

Reference Booklet to the Product Disclosure Statement

23 August 2021

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Important information

The information in this document forms part of the Product Disclosure Statement (**PDS**) for the Swell Global Fund (ARSN 649 827 921, APIR Code PIM3899AU, ISIN AU60PIM38995) dated 23 August 2021, offered by The Trust Company (RE Services) Limited ABN 45 003 278 831; AFSL 235150.

You should read this information together with the PDS before making a decision to invest in the Fund. Terms in this document have the same meaning as in the PDS, except where implied otherwise. Where relevant, references in this document to the 'PDS' mean both the PDS and this document.

Unless identified to the contrary, all references to monetary amounts are to Australian dollars.

This document is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150, the Responsible Entity for the Fund (**Responsible Entity, we, us, ours**).

This additional information is general information only and does not take into account your personal objectives, financial situation or needs. You should obtain a copy of the PDS and consider the appropriateness of the information in this document and the PDS having regard to your personal objectives, financial situation and needs before acting on the information contained in this document and the PDS.

You can obtain a copy of the PDS at www.swellasset.com.au or request a copy free of charge by calling 1300 133 451.

This Reference Booklet and the PDS contain forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Responsible Entity, its directors and its management. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, neither the Responsible Entity, the Investment Manager, nor any of their related entities, directors or officers make any representation, express or implied, in relation to forward looking statements and you are cautioned not to place undue reliance on these statements. These statements are subject to various risk factors that could cause the Fund's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 4 of the Product Disclosure Statement.

These and other factors could cause actual results to differ materially from those expressed in any statement contained in the PDS or this Reference Booklet.

Contact details

Responsible Entity

The Trust Company (RE Services) Limited
Angel Place
Level 18
123 Pitt Street
Sydney NSW 2000
Tel: 02 9229 9000
Email: investments@perpetual.com.au

Investment Manager

Swell Asset Management Pty Ltd
Level 10 Corporate Centre One
2 Corporate Court
Bundall QLD 4217
Tel: 07 5551 0299
Fax: 02 8005 4311
Email: invest@swellasset.com.au

Administrator

Mainstream Fund Services Pty Ltd
Level 1
51-57 Pitt Street
Sydney NSW 2000
Mail to GPO Box 4968
Sydney NSW 2001
Tel: 1300 133 451
Fax: 02 9251 3525
Email: registry@mainstreamgroup.com

Custodian

Mainstream Fund Services Pty Ltd
Level 1
51-57 Pitt Street
Sydney NSW 2000
Mail to GPO Box 4968
Sydney NSW 2001
Tel: 1300 133 451
Fax: 02 9251 3525
Email: registry@mainstreamgroup.com

1. About the Responsible Entity

The Responsible Entity

The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150 (Responsible Entity, we, us, ours) is the Responsible Entity for the Swell Global Fund (the Fund). The Responsible Entity is a wholly owned subsidiary of Perpetual Limited ABN 86 000 431 827 and a part of Perpetual Group which has been in operation for over 130 years. Perpetual Limited is an Australian public company listed on the Australian Securities Exchange for over 50 years.

The Responsible Entity is bound by the Constitution and the Corporations Act. The Responsible Entity has lodged a compliance plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution and the Corporations Act. This plan is overseen by a compliance committee and the Responsible Entity's compliance with it is audited annually.

The Responsible Entity has the power to delegate certain aspects of its duties. The Responsible Entity has duties under the Corporations Act, as the Responsible Entity of the Fund. These duties require the Responsible Entity to act in the best interest of the members of the Fund, and where there is conflict between the members' interests and its own, to give priority to the members. The Responsible Entity must follow these duties when making decisions about, and managing any potential conflicts of the Fund.

The Responsible Entity has appointed Swell Asset Management Pty Limited ABN 16 168 141 204 (**Swell or Investment Manager**) as the Investment Manager of the Fund. There are no unusual or materially onerous terms in the agreement under which the Investment Manager has been appointed. The Responsible Entity is able to terminate the Investment Manager's appointment under the Investment Management Agreement at any time in certain circumstances, including but not limited to:

- where the Investment Manager goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Responsible Entity).
- where the Investment Manager is placed under official management or an administrator is appointed to its affairs
- where the Investment Manager is in breach of any representations or warranties to the Responsible Entity.

Termination in these circumstances is without payment of any penalty.

The Investment Manager

Swell is a boutique investment manager specialising in global equities. Swell is a corporate authorised representative (CAR No 465285) of Hughes Funds Management Pty Limited (ABN 42 167 950 236) (Hughes Funds). Hughes Funds Management is a related company of Swell and shares common ownership. Hughes Funds holds Australian Financial Services (AFS) License No 460572 and provides fund management services to Swell.

As at the date of this PDS, Swell manages \$104 million in its global equity strategy which is offered as a managed portfolio.

Investment Team¹

Lachlan Hughes CFA chief investment officer

Lachlan founded Swell Asset Management in 2014. He is the CEO and CIO, with responsibility for investment decisions of the Swell Global Fund.

Before establishing Swell Lachlan was a Senior Analyst with Challenger Group and NovaPort Capital. Previously he was a corporate lawyer with King & Wood Mallesons (Sydney), The Bank of New York (London) and Allco Finance Group.

Lachlan earned the right to use the CFA designation granted by the CFA Institute in 2010. His professional qualifications include a Bachelor of Commerce (Finance) and a Bachelor of Laws.

Alex Clunies-Ross CFA senior investment analyst

Alex commenced his career with Swell in August 2015 and developed many of the technical models and quantitative screens used to manage Portfolio investments and research. In addition to his responsibilities for allocated investments in the Swell Global Portfolio, he directs investment team research projects.

Alex earned the right to use the CFA designation granted by the CFA Institute in 2021. He holds a Bachelor of Commerce (Finance) from Griffith University where he was an inaugural member of the Griffith University Student Investment Fund.

Sally Fang investment analyst

Sally joined the investment team in January 2020 and is responsible for research projects related to the Portfolio including concentrated analysis of companies being considered for inclusion. Her fluency in both Mandarin and Cantonese provides valuable insights to investment research. While completing her studies Sally gained valuable research experience through intern positions in the UK, China and Australia.

Sally is a CFA Program participant, having successfully completed level III in 2020. She holds a Bachelor of Economics and Finance from the University of Hong Kong and a Masters in Investment and Wealth Management (Distinction) from Imperial College Business School, London, where she was director of strategic communications for the Imperial College Student Investment Fund.

Denis Vukovac CFA investment analyst

Denis joined the investment team in January 2020 and is responsible for research projects related to the Portfolio including concentrated analysis of companies being considered for inclusion. Previously Denis directed business development for Seismic Asia Pacific working with technology partners across the Asia Pacific region. He also worked in the mining industry and spent eight years in the Australian Defence Force including two deployments in Afghanistan.

Denis earned the right to use the CFA designation granted by the CFA Institute in 2021. He holds a Bachelor of Commerce (Distinction) from Griffith University and was a member of the Griffith University team who were runners up at the Australian National Finals for the CFA investment research challenge in 2018.

¹ The information relating to the Investment Team is current as at the date of this PDS. Swell may hire new staff members for the Investment Team and current Investment Team members may cease to be employed by Swell. For a current list of the Investment Team please refer to Swell's website.

Investment philosophy

Swell's investment philosophy is underpinned by four principles:

Principle	Target	Rationale
Quality	Exceptionally managed companies with a clearly articulated strategy for creating long term value	These companies are likely to carry substantially less risk than the overall market
Value	Acquiring companies at discounts to their conservatively estimated intrinsic value	Purchasing companies below their intrinsic value helps to preserve investment capital
Conviction	Concentrated approach to portfolio construction allocates meaningful weights to each holding	The search for quality yields very few outstanding companies
Horizon	Invest in high quality companies that can be held for more than three years	Price efficiency declines as the investment horizon lengthens

2. How the Fund works

Details of how to make your initial investment are outlined in Section 8 'How to apply' of the PDS. Once you have made your initial investment in the Fund you can make one off additional investments.

Making an additional application

You can add to your investment at any time by mailing, emailing or faxing us an Additional Application Form, which can be downloaded from Swell's website, or by sending us your written instructions with your cheque marked not negotiable and made payable to: **'Swell Global Fund – Name of Applicant'**.

Or you may pay by electronic funds transfer (EFT).

If paying by EFT, please indicate your name (or part of your name) in the EFT description and deposit the application money to the following account:

Account Name: **Swell Global Fund Application Account**

BSB: **082 401**

Account Number: **88 651 8756**

National Australia Bank

500 Bourke Street

Melbourne Vic 3000

SWIFT code: NATAAU3303M

The minimum additional investment is \$5,000.

Please ensure applications are sent to

Mainstream Group

GPO Box 4968

Sydney NSW 2001

Fax: 02 9251 3525

Email: registry@mainstreamgroup.com

We accept no responsibility for applications that have been sent to an incorrect address. You are responsible for ensuring you use the correct contact details.

We process your application or withdrawal request each Business Day. The cut-off time is 2pm Sydney time. Requests received on or after the cut-off time will generally be effective the following Business Day.

If we receive an invalid or incomplete application or withdrawal request, the transaction request will be processed using the unit price applying as at the Business Day on which we receive the correct documentation. The cut-off time of 2pm Sydney time still applies.

About your application money

Application money will be held in a bank account until invested in the Fund or returned to you. Monies will generally be held for a maximum period of one month commencing on the date we receive the monies. Any interest paid on that account will be paid to the Fund and not to you regardless of whether your application is successful. Once we receive your completed application form, the monies held will be divided by the next determined unit price to calculate the number of units allocated to you.

Incomplete or rejected application forms

We are not bound to accept an application and we accept no responsibility for applications that have been sent to an incorrect address or for funds that are paid to an incorrect account. You are responsible for ensuring the Application Form is completed correctly and you use the correct contact details. Your application may be delayed or not processed if you: do not provide the information requested; or provide us with incomplete or inaccurate information; or send your application to an incorrect address.

We will not be liable to any prospective investor for any losses incurred, including from market movements, if an application is rejected or the processing of an application is delayed.

Amending your investor details

To amend any details in regard to your investment please send us your written instructions (or Change of Details Form) signed by the appropriate authorised signatory(ies). If we cannot satisfactorily identify you as the investor, we may either reject and refuse to process, or delay making the requested change(s) until we can confirm the amendment instruction we have received is valid.

You may either mail, email or fax changes relating to your account with

the exception of changes relating to your nominated Bank Account which we require to be sent by mail. To enable us to verify the Bank Account is in the name of the investor please include either a copy of the bank statement or a deposit slip for the new account.

Privacy and your personal information

The Responsible Entity may collect personal information from you when you contact it and from any other relevant forms to be able to administer your investment and comply with relevant laws, including the Privacy Act 1988 (Cth) and provide information to relevant government agencies in accordance with those laws. If you do not provide us with your relevant personal information, the Responsible Entity may not be able to properly administer your investment. Privacy laws apply to the handling of personal information, and the Responsible Entity will collect, use and disclose your personal information in accordance with its privacy policy, which includes details about the following matters:

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

If you are investing indirectly through an IDPS service, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.

The privacy policy of the Responsible Entity is publicly available at its website at www.perpetual.com.au or you can obtain a copy free of charge by contacting the Responsible Entity. The Investment Manager may also collect, use and disclose your personal information, including personal information provided to the Investment Manager by the Responsible Entity, for investor relations purposes in accordance with its privacy policy. A copy of the Investment Manager's privacy policy is publicly available at www.swellasset.com.au.

Anti-Money Laundering and Counter Terrorism Financing Act 2006

The Anti-Money Laundering Act and Counter-Terrorism Financing Act 2006 (Cth) (**AML Act**) and other anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity (**AML Requirements**) regulate financial services and transactions to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**). In order to comply with the AML Requirements, the Responsible Entity is required to, among other things:

- verify an investor's identity and the source of their application monies before providing services to them, and to re-identify them if they consider it necessary to do so; and
- where an investor supplies documentation relating to the verification of their identity, keep a record of this documentation for 7 years.

The Responsible Entity and the Administrator as its agent (collectively, the **Entities**) reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds to comply with AML Requirements applicable to them.

Neither the Entities nor their delegates shall be liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any subscription or payment of withdrawal proceeds. The Entities have implemented measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying

and monitoring investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements. Where transactions are delayed, blocked, frozen or refused, the Entities are not liable for any loss investors suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- the Responsible Entity or Administrator may from time to time require additional information from investors to assist it in this process. The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss an investor may suffer as a result of their compliance with the AML Requirements.

If you have any questions about our requirements, please contact Mainstream Group Tel: 1300 133 451 or Email: registry@mainstreamgroup.com.

Making a withdrawal

You may redeem some or all of your units by either mailing, emailing or faxing a completed and signed Withdrawal Form, which can be downloaded from www.swellasset.com.au, or by sending us your written instructions. The minimum withdrawal amount is \$5,000 or your investment balance if it is less than \$5,000.

Requests to withdraw must be signed by the appropriate authorised signatory(ies). If we cannot satisfactorily identify you as the redeeming investor, we may either reject and refuse to process, or delay your withdrawal until we can confirm the withdrawal instruction we have received is valid. Your instruction will be treated as not being received until we have been able to confirm it is valid.

Please ensure withdrawal requests are sent to Mainstream Group (Tel: 1300 133 451)

Mainstream Group
GPO Box 4968
Sydney NSW 2001
Fax: 02 9251 3525
Email: registry@mainstreamgroup.com

We accept no responsibility for withdrawal requests that have been sent to an incorrect address or fax number. You are responsible for ensuring you use the correct contact details and accept that if you use incorrect address details your withdrawal request may be delayed or not processed.

We process your application or withdrawal request each Business Day. The cut-off time is 2pm Sydney time. Requests received on or after the cut-off time will generally be effective the following Business Day.

If we receive an invalid or incomplete application or withdrawal request, the transaction request will be processed using the unit price applying as at the Business Day on which we receive the correct documentation. The cut-off time of 2pm Sydney time still applies.

If you are an indirect investor, please follow the instructions of the master trust or wrap account (IDPS) operator on how to make a withdrawal from the Fund.

Instructions received via email and facsimile

By instructing us by email or fax you acknowledge the Responsible Entity and the Administrator are entitled to rely on, and you will be liable for, any instruction received by email or fax which appears to be duly authorised by you. It is expected these services will allow you to manage your investment more efficiently, though by transacting in this way you acknowledge there is an increased risk of fraud and you release us from, and agree to reimburse us for, any losses and liabilities arising from the payment or action taken by the Responsible Entity or the Administrator (acting reasonably) provided we have acted without fraud or negligence.

Transferring units

You can transfer your units to a third party by completing a standard transfer form, which can be obtained from your financial adviser or by calling 1300 133 451 and sending it to us together with an Application Form and AML/CTF identification form and documents completed and signed by the party to whom you are transferring units. We require original copies of standard transfer forms to be mailed to us. We reserve the right to refuse a request to transfer units.

As a transfer of units involves a disposal of units it may have tax implications. There may also be stamp duty payable. You should obtain tax and stamp duty advice before requesting a transfer.

Restrictions on withdrawing your investment

There may be circumstances when your ability to withdraw from the Fund is restricted. Please read the following information on withdrawal restrictions in conjunction with the PDS.

No withdrawals, or payment of withdrawal proceeds shall be permitted where issue or redemption of units is suspended. Withdrawals and the calculation of NAV may be suspended in certain situations including where:

- relevant stock markets or exchanges are closed or trading on those markets is restricted;
- a state of affairs exists such that it is not reasonably practical for the Responsible Entity to acquire or dispose of the Fund's assets or fairly determine the withdrawal price.

Gating

If the Responsible Entity receives withdrawal requests in any 5 consecutive Business Days of more than 10% of the units on issue, the Responsible Entity may stagger those withdrawal requests, such that each such request in that period is deemed to be 5 separate requests of one fifth of the original withdrawal request (**Staggering Request**). Under these circumstances, each Staggering Request will be deemed lodged and received by the Responsible Entity on the following days:

- in respect of the first Staggering Request, the Business Day on which the aggregate withdrawal requests representing more than 10% of the number of units on issue was reached;
- then, five Business Days after the day referred to above; and
- then every subsequent fifth Business Day.

Additionally, if the Responsible Entity receives withdrawal requests in a single Business Day from a unitholder of more than 5% of the units on issue, the Responsible Entity may determine the withdrawal request must be treated as 5 successive withdrawal requests, each for one-fifth of the total number of units in the original withdrawal request, and that one of each of the separate withdrawal requests is deemed to be received by the Responsible Entity on each of the 5 successive Business Days commencing with the Business Day on which the Responsible Entity received the original withdrawal request.

If the Fund becomes illiquid

If the Fund becomes illiquid (as defined in the Corporations Act), units may only be withdrawn if we make a withdrawal offer to all unit holders in the Fund in accordance with the Fund's Constitution and the Corporations Act.

Under the Corporations Act, a Fund is regarded as liquid if liquid assets account for at least 80% of the value of its assets. Liquid assets typically include money in an account or on deposit with a bank, bank accepted bills, marketable securities and property of the kind prescribed under the Corporations Act. At the date of this PDS, the Responsible Entity expects the Fund will be liquid under the Corporations Act.

Valuations

Units will typically be priced each Business Day by the Responsible Entity except where the calculation of the Net Asset Value of the Fund is suspended for reasons such as when withdrawal requests or other transactions are suspended. Please refer to 'Restrictions on withdrawing your investment' above for more information.

Unit prices will be available at www.swellasset.com.au and updated each Business Day, except where the calculation of the Net Asset Value of the Fund is suspended for reasons such as when withdrawal requests or other transactions are suspended.

Indirect investors

If you invest in the Fund through a master trust or wrap account (**Indirect Investor**) you do not become a unit holder in the Fund and do not have the rights of a unit holder or acquire any direct interest in the Fund. The operator or manager of the IDPS becomes a unit holder and acquires these rights and may exercise these rights as they see fit.

Application Form

If you are investing in the Fund through an IDPS do not complete the Application Form accompanying this PDS. Indirect Investors should complete the application form supplied by the operator of the IDPS.

Reporting

You will not receive statements, tax information or other information directly from us. You should receive equivalent information from the operator of the IDPS.

Withdrawals

Provisions which relate to withdrawals from the Fund will apply to the operator of the IDPS and not to you, the Indirect Investor.

Fees and costs

Fees and costs applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and costs stated in this PDS.

Tax

The description of taxation consequences of investing in the Fund, in Section 7 'How managed investment schemes are taxed' in the PDS and Section 7 'How managed investment schemes are taxed' of this Reference Booklet to the Product Disclosure Statement, does not consider the treatment of Indirect Investors. You should consult your tax adviser in relation to investing through an IDPS.

Cooling off

Indirect Investors should consult their IDPS operator about what cooling off rights (if any) may apply.

Complaints handling

As an Indirect Investor, your first point of contact for any complaints in relation to an investment in the Fund will be your IDPS operator. You may also access the procedures we have in place to handle any enquiries or complaints. Please refer to 'Complaints resolution' in Section 8 in the PDS.

3. Benefits of investing in the Fund

There is no additional information in this section. Refer to Section 3 'Benefits of investing in the Fund' in the PDS.

4. Risks of managed investment schemes

There is no additional information in this section. Refer to Section 4 'Risks of managed investment schemes' in the PDS.

5. How we invest your money

This should be read in conjunction with Section 5 'How we invest your money' in the PDS.

Permitted investments

The Fund will generally invest in listed global equities (including Australia) including depositary receipts, cash and cash equivalents.

Borrowing

The Fund will not borrow.

Risk management and monitoring

The Investment Manager mitigates risk at the stock level. However, cash allocation, industry limits, market capitalisation, and scenario analysis also aid the risk management process. Portfolio sector or country allocation are an outcome of the process and not an input.

Currency management

The base currency of the Fund is the Australian dollar. The Investment Manager does not manage foreign currency exposure, arising from investments in overseas markets, relative to the Australian dollar.

Labour standards and environmental, social and ethical considerations

The Responsible Entity has delegated investment decisions for the Fund to the Investment Manager pursuant to the Investment Management Agreement. The Investment Manager considers environmental, social and corporate governance (ESG) principles on behalf of its investors. Swell incorporates ESG analysis into its qualitative assessment prior to making an investment. The Investment Manager may at times be invested in a company which fails to meet its ESG principles. In the event this occurs Swell will seek to actively engage the company management to influence its thinking regarding these matters. In instances where Swell believes a company demonstrates deliberate disregard for ESG principles, it may choose to avoid or divest the investment. Swell's ESG policy is available on its website www.swellasset.com.au.

6. Fees and costs

This should be read in conjunction with Section 6 'Fees and costs' in the PDS.

Additional explanation of fees and costs

All estimates of fees and costs in the following section are based on information available as at the date of this PDS. As this is a newly established Fund, with no historical data available, the fees and costs indicated reflect the Responsible Entity's reasonable estimate at the date of this PDS of the fees and costs that will apply for the current Financial Year (adjusted to reflect a 12 month period). Consequently, the amounts shown may not be a good indicator of typical ongoing fees and costs, which may differ in future years. Any updated cost information that is not materially adverse to investors will be posted on Swell's website www.swellasset.com.au.

Management Fees and Costs

Management Fees and costs include the amounts payable for administering the Fund, amounts paid for investing in the assets of the Fund and other expenses and reimbursements in relation to the Fund and investments.

The Management Fees and costs of the Fund comprise the Management Fees payable to the Investment Manager (and Responsible Entity) for managing the Fund, as well as amounts on account of indirect costs and estimated expense recoveries deducted from your investment and which reduce the return on your investment. Management costs do not include Performance Fees or Transaction Costs.

Management Fee

Management Fees are calculated and accrued daily in the unit price of units in the Fund and are paid monthly in arrears within 30 days of the end of each month. The current Management Fee for the Fund is 1.25% p.a. of the NAV of the Fund.

The Management Fee we charge for overseeing the operations of the Fund and managing the assets of the Fund includes all normal operating expenses (Responsible Entity, Administration, Custody, Audit, Tax and Legal). Any fees charged will be paid by us out of our Management Fee and will not be an extra cost to you or the Fund.

Indirect costs

Indirect costs are any amounts we know or reasonably ought to know, or where this is not the case may reasonably estimate has or will reduce, whether directly or indirectly, the return of the Fund or the amount or value of the income of, or assets attributable to the Fund or an interposed vehicle (including an underlying fund) in which that Fund invests other than the Management Fee, Performance Fee and expense recoveries. The indirect costs include:

- the indirect costs we know or ought to know for the previous Financial Year and
- where we do not know or ought to know the indirect costs, a reasonable estimate of those indirect costs based on the information available to us as at the date of the PDS and this Reference Booklet.

As such, the actual indirect costs may differ from year to year. Indirect costs are paid out of the Fund's assets or interposed vehicle's assets when incurred.

As at the date of the PDS and Reference Book, Swell has decided to pay

management costs, including indirect costs, from the Management Fee it receives. If the Management Fee is less than the management costs, Swell will meet the management costs, including indirect costs, out of its own resources and does not seek to recover these costs from the Fund.

Estimated expense recoveries

Normal operating expenses

The estimated expense recoveries component is an estimate of certain Fund costs the Responsible Entity is entitled to recover from the Fund. These costs are currently borne by the Investment Manager and paid out of the Management Fee associated with administration of the Fund and investments by the Fund, and include expenses of the Fund associated with legal and tax services.

As at the date of the PDS and Reference Book, Swell has decided to pay any management costs, including normal operating expenses, from the Management Fee it receives. If the Management Fee is less than the management costs, Swell will meet the management costs, including indirect costs, out of its own resources and does not seek to recover these costs from the Fund.

Abnormal or extraordinary expenses

In addition to normal operating expenses, abnormal or extraordinary expenses such as legal proceeding costs, costs associated with running investor meetings, costs associated with changes to the Constitution, changing the Responsible Entity or Investment Manager may also be incurred. These expenses are recoverable from the Fund as long as the expenses are properly incurred in operating the Fund.

While it is not possible to estimate such expenses with certainty, we anticipate the events that give rise to such expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

The Management Fees and costs set out in the Fees and costs summary in the PDS include abnormal or extraordinary expenses of 0.00% p.a. of the NAV of the Fund, which is an amount the Responsible Entity reasonably estimates will apply for the current Financial Year (adjusted to reflect a 12 month period). Abnormal and extraordinary expenses may vary from year to year including to the extent they rely on estimates. This amount is not an indication or guarantee of the amount that may be charged in the future.

Transaction Costs

Transaction Costs are costs related typically to transactions of the Fund and include transactional brokerage, clearing costs, settlement costs, custody transaction costs and stamp duty. These costs will differ according to the type of assets in the Fund and will be paid out of the Fund's assets as and when incurred. Transaction Costs are an additional cost to you and are not a fee paid to the Responsible Entity.

Transaction Costs are expressed as a percentage of the average Net Asset Value of the units in the Fund. The impact of Transaction Costs can be offset in part by the buy/sell spread charged by the Responsible Entity to transacting investors. Please refer to the 'Buy-sell' spread section below for further details.

The Transaction Costs disclosed in the PDS for the Fund are shown net of any amount recovered by the buy-sell spread charged by the Responsible Entity. The estimated Transaction Costs figure disclosed in the fees and costs summary of the Fund's PDS reflects the Responsible Entity's reasonable estimate at the date of this PDS of those Transaction Costs that will apply for the current Financial Year (adjusted to reflect a 12 month period).

At the date of the PDS and this Reference Booklet, the Responsible Entity estimates the total gross estimated Transaction Costs of the Fund that will apply for the current Financial Year (adjusted to reflect a 12 month period) will be 0.09%.

The actual Transaction Costs may differ or vary based on a number of factors including the volume of transactions and market conditions generally. This means estimated or historical costs may not accurately indicate the fees and costs an investor may pay in the future.

Around the end of each Financial Year, where new Transaction Costs information is not materially adverse, the updated information will be posted on Swell's website www.swellasset.com.au and we will advise you in the next regular communication after the change. If there is a material change to these costs we will issue a replacement PDS and Reference Booklet.

Buy-sell spread

When you invest or withdraw from the Fund, we deduct Transaction Costs to cover the costs of buying or selling the Fund's assets (Buy/Sell Spread). Transaction Costs will generally be incurred when you invest in or withdraw from the Fund and are reflected in the Fund Unit prices. The Buy/Sell Spread is an additional cost to investors when investing in or withdrawing from the Fund and is retained by the Fund and not paid to the Responsible Entity or the Investment Manager.

Currently the Fund charges 0.30% of the amount you invest (buy spread) and 0.30% of the amount you withdraw (sell spread) (for example, if you invested \$50,000, the cost of your buy spread would be \$150). These amounts may change if, for example, Transaction Costs change.

Calculation of the Performance Fee

How is the Performance Fee calculated and paid?

The Responsible Entity is entitled to charge a Performance Fee based on the performance of the Fund. The Responsible Entity will then pay the Investment Manager this Performance Fee.

The Performance Fee is borne by the Fund and is calculated and accrued daily. It is payable annually within 30 days of the last Business Day of each Financial Year. This fee is calculated by the Administrator and invoiced directly to the Responsible Entity by the Investment Manager.

The Performance Fee is equal to 15% of the Unit Return above the Hurdle (excluding GST) during each Calculation Period (**Performance Fee**) subject to a High Water Mark.

- The **Unit Return** in respect of each unit, is an amount equal to the change in the Net Unit Value of the unit **plus** any distributions paid or payable to unit holders of that series since the last time a Performance Fee was payable or in the case of the first Calculation Period, since the issue of the unit.
- The **Hurdle** is an amount equal to the return of the Benchmark (pro rated in respect of the relevant Calculation Period) multiplied by:
 - o in respect of the first Calculation Period, the issue price of the relevant unit; and
 - o in all other cases, the Net Unit Value as at 1 July of the financial year in which the Calculation Period occurs.
- Calculation Period means, in respect of the calculation of the Performance Fee, each day or such other period as the Responsible Entity may determine to calculate the Performance Fee in accordance with the Constitution.
- **Benchmark** is 'AUD MSCI World Net Total Return Index'

A Performance Fee will only be payable in respect of a unit where that unit's Net Unit Value exceeds the High Water Mark. The **High Water Mark** is the higher of the issue price of the unit and the relevant Net Unit Value (after all fees are accrued or paid) as at the end of the last period (if any) where a Performance Fee was payable in respect of that unit. For the initial Calculation Period after the commencement of the Fund, the High Water Mark will be \$1.00.

Series accounting

The Responsible Entity has the ability to use 'series accounting' in calculating the Performance Fee payable in respect of a unit. The purpose of series accounting is to ensure unit holders entering the Fund at different times fairly incur the Performance Fee referable to the performance of their own units. The Performance Fee is calculated separately in respect of each series of units.

The first tranche of units issued under this PDS will comprise the master series units. It is expected that, for such time as the Responsible Entity facilitates daily subscriptions and withdrawals, the Fund will only comprise a single series of Units. However, the Responsible Entity may determine to designate a further series in accordance with the Constitution.

Where a series of units experiences an increase over the High Water Mark for that series for the relevant Calculation Period, but another series did not, only the former series would bear a Performance Fee. The High Water Mark is the previous highest Net Unit Value immediately after a Performance Fee was last payable in respect of the relevant unit. The application of the High Water Mark seeks to ensure that until any previous losses per unit incurred by the Fund have been recovered, the Investment Manager does not earn, or earns a reduced Performance Fee. When a High Water Mark is reached for two or more series, the

Responsible Entity may combine those series into a single series.

Indirect investors

If you invest in the Fund through a master trust or wrap account (IDPS), the fees and expenses applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses stated in the PDS.

Fund manager and platform access payments

There are circumstances when we may, subject to the law, pay an IDPS or platform to make the Fund available on their investment menu.

If you invest in the Fund via an IDPS or platform these payments may be rebated to you or may be retained (in full or in part) by the IDPS or platform operator.

If fees are payable, the Investment Manager will pay them from its own resources, so they are not an additional cost to the Fund or to you.

Adviser remuneration

Additional fees may be paid to your financial advisor if one is consulted. You should refer to the fees in the Statement of Advice they give you.

Differential fees

We may charge fees on a different basis to a wholesale client (as defined in the Corporations Act) based on individual negotiation between us and that wholesale client. Through the operation of rebates which are paid from the fees we receive, we may effectively charge net fees on a different basis to wholesale clients (as defined in the Corporations Act) based on individual negotiation between us and that wholesale client.

We may, in certain circumstances determined by us, as permitted under law, negotiate special arrangements concerning fees (including fee reductions and rebates) with other investors. Relevant investors should contact the Responsible Entity in relation to negotiating fees. See the cover of the PDS for our contact details.

Tax

For information in relation to tax, please see section 7.

7. How managed investment schemes are taxed

This should be read in conjunction with Section 7 in the PDS 'How managed investment schemes are taxed'.

The information contained in the following summary is intended to be of a general nature only and should serve only as a guide to the tax considerations that may arise. The summary applies only to Australian resident investors. Different tax considerations arise for non-resident investors.

You should seek independent professional tax advice that takes account of your particular circumstances before investing in the Fund.

Attribution Managed Investment Trust (AMIT) Regime

The Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 governs the Attribution Managed Investment Trust (AMIT) regime. An AMIT, in broad terms, is a managed investment trust (MIT) whose unitholders have clearly defined interests in relation to the income and capital of the trust, and the trustee or responsible entity of the MIT has made an irrevocable election to apply the regime.

The key features include:

- an attribution, rather than present entitlement, model for determining member tax liabilities, which also allows amounts to retain their tax character as they flow through the trust to its members;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the potential impacts of

announcements and proposed legislative changes.

Taxation of the Fund

The Fund should not be subject to Australian income tax, with tax instead being borne by the investors. That is, from a tax perspective, the Fund should be treated as a 'flow-through' entity.

However, where the Fund is in a tax loss position in a particular year, the loss is retained in the Fund and is not distributable to the unitholders. The loss can be carried forward by the Fund and used to offset taxable income in a future year (subject to satisfaction of certain loss integrity tests).

Distributions

The Fund will make distributions to investors in accordance with its Constitution. These distributions will generally be paid following the end of June each year.

Australian resident investors will generally be subject to tax on the taxable income from the Fund that is attributed to them by the Responsible Entity. Such attribution must be calculated by the Responsible Entity on a fair and reasonable basis in accordance with the Constitution of the Fund.

The taxable income attributed to an investor will also include amounts of trust income that are reinvested in the Fund. The distributions received may be more or less than the amount of income that is subject to tax.

The way in which investors are taxed will depend on the components of income attributed*. The amounts attributed to an investor could include non-cash items such as tax credits.

* We will send you an annual tax statement indicating the components of your distributions (and the amounts which are attributed to you for tax purposes) after the end of each Financial Year which may assist you in completing your tax return and/or updating the cost base of your investment for capital gains tax (CGT) purpose.

Under the AMIT regime, distributions can result in either a reduction or increase in the CGT cost base of an investor's units. Broadly, where the taxable income attributed to an investor is less than the cash distribution, this should result in a reduction to the cost base of the investor's units. Conversely, where the taxable income attributed to an investor is greater than the cash distribution, this should result in an increase to the cost base of the investor's units. A reduction in cost base typically arises where a distribution contains 'tax sheltered income'. Tax sheltered income will generally arise as a consequence of the distribution of income in excess of the Fund's taxable income for the year.

Foreign income

Distributions may include foreign income. If foreign tax is paid on the foreign income derived by the Fund, you will need to include in your assessable income your share of any foreign income and any related foreign taxes withheld from such income. You may be entitled to claim an offset against your Australian income tax liability in respect of foreign tax paid (up to the amount of Australian tax otherwise payable by you on the net foreign source income included in your taxable income).

Gains on transfer and redemption of units

You should note that, when you calculate the net taxable capital gains in any income year you must take into account the capital gains and losses from all sources, including those arising on transfer or redemption of units. Individuals and complying superannuation funds may be entitled to the CGT discount concession (50% and 33.33% respectively) where the investment in units is held on capital account and for more than 12 months. You should discuss this calculation with your taxation adviser.

Tax File Number (TFN)

We recommend you provide your TFN/ABN on the Application Form. It is not compulsory for an Australian unitholder to quote their TFN or ABN. However, if a TFN/ABN is not quoted, or an appropriate exemption is not claimed, the Responsible Entity will be required to deduct tax at the highest marginal tax rate (currently 45%) plus the Medicare Levy (currently 2%) totalling 47% from distributions.

By quoting your TFN or ABN you authorise us to apply it to your investment and disclose it to the Australian Tax Office. Collection of TFN

or ABN information is authorised, and its use and disclosure is strictly regulated, by the tax laws and under privacy legislation.

Goods and Services Tax (GST)

The issue and redemption of units in the Fund is not subject to GST, however, the Fund may pay GST on the services it acquires. In most circumstances our fees and other services, together with the reimbursement of expenses are subject to GST. Generally, a Fund cannot claim full input tax credits for GST incurred on these services to the extent the services relate to input taxed supplies but, in certain circumstances a Fund may be entitled to a reduced input tax credit (**RITC**) of the GST payable on these services. If the GST rate increases, the RITC rate decreases, or RITCs are not available, the Constitution for the Fund allows us to amend the amount recouped out of the Fund accordingly.

US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the Australian Taxation Office (**ATO**), which may then pass the information on to the US Internal Revenue Service (IRS). If you do not provide this information we will not be able to process your application. To comply with these obligations, the Responsible Entity will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

Common Reporting Standard

The Australian government has implemented the OECD Common Reporting Standards Automatic Exchange of Financial Account Information (**CRS**) from 1 July 2017. CRS, like the FATCA regime, will require banks and other financial institutions to collect and report to the ATO. The Fund is expected to be a 'Financial Institution' under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your units in the Fund) to the ATO. For the Fund to comply with their obligations, we will request you provide certain information and certifications to us.

We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the "CRS Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

To comply with the FATCA and CRS requirements, the Fund will collect additional information from you and will disclose such information to the ATO. This information may ultimately be shared with revenue authorities in other jurisdictions under the various exchange of information agreements Australia has entered into with other jurisdictions.

Provided all necessary registrations and information to comply with FATCA is obtained, US withholding tax on US connected payments should not apply to the Fund.

Tax Reform

The comments above are based on the Australian taxation law as at the issue date of the PDS.

It is recommended unitholders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

8. How to apply

There is no additional information in this section. Refer to Section 8 'How to apply' in the PDS.

9. Other information

Constitution

The operation of the Fund is governed under the law and its Constitution which addresses matters such as: unit pricing and withdrawals and applications; the issue and transfer of units or classes of units; unit holder meetings; unit holders' rights including unit holders' rights to income of the Fund; the Responsible Entity's powers to invest, borrow and generally manage the Fund and fee entitlement and right to be indemnified from the Fund's assets. The Constitution states your liability is limited to the amount you paid for your units, but the courts are yet to determine the effectiveness of provisions of this kind.

The Responsible Entity may amend the Constitution if the Responsible Entity reasonably considers the amendments will not adversely affect members' rights. If amendments would adversely affect members' rights, the Responsible Entity is required to obtain members' approval at a meeting of members.

We may retire or (if investors vote for our removal) be required to retire as Responsible Entity. No units may be issued after the 80th anniversary of the date of the Constitution. We may exercise our right to terminate the Fund earlier by written notice to unit holders. Your rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

The Constitution may be viewed between 9am and 5pm, Sydney time, on Business Days by calling 1300 133 451. We will provide you with a copy free of charge.

The Constitution gives us a number of rights, including a number of discretions relating to unit pricing.

Compliance Plan

In accordance with the requirements of the Corporations Act and Australian Securities and Investments Commission (**ASIC**) policy the Fund has a compliance plan which sets out the measures we will take to ensure the Responsible Entity complies with the Corporations Act and the Constitution of the Fund (Compliance Plan). To oversee compliance with the Compliance Plan we have appointed a compliance committee with a majority being external members. A copy of the Fund's Compliance Plan is available free of charge by contacting us.

Custodian and Administrator

Mainstream Fund Services Pty Ltd (**Mainstream Fund Services**) has been appointed as the Administrator and Custodian for the Fund.

The Responsible Entity can terminate Mainstream's appointment as Administrator or Custodian of the Fund in the circumstances specified under the agreements governing those relationships.

The Responsible Entity remains liable to unit holders for acts and omissions of the Custodian and Administrator. In addition, neither the Custodian nor the Administrator have any supervisory obligation to ensure the Responsible Entity complies with its obligations as Responsible Entity of the Fund and are not responsible for protecting the rights of unit holders.

Consents

The following parties have given written consent (which has not been withdrawn at the date of this document and the PDS) to being named, in the form and context in which they are named, in this document and the PDS:

- Swell as Investment Manager of the Fund;
- Mainstream as Administrator of the Fund; and
- Mainstream as Custodian of the Fund.