

Unit prices are calculated in 3 steps:

- the value of the assets of the Fund is calculated, and value of the liabilities subtracted – this gives the net asset value,
- this is divided by the number of units on issue, and
- adjustment is generally made for transaction costs (or spread).

We have a policy that sets out the guidelines and relevant factors and discretions for calculating unit prices. A copy (and records of any departures from the policy) is available free from us on request.

3. Benefits of investing in the Fund

Significant features and benefits	
Snapshot	This fund seeks capital growth and income over the medium term by investing in an actively managed concentrated (approximately 25 securities) portfolio of ASX listed securities and may hold some cash.
Performance objective	The Funds seeks to outperform its Performance Benchmark being 12% pa return after Investment Management Fees and Usual Expenses but before any Performance Related Fee.
Geographical exposure	Australia
Income	This Fund aims to pay distributions each 6 months after 30 June and 31 December each year.
Suitability	Those investors with a medium risk tolerance and investment time horizon of at least 3 to 5 years.
Applications	Each Sydney business day.
Minimum initial investment	Retail: \$10,000 Wholesale: \$500,000
Minimum additional investment	Retail: \$1,000 Wholesale: \$1,000 only \$100 per month through our savings plan
Withdrawals	Each Sydney business day.
Minimum withdrawal	Retail: \$1,000 Wholesale: \$10,000

Minimum account balance	Retail: \$10,000 Wholesale: \$500,000
Entry fees	Nil
Investment management fees	Retail: 1.03% pa, and Wholesale: 0.87% pa, including net GST.
Performance related fee	15.38% of any amount by which the Fund outperforms the Performance Benchmark, with the protection of a High-Water Mark.
Expenses	Usual Expenses capped at 0.52%pa of the net asset value of the Fund including net GST.
Buy sell spread	+0.25% / -0.25%

4. Risks of managed investment schemes

Risk is a part of investing

All investments are subject to varying risks, and the value of your investment will rise and fall over time. Changes in value can be significant and they can happen quickly – the greater and faster the changes the greater the volatility. Volatility refers to the degree to which returns may fluctuate around their long term average.

As a general rule, the higher the potential returns, the higher the level of risk.

Different strategies and types of investments have different risk characteristics, which will affect investment performance.

Investing in this fund involves risk, and you can lose as well as make money.

As risk cannot be entirely avoided when investing, the philosophy employed for the Fund is to identify and manage risk as far as is practicable. None of us, the Investment Manager or the Portfolio Manager can promise that the ways in which risks are aimed to be managed will always be successful. Neither returns nor the money you invest in the Fund is guaranteed.

Your professional financial adviser can identify the impact of an investment in this Fund upon your overall portfolio and investment objectives.

The significant risks of the Fund include the following.

Investment risk

This is the risk that the value of an investment may change or become more volatile, potentially causing a reduction in the value of the Fund and increasing its volatility. This may be because, amongst many other things, there are changes in government policies, the Investment Manager's operations or management, the business environment or in investors' perceptions of the risk of an investment.

Market risk

This is the risk that an entire market, country or economy changes in value or becomes more volatile, including the risk that the country's credit rating is downgraded, which reduces the nation's perceived creditworthiness, the purchasing power of currency changes (either through inflation or deflation), and/or other market-wide factors, like economic growth or the unemployment rate, deteriorate, which can cause a reduction in the value of the Fund and increase its volatility. This may be because, amongst many other things, there are adverse changes in economic, financial, climate, technological, political or legal conditions, natural and man-made disasters, conflicts and shifts in market sentiment.

Portfolio and concentration risk

The fund's portfolio is relatively concentrated, represented by around 25 securities all ASX listed.

Although Clime does take diversification into account when making

investment decisions, Clime is not constrained by diversification targets – the focus is on achieving the investment objectives over time. When attractive opportunities are not available, the Fund may remain invested in cash or cash equivalents.

Interest rate risk

This is the risk that changes in interest rates can have a negative impact on investment markets. Reasons for interest rates changes are many and include changes in inflation, economic activity and Central Bank policies.

Derivatives risk

Clime may use exchange traded (or listed) derivatives to manage risk where considered appropriate.

Derivatives are contracts between two parties that usually derive their value from the price of a physical asset or market index.

Risks associated with derivatives include the possibility that the derivative position is difficult or costly to reverse, that there is an adverse movement in the asset or index underlying the derivative or that the parties do not perform their obligations under the contract.

Such exposures are however monitored frequently (usually daily), and they may be adjusted to maintain exposures Clime considers appropriate. Clime employs experienced professionals who have a thorough understanding of the financial instruments used. If using a financial instrument brings with it the potential to pay more money, Clime makes sure adequate collateral is set aside.

Borrowing or leverage risk

This is the risk associated with borrowing (often called leveraging or gearing). Direct leverage refers to borrowing money. Indirect leverage arises mostly from the use of derivatives.

The Fund does not intend to borrow, but may do so for the short term, generally to meet redemptions, distributions, or short-term portfolio obligations, and then only if the borrowing is considered to be prudent and in the best interests of all investors.

Such borrowing would only be from lenders considered appropriate. Security may be granted over Fund assets.

Clime may use exchange traded (or listed) derivatives to manage risk where considered appropriate. See above.

Leverage magnifies returns and magnifies losses. By way of a simple example, assume the Fund's investments were \$10m and leverage represented a further \$10m. A 1% increase in the return on the assets of the Fund results in a 2% increase in return to investors. But 1% decrease in the return on the assets of the Fund results in a 2% loss to investors.

Liquidity risk

The Fund offers applications and withdrawals processing generally each Sydney business day. However as with many investments, there is the risk that your withdrawal requests cannot be met when you expect.

Because cash is paid to your account when you withdraw, investments of the Fund may need to be sold to pay you. Depending on factors such as the state of the markets (for example through a lack of buyers or trading suspensions), selling investments is not always possible, practicable or consistent with the best interests of investors. This is one of the reasons why the constitution for the Fund specifies limited circumstances where there could be a delay in meeting your withdrawal request. The law sometimes restricts withdrawals.

The Fund is not listed on any stock exchange, so selling your units through a stockbroker is not possible and, although you may sell your units, you may not find a buyer or a buyer at the price you want.

Environmental Social & Governance risk

Environment, social and governance (ESG) considerations are ultimately considered as medium-term quality factors which can influence investments. Improperly managed or identified ESG considerations can erode the quality aspect of, and thus present a risk to, investment returns.

The investment manager of the Fund does not take into account all labour standards, environmental, social and ethical considerations,

and any assessment of what is or is not such a factor and should or need not be taken into consideration is subjective. Remember that this policy can change, and that investing having regard to such factors may not result in environmental, social or governance outcomes improving or desired investment outcomes being achieved. Investments may form part of the Fund even though they do not meet such standards. Based on Clime's current organisational size and structure, it is not signatories to the United Nations Principles for Responsible Investment (UNPRI).

Fund structure risk

This is the risk associated with having someone invest for you.

Risks associated with investing in the Fund include that the Fund could be closed and your money returned to you at the prevailing valuations at that time, those entities or key people responsible for operating the Fund or managing its investments could change.

There is also the risk that someone involved with your investment (even remotely) does not meet their obligations or perform as expected, assets may be lost, not recorded properly or misappropriated, laws may adversely change, insurers may not pay when expected, systems may fail or insurance may be inadequate.

Investment decisions, although taken carefully, are not always successful.

Investing through an administration platform also brings some risks that the operator of the administration platform may not perform its obligations properly.

Investing in the Fund may give different results compared to investing directly where, for example, you avoid the impact of others coming and going and may be able to manage your tax situation better.

The value of the Fund's underlying investments, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments.

Information risk

We are committed to ensuring that your information is kept secure and protected from misuse and loss and from unauthorised access, modification and disclosure. We use the Internet in operating the Fund and may store records in a cloud system. If stored overseas, different privacy and other standards may apply there.

The internet does not however always result in a secure information environment and although we take steps we consider reasonable to protect your information, we cannot absolutely guarantee its security.

Managing risk

As risk cannot be entirely avoided when investing, the Fund aims to identify and manage risk as far as is practicable. Whenever investments are made, the potential for returns in light of the likely risks involved are assessed.

Risk is considered throughout the investment process. As far as is practicable, risk is managed at the Fund level in selection of the underlying funds.

However, many risks are difficult or impracticable to manage effectively and some risks are beyond our and the Investment Manager's control altogether.

Remember, investing involves risk, and you can lose as well as make money. Neither returns nor the money you invest in the Fund is guaranteed.

Risk generally

The significant risks of investing in managed investment schemes generally include the risks that:

- the value of investments will vary,
- the level of returns will vary, and future returns will differ from past returns,
- returns are not guaranteed and investors may lose some or all of their money, and
- laws change.

The level of risk for you particularly will vary depending on a range of other factors, including age, investment time frame, how other parts

of your wealth are invested, and your risk tolerance. If you are unsure whether this investment is suitable for you, we recommend you consult a professional financial adviser.

Further information about the risks of investing in managed investment schemes can be found on the ASIC's MoneySmart website at www.moneysmart.gov.au.

Risk measure

The Investment Manager considers that the "standard risk measure" for this Fund is a medium risk rating, which means that the estimated number of negative annual returns over any 20-year period is 2 to less than 3. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 4.

The standard risk measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. It is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of fees and taxes on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

5. How we invest your money

Warning: you should consider the likely investment return, risk and your investment timeframe when choosing to invest in the Fund.

Introduction

This fund seeks capital growth and income over the medium term by investing in an actively managed concentrated (approximately 25 securities) portfolio of ASX listed securities and may hold some cash.

Clime actively manages the Fund's investments. Clime is an Australian value-based fund manager specialising in absolute return, objective based investing.

This fund only offers one investment option.

Investment philosophy

As a value investor, Clime firmly believes that price and value are entirely different. Price is what we pay, and value is what we receive.

As an Investment Manager, Clime will only buy shares in attractive companies when they are offered in the market at a discount to its calculation of their assessed value. Using proprietary valuation methodology, Clime carefully determines the value of the companies in which it invests.

Its investment process is underpinned by three fundamental beliefs:

1. Capital Preservation

The preservation of capital is critical to maximise the investment return.

Clime preserved its clients' capital during the worst financial downturn in over 70 years during the global financial crisis. They did this by increasing exposure to cash, and by focusing investments on those companies and hybrid securities most likely to be able to endure a period of lacklustre growth or even recession.

2. Sustainable Return on Equity

Clime believes that the sustainable return on equity of a company determines the value of the company.

Clime distinguishes between profit and profitability. The profit of a company can be easily manipulated. However, it is the long-term profitability, as measured by Return on Equity, that is the focus at Clime.

Return on Equity allows one to understand the financial resources that have been applied to create the company's profit.

Put simply, it makes a difference to a company's value if a profit of \$100,000 was generated from a capital base of \$1 million or \$10 million – that is, a Return on Equity of either 10% or 1%.

Clime is unique in that it 'normalises' the return on equity as an owner. Clime goes further in deriving value for its clients by

ensuring that the return on equity it calculates includes the benefit of franking credits on the dividends paid.

3. Value and Share Price Convergence

The share price of a company is not the value of the company. Clime views the volatility in the stock market as the mechanism by which it can actively manage positions in companies.

In the short term, share price swings are driven by many factors that are unrelated to value. Over time, a company's share price will ultimately be guided by its economic performance.

The movements in a company's share price create opportunities to purchase a portfolio of attractive companies at prices below the assessment of their real value.

The extent of this undervaluation is known as the margin of safety.

In today's volatile marketplace, Clime believes it offers a sensible approach for an investor's financial needs.

Investment style

The Fund is actively managed by Clime.

Clime's investment process is based on its core investment style and follows a strict portfolio selection process which encompasses both a bottom up stock selection component and top down macro component. The return on equity is a key focus in the selection process for the identification of listed shares that are in the portfolio.

Clime firmly believes that price and value are entirely different. Price is what one pays but value is what one receives. Clime's aims include to pay a lower price for a share than the value received. Whilst the share price of a company is freely observable, the value of the company is not.

Clime's investment process identifies companies that have the requisite attractive company characteristics.

Clime then applies its consistent valuation methodology, calculates a valuation for each company and identifies those attractive companies whose share price is below Clime's assessment of value.

Investment strategy

The Fund's investment strategy is to seek capital growth and income over the medium term by investing in an actively managed concentrated (approximately 25 securities) portfolio of ASX listed securities and may hold some cash.

We would give at least 4 weeks' notice of any material change in investment strategy.

Investment objective

The Funds seeks to outperform its Performance Benchmark being 12% pa return after Investment Management Fees and Usual Expenses but before any Performance Related Fee.

This investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve. The fund may not achieve its investment objective.

Remember that investing involves risk, and you can lose as well as make money. Neither returns nor the money you invest in the Fund are guaranteed.

Suitability

This fund may suit investors with a medium risk tolerance and investment time horizon of at least 3 to 5 years.

What the Fund invests in

The Fund invests in a concentrated portfolio (approximately 25 securities) of ASX listed securities and may hold some cash. Clime may use exchange traded (or listed) derivatives to manage risk where considered appropriate.

This fund only offers one investment option. Switching between investment options is not possible.

Environmental Social & Governance

In the management of the Fund it is considered that environment, social and governance (ESG) considerations are ultimately medium-term quality factors, which can influence investments. Improperly managed or identified ESG considerations can erode the quality aspect of, and thus present a risk to, investment returns.

Accordingly, the Fund's investment strategy may take into account ESG issues as part of the investment process, including with the goal of helping reduce potential credit risks and enhance investment performance.

No formal guidelines are used, nor is any formal weighting given to the ESG issues in portfolio construction. Rather a broad, implicit approach is taken when carrying out this subjective assessment.

The types of ESG that may be taken into account include:

- environmental: weather, pollution and environmental disruption, sustainability, and associated reputational and brand risks,
- social: political stability, human rights issues, privacy and cyber-security, impact on local communities, health and safety, and associated reputational and brand risks, and
- governance: board composition, risk management track- record, legal and compliance track-record, history of prosecutions, management remuneration, distribution of equity, and associated reputational and brand risks.

6. Fees and costs*

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

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

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

CLIME AUSTRALIAN VALUE FUND		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee the fee to open your investment	Nil	Not applicable
Contribution fee the fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee the fee on each amount you take out of your investment	Nil	Not applicable
Withdrawal fee the fee to close your investment	Nil	Not applicable

Management costs		
The fees and costs for managing your investment		
Investment Management Fee	Retail: 1.03%pa, and Wholesale: 0.87%pa, of the net asset value of the Fund including net GST	Payable to the Investment Manager as an expense of the Fund, this is calculated and accrued when the unit price is calculated, and is payable monthly in arrears. This fee is negotiable for certain types of investors.
Performance Related Fee	15.83% of any amount by which the Fund outperforms the Performance Benchmark, with the protection of a High-Water Mark	Payable to the Investment Manager as an expense of the Fund, this is calculated and accrued when the unit price is calculated, and is payable at the end of each financial year. This fee is negotiable for certain types of investors.
Usual expenses	Capped at 0.52%pa of the net asset value of the Fund including net GST	Usual Expenses are paid from the Fund but are capped. Any expenses above the cap are paid by the Investment Manager.
Unusual expenses	nil estimate	Any Unusual Expenses (if incurred) are paid from the Fund.
Indirect costs	nil estimate	Investors bear the impact of indirect costs
Service fees		
Switching fee the fee for changing investment options	not applicable	not applicable
Other fees	From nil up to 4.4% of application moneys. If you don't use an adviser, this would be nil.	You may use the Application Form to authorise a payment to your adviser. Please discuss this with your adviser.

Refer to our website for any updates.

Additional explanation of fees and costs

Two fee levels of Investment Management Fee

An Investment Management Fee is paid to the Investment Manager for managing the Fund's assets.

Wholesale Investors –for this fund, defined those who:

- initially directly invest at least \$500,000, or
- invest indirectly through an Administration Platform, pay lower Investment Management Fees.

Other investors – we call them **Retail Investors** - pay different fees.

This is calculated and accrued daily, and is paid monthly in arrears out of the Fund as an expense of the Fund. This is negotiable for certain types of investors. More information is detailed below.

Performance Related Fee

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

This fee is calculated as 15.38% of any amount by which the Fund outperforms the Performance Benchmark, with the protection of a High-Water Mark.

The Performance Benchmark is a 12% pa return, measured after Investment Management Fees and Usual Expenses but before any Performance Related Fee. This is not negotiable.

The Performance Benchmark is not intended to be a forecast. It is only an indication of the minimum return the Investment Manager aims to achieve to earn a Performance Related Fee. The Fund may not perform as intended. Returns are not guaranteed.

Investors have the protection of a 'High-Water Mark'. For a performance fee to be paid, the value of the Fund at the end of the relevant period must also be higher than the highest historical Fund value at the end of any prior period where a Performance Related Fee has been paid.

Put another way, the Fund must make up any underperformance from previous periods before a Performance Related Fee is payable.

If payable, the Performance Related Fee is paid shortly after the end of each financial year in arrears out of the Fund. The fee accrues in the unit price through the year. When calculating any entitlement, adjustments are made for to take account of applications, withdrawals and distributions.

Performance Related Fees quoted above are estimated using historical Performance Related Fees as a base line. Remember that past performance is not an indicator of future performance and any performance related fee for a given year may not be repeated in a future year.

Note that performance may exceed the Performance Benchmark (and so a Performance Related Fee is payable) even when some of the objectives for the Fund are not met.

Expenses

Investors bear the impact of certain expenses associated with the Fund. We only pay an expense from the Fund if it is incurred in the proper performance of our duties.

Usual expenses are Fund associated costs which we consider in the ordinary course of fund operations, and for the purposes of this PDS they include fees payable to us.

Usual Expenses are paid from the Fund but are capped at 0.52% pa of the gross asset value of the Fund including net GST. If actual Usual Expenses are lower than this, then the lower amount is charged to the Fund. If they are more, they are paid by the Investment Manager.

If incurred, **Unusual Expenses** can also be paid from the Fund. Examples include costs associated with establishing the Fund, professional assistance establishing and operating the Fund, seeking and dealing with investor approvals and directions, fees and costs associated with platforms, exchanges, ratings and dispute management, any tax liability the Fund may have, change of responsible entity, investment manager or any service provider, Fund termination costs and costs incurred especially for this fund. Occasionally, costs which might otherwise be considered usual are of such a nature that we may deem them to be unusual.

Expenses are generally paid as incurred.

We and the Investment Manager pay our respective personal costs. When expenses relate to related parties, these are always on at least arm's length terms. Many expenses have taxes and duties associated with them, such as GST and stamp duty, which are paid as part of the expense.

Indirect Costs

The table above includes an allowance for 'indirect costs'. The indirect cost figure is intended to give you some measure of the cost of entities used or interposed to give you investment exposure through the Fund. It seeks to show you what additional cost you are paying for not investing directly yourself.

Examples include the fees and expenses charged by underlying investments.

Indirect cost will reduce overall returns. However, these costs are when and if incurred deemed necessary in the opinion of the Investment Manager to implement the Fund's strategy.

Any figure is based on figures known to us and/or as we may reasonably estimate. Not all indirect costs are known to us or the Investment Manager and if not, they cannot always be reasonably be estimated. Information may not be available, reporting may not be meaningful, significant or reliable if for example it comes from a jurisdiction where reporting standards differ from those in Australia, or there may be incomplete historical figures so that a reasonable estimate is not possible.

Other fees and costs

Warning: Fees may also be paid to your financial adviser. Ask your financial adviser, and refer to any Statement of Advice they may provide you.

Paying your adviser

You can use the Application Form to pay your adviser from nil up to 4.4% of the amount you invest. If you don't use an adviser, this would be nil. This is not compulsory and is negotiable. Speak to your adviser. See the Application Form for details.

Government and other charges

Government fees, taxes and duties, as well as charges made by your financial institution (including dishonour fees), may also apply to investments and withdrawals, and these are payable from your investment. Stamp duty is can be payable if you transfer your units in the Fund to someone else.

Deductions

We may deduct from any money payable to you, or adjust the value of Assets to be transferred, for any money due to us (as trustee or in any other capacity) by you or any money we (as trustee or in any other capacity) owe someone else relating to your investment (for example, to the tax office or someone who has lent you money to invest like a margin lender). If the Fund is terminated and wound up, then any amount or value to be distributed to you may be reduced for moneys owed or unpaid.

Transactional and operational costs

- These costs are associated with making the Fund's investments. They include:
- the **Buy Spread** and the **Sell Spread**, and
- other transactional and operational costs

The **Buy Spread** and the **Sell Spread** seek to ensure investors are treated fairly when others invest into and leave the Fund. The entry and the exit price are made 0.25% higher and lower respectively. It is an adjustment to take account of the fact that it costs money to invest new money and to realise investments to fund those leaving. In this Fund, if a person withdraws \$1,000 in the Fund then a sell spread \$2.50 would apply, in effect as an additional cost to them, and if a person invests \$1,000 in the Fund then a buy spread \$2.50 would apply, in effect as an additional cost to them. This money is retained in the Fund and is not paid to us or to the Investment Manager. In a sense, the Buy Spread and the Sell Spread compensate the Fund for, or offset the impact on investors on a continuing basis for certain transactional and operational costs.

Other **transactional and operational costs** are payable from the Fund and vary from year to year. They include brokerage. For the last complete financial year, these were 0.09% pa of the net asset value of the Fund. Based on the \$50,000 investment example below, these would add \$45 to the annual cost of your investment.

Tax

The Fund does not usually pay tax. You will usually pay tax in relation to your investment. See the Tax section for details.

Payments to others

Neither we nor the Investment Manager makes payments to any person (including your adviser) to distribute the Fund unless law allows. The law restricts payments by us and the Investment Manager to other AFSL holders which are 'conflicted'. Subject to law, we and the Investment Manager may make payments to others associated with the Fund.

Negotiating fees and costs

The law regulates with whom we can negotiate fees. We are not usually allowed to negotiate fees with investors who are retail clients (as the Corporations Act defines this) but we can do so for our employees and those of a related body corporate. We may also negotiate fees on an individual basis with wholesale clients (as the Corporations Act defines this) but there is no obligation for us to do so. Enquiries can be made direct to us.

We aim to invest on the best terms possible. If the Fund invests on an institutional basis, we aim to secure fee reductions. Often paid by a rebate, these amounts are paid into the Fund for the benefit of all investors.

Indirect investors

Fees and costs relating to the Fund, which are borne by indirect investors may be less, or calculated differently. The operator of your Administration Platform may also charge you fees and expenses. It follows that your overall costs could be more or they could be less. Speak to the operator of your Administration Platform or to your adviser.

Changes

Our fees are not indexed. However, we may change the fees and costs without your consent. You will receive at least 30 days' notice of any increase (often we will send you a revised PDS). In any case, you cannot be charged more than the Fund's constitution allows. Maximums are set out in the constitution, available free from us. Changing a maximum in the constitution requires investor approval.

Examples of annual fees and costs

This table gives an example of how the fees and costs for the Fund can affect your investment over a one-year period. You should use this table to compare the Fund with other managed investment products. It is important to read the assumptions and notes below the table.

Example Clime Australian Value Fund		Balance of \$50,000 including a contribution of \$5,000 during the year
Entry Fees	nil	For every additional \$5,000 you put in, you may be charged a \$nil entry fee.
PLUS Investment Management Fee	between Retail: 1.03%pa, and Wholesale: 0.87%pa	And, for every \$50,000 you have in the Fund you will be charged Retail: \$515 Wholesale: \$435 each year.
PLUS Performance Related Fee	nil estimate (there is no reasonable basis to predict these)	And, for every \$50,000 you have in the Fund you will be charged \$nil each year.

PLUS Usual Expenses	0.52% pa	And, for every \$50,000 you have in the Fund you will be charged \$260 each year.
PLUS Unusual Expenses*	nil estimate (there is no reasonable basis to predict these)	And, for every \$50,000 you have in the Fund you will be charged \$nil each year.
PLUS Indirect costs*	nil estimate	And, for every \$50,000 you have in the Fund you will be charged \$nil each year.
EQUALS Cost of the Fund		If you put in \$50,000 at the beginning of the year and your balance was \$50,000, then you would be charged fees of \$695 (wholesale) to \$775 (retail) each year.

Remember fees and costs will vary, estimates may prove to be incorrect and non-estimated figures are based on the past. The past can be an unreliable predictor of the future. This example assumes the \$5,000 contribution was made at the beginning of the year, as part of the \$50,000 investment, no other investments or any withdrawals or distributions were made through the year and the investment balance remained unchanged. Transactional and operational costs are not included in this example.

7. How managed investment schemes are taxed Tax implications

This information is a general guide only for Australian resident investors who hold their investment on capital account. It is not a complete statement of relevant tax laws.

You will probably need to pay tax in relation to your investment in the Fund, both on distributions and withdrawals. The amount and type of tax you will need to pay, and when, depends on the tax character of any amounts paid to you, their timing and on your personal financial circumstances.

Tax can be complex. We strongly encourage you to seek timely professional advice before making investment decisions.

8. How to apply*

Investing for the first time

To make an initial investment, simply complete our Application Form attached to this PDS. Post the original Application Form, together with the required identification documents, to the Administrator.

The minimum initial investment amount for the Fund is generally:

- retail: \$10,000, and
- wholesale: \$500,000.

Investing more

To make an additional investment, simply complete our **Additional Investment Form** available free from Clime's website or contact the Administrator. Post, fax or email your form to the Administrator.

The minimum additional investment amount is generally:

- retail: \$1,000, and
- wholesale: \$1,000.

This fund also offers you the ability to contribute as little as \$100 per month regularly from your own financial institution account through its savings plan, see below for details.

How you pay

You can pay by:

- personal or bank cheque – Australian financial institutions only,
- electronic funds transfer (EFT) to our account - please use your investor name or number as the reference when using direct, and
- authorising us to debit your Australian financial institution account – please complete a Direct Debit Request form (available free from Clime's website or contact the Administrator) and submit it with your application.

We do not accept cash.

Instructions are included in our forms available free from Clime's website or contact the Administrator.

Processing of your application

Completed applications with cleared application monies which are received by 12pm on a Sydney business day generally receive the unit price calculated at that time. If received after this, you will receive the price next calculated.

Withdrawing

At any time you can request to withdraw your money from the Fund.

You generally have regular access to your investment, but in unusual circumstances (and even after your request is processed) there can be delays in payment – see below.

To request a withdrawal, complete our Redemption Form, available free from Clime's website or contact the Administrator. There can be delays if your Redemption Form is incomplete. We may also contact you to check your details before processing your withdrawal request. No interest is payable for any delay.

Once lodged, withdrawal requests cannot generally be withdrawn.

The minimum withdrawal amount is generally:

- retail: \$1,000, and
- wholesale: \$10,000.

The minimum account balance is generally:

- retail: \$10,000, and
- wholesale: \$500,000,

and if your account falls below this we may close your account.

Completed redemption forms which are received by 12pm on a Sydney business day generally receive the unit price calculated at that time. If received after this, you will receive the price next calculated.

Unit prices are based on the net asset value of the Fund and will vary as the market value of the assets of the Fund fluctuates.

Deductions are made for any money you owe relating to your investment. Unit prices are based on the net asset value of the Fund and will vary as the market value of the assets of the Fund fluctuate.

You will receive confirmation when your withdrawal is processed. Withdrawals are paid to your nominated account, normally within 5 Sydney business days of processing and assuming we have everything we need. We do not pay by cheque or cash.

9. More Information*

How to find out more

Visit www.clime.com.au for further information about the Fund, including the latest:

- unit prices,
- performance figures,
- investment reports, and
- press releases and media.

Otherwise contact us.

10. Additional Information*

General enquiries to our Administrator

Mainstream Fund Services Pty Ltd

ABN 81 118 902 891

AFSL 303253

GPO Box 4968

Sydney NSW 2001.

T: 1300 133 451

T: +61 2 9247 3326 (outside Australia)

F: +61 2 9251 3525

E: registry@mainstreamgroup.com

www.mainstreamgroup.com

Investment Manager

Clime Asset Management Pty Limited

ABN 72 098 420 770

AFSL 221 146

Level 7

1 Market Street

Sydney NSW 2000 Australia

PO Box Q1286

Queen Victoria Building

NSW 1230 Australia

T: 1300 788 568

T: +61 2 8917 2100 (outside Australia)

E: info@clime.com.au

www.clime.com.au

Responsible Entity

OneVue RE Services Limited

ABN 94 101 103 011

AFSL 223271

Level 5, 10 Spring Street

Sydney NSW 2000 Australia

T: +61 2 8252 2200

F: +61 2 8252 2201 (not for trade instructions)

E: reservices@onevue.com.au

www.onevue.com.au

Where to send your forms

Forms are available free from Clime's website or contact the Administrator

Your documents should be sent to:

Clime Australian Value Fund

Mainstream Fund Services Pty Ltd

GPO Box 4968

Sydney NSW 2001

E: registry@mainstreamgroup.com

F: +61 2 9251 3525