

# Additional Information Guide

Dated 25 September 2017

This Additional Information Guide is issued by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (**Responsible Entity, Ausbil, Ausbil Investment Management, we**) as responsible entity of the Funds listed below (individually known as the **Fund** and collectively known as the **Funds**).

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## Important notes

This Additional Information Guide (**Guide**) contains important information which should be read before deciding to invest in the Fund listed below. The information in this Guide forms part of the Product Disclosure Statement (**PDS**) for each of the Funds listed below. You should consider these documents together before making a decision about the Fund. The information provided in this Guide is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. The information in this Guide is current as at the issue date but may change from time to time. Unless otherwise defined in this Guide, defined terms have the same meaning as used in the PDS.

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FUND	ARSN	APIR	PDS Dated
Ausbil Australian Active Equity Fund	089 996 127	AAP0103AU	25 September 2017
Ausbil Australian Emerging Leaders Fund	089 995 442	AAP0104AU	25 September 2017
Ausbil MicroCap Fund	130 664 872	AAP0007AU	25 September 2017
Ausbil Australian Geared Equity Fund	124 196 407	AAP0002AU	25 September 2017
Ausbil Balanced Fund	089 996 949	AAP0101AU	25 September 2017

The PDS and this Guide are available at [www.ausbil.com.au](http://www.ausbil.com.au). You can also request a copy by calling Ausbil on 1800 287 245 (toll free Australia) or +61 2 9259 0200.

# 1. How we invest your money

## About Ausbil

Ausbil's structure embraces four criteria important in the selection of an investment manager:

- solid ownership structure providing strong financial integrity;
- key management incentivised by way of ownership in the business;
- proven investment processes and performance track record in core areas of expertise with a strong focus on risk management skills; and
- an experienced and stable team of investment managers.

The investment philosophy and corporate goals of Ausbil have been formulated to provide a disciplined investment management style that is primarily active, but which also incorporates quantitative inputs and is risk aware. Rather than focusing only on growth or value investing, Ausbil's investment processes allows it to exploit the inefficiencies across the entire market, at all stages of the cycle and across all market conditions. Whilst primarily fundamental research based, Ausbil's process also encompasses quantitative elements to ensure we are not dominated by an active thematic-biased style. Ausbil's investment process has been pioneered and successfully implemented over 20 years.

## Your investment decision

In making a decision it is important to consider the investment, its level of risk and diversification and how it relates to your investment goals and other investments you may hold. You should carefully read the relevant PDS, including all the information in this Guide, and seek appropriate professional advice before you make your decision. Ausbil does not provide personal advice to any clients.

## Considering your investment goals

To meet your investment goals you should consider:

- your return expectations - this reflects the types of returns that you are seeking from an investment;
- your investment time horizon - which is based on the length of time you expect to hold an investment; and
- your risk tolerance - which refers to the extent of variation in the value of your investment and returns (if any) from your investment that you are willing to bear over the course of your investment time horizon.

## Standard risk measure

The standard risk measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The standard risk measure is not a complete assessment of all forms of investment risk. For instance it does not detail what could be the size of the negative return or the potential for a positive return to be less than you may require to meet your objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return and should not be used to compare fees. You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment option/s.

The following table is used to determine the risk label that applies to a fund:

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 5
7	Very high	6 to greater

The Responsible Entity has developed a methodology consistent with the guiding principles outlined by the Financial Services Council and the underlying assumptions are structured to reflect a conservative bias i.e. in favour of overstating risk. The methodology applies a set of relevant capital market assumptions (returns, volatility, correlation) to calculate the forward-looking return distribution for the investment strategy of a fund. The probability of a negative return in any one year is derived and then multiplied by 20 to achieve the estimated number of negative returns over any 20 year period. This number is compared to the table above to identify the Risk Band and Risk Label applicable to a fund.

# 2. How the Fund works

## Applications into a Fund

Applications will be processed with an effective date being the date the Administrator receives both a valid Application Form, Client Identification Form (where required) and your application money in cleared funds.

The Application Form and Client Identification Form include details of the identification documentation that the Responsible Entity is required by law to collect from you before the Responsible Entity can issue units in the Fund to you.

Please note that the Application Form and Client Identification Form for an initial investment are not accepted by fax or email due to legislative requirements. The forms must be mailed as originals to the Administrator, whose contact details are on page 1.


Ausbil retains absolute discretion to accept or reject any application in whole or in part. Specifically, if the Responsible Entity is unable to approve an application due to a lack of documentation or failure of verification procedures required by the Anti Money Laundering and Counter Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**), your application will not be processed until these procedures are complete.

## Applications via mFund

Applications via mFund must be made through your broker. Applications made via mFund will be transmitted to Ausbil and are subject to the transaction cut-off times set out below. This is based on the time of the receipt of the application by Ausbil.

## Incomplete or rejected Application Forms

Under each Fund's Constitution, the Responsible Entity can accept or reject any application for units and are not required to give any reason or grounds for such a refusal. To ensure that your application is processed efficiently, you need to complete all sections of the Application Form and provide all required customer identity verification documents outlined in the applicable Client Identification Form and Application Form. If your Application Form is not completed to the Responsible Entity's satisfaction and the Responsible Entity is not able to



proceed with your request the Responsible Entity may:

- attempt to contact you; and/or
- hold your application monies in a non-interest bearing trust account until the Responsible Entity receives the required information.

Monies will be held for a maximum period of 30 days commencing on the day the Responsible Entity receives the monies. After this period your funds will be returned to the source of payment. If your Application Form is subsequently completed to the Responsible Entity's satisfaction prior to the expiration of the 30 day period and:

- before 2.30pm on any Business Day the monies held will be used to apply for units which will be issued at the application price next calculated for that Business Day; or
- after 2.30pm on any Business Day or on a non-Business Day, the monies held will be used to apply for units which will be issued at the application price calculated for the next Business Day.

### Identification and verification requirements

The AML/CTF Act requires the collection and verification of specific information from investors, including information in relation to the underlying beneficial owners of an investor or potential investor and the source of any payment. As well as completing the Application Form, you may also be required to provide documentation to verify your identity. The actual documentation required will depend on what type of investor you are (for example, individual, sole trader, superannuation fund, trust or Australian company). The required identification documents are outlined in the Client Identification Form.

Under relevant laws, the Responsible Entity may be required to ask you for additional identity verification documents and/or information about you or anyone acting on your behalf, either when the Responsible Entity is processing your investment request or at some stage after the Responsible Entity have issued units in the Fund, and may need to re-verify information previously provided. The Responsible Entity may pass any information it collects and holds about you or your investment to relevant government authorities. Further, under the AML/CTF Act, the Responsible Entity is required to disclose information about suspicious matters to regulatory and/or law enforcement agencies and may be prevented from informing you of such disclosure.

If the Responsible Entity does not receive all the required valid customer identity verification documents, or it is unable to verify your identity at any time, it may not be able to commence your investment or may not process any future withdrawal requests until it receives the required document(s). The Responsible Entity will contact you as soon as possible if it requires more information. Where a transaction is delayed, blocked, frozen or refused, the Responsible Entity is not liable for any loss you suffer (including consequential loss) as a result of compliance with the AML/CTF Act as it applies to the Fund.

### Transferring ownership

Transferring units may have tax implications and you should consult your taxation adviser before you arrange any transfer of units. The Responsible Entity may, in its discretion, refuse to register any transfer of units and is not required to give any reasons. Where the Responsible Entity refuses to register a transfer, it may withdraw those units in accordance with the Constitution. For further information about how you may transfer your units, please contact us.

## Withdrawals out of a Fund

### Restrictions on withdrawals

Redemption monies will only be paid to your nominated Australian bank account. Cheques and third party payments are not available. A transaction confirmation will be sent within 5 Business Days of when the withdrawal proceeds have been paid.

The Responsible Entity may, in accordance with the relevant Constitution and the Corporations Act, suspend withdrawals when the Responsible Entity believes it is in the best interests of the unitholders of that Fund as a whole, including where any of the following occur in relation to a particular Fund:

- the Responsible Entity has taken all reasonable steps to realise sufficient Fund assets to satisfy withdrawal requests and is unable to do so; and
- the Responsible Entity is unable to calculate the withdrawal price or to fairly determine the NAV due to one or more circumstances outside its control.

In addition, for all the Funds except the Ausbil MicroCap Fund, if the Responsible Entity receives withdrawal requests in respect of any withdrawal date in relation to more than 20% of the units in the Fund, the Responsible Entity may stagger the withdrawals in accordance with the Constitution. For the Ausbil MicroCap Fund if the Responsible Entity receives withdrawal requests in respect of any withdrawal date in relation to more than 10% of the units in the Fund, the Responsible Entity may stagger the withdrawals in accordance with the Constitution.

If a Fund is illiquid, withdrawals from that Fund will only be possible if the Responsible Entity makes a withdrawal offer in accordance with the Corporations Act. As at the date of this PDS each of the Funds are liquid.

For further details on the circumstances where the Responsible Entity may delay or suspend withdrawals, please contact the Responsible Entity or refer to the relevant Constitution, a copy of which is available free of charge by contacting the Responsible Entity.

Under each Fund's Constitution, Ausbil has the right to compulsorily redeem units in the Fund in certain other circumstances, including where holding the units is in breach of law.


### Withdrawals via mFund

While the Fund is admitted as an mFund product, mFund investors can withdraw from the Fund by lodging a request with your ASX broker (or your financial adviser who uses a stockbroking service on your behalf).

Your ASX broker will direct the withdrawal request to us through CHESS. Applications for withdrawals received and accepted by us will be forwarded by CHESS to your ASX broker with the withdrawal payment date and the withdrawal unit price as notified by us. When your withdrawal payment is passed through the CHESS daily batch settlement process, the units will be cancelled and your HIN will be updated.

### Transactions via mFund

While a Fund is admitted as an mFund product under the ASX Operating Rules, investors will be able to buy and sell and redeem units in the Fund through mFund. mFund uses CHESS, allowing automated application and redemption of units in the Fund through your ASX broker or your financial adviser who uses a stockbroking service on your behalf.



(broker). Holdings in these mFunds are held electronically and are linked to a Holder Identification Number (HIN) in the same way as other investments transacted through ASX. However the mFund Settlement Service does not facilitate on-market buying and selling between investors. The mFund units settled through the mFund Settlement Service are issued and redeemed by the Responsible Entity of the Fund.

Your broker will process a buy order for units through CHESS. CHESS will confirm the order with your broker once it has been received and accepted by the Responsible Entity. Your payment will be passed through the CHESS daily batch settlement process. The Responsible Entity will price and allot new units to your HIN and CHESS will notify your broker of the unit price and units allotted. For more information about mFund visit the ASX website [www.asx.com.au/mfund](http://www.asx.com.au/mfund) or contact your broker.

### Instructions by fax

None of the Responsible Entity nor its duly appointed agents, including the Custodian and Administrator accepts any responsibility or liability for any loss caused as a result of fraud or errors in or non-receipt or illegibility of, any faxed communication or for any loss caused in respect of any action taken as a consequence of faxed instructions believed in good faith to have originated from properly authorised persons.

### The Custodian and the Administrator

National Australia Bank's role as Custodian is limited to holding assets of each Fund. As the Administrator, National Australia Bank provides administration services in relation to each Fund, which includes keeping the register of unitholders, arranging for the issue and withdrawal of units and calculation of unit prices and fees. In accordance with the relevant agreements between the Responsible Entity and National Australia Bank, National Australia Bank has no supervisory role in relation to the operation of any of the Funds, and has no liability or responsibility to unitholders for any acts or omissions. The Custodian does not make investment decisions in respect of the assets held or manage those assets. The Responsible Entity will pay the Custodian a fee for acting as the Fund's custodian. This fee is not an additional fee to you and is included in the management costs described in the relevant PDS.

## 3. How unit prices are calculated

You will be issued units when you invest in the relevant Fund. Each of these units represents an equal undivided interest in that Fund. As a result, each unit has a dollar value which is determined in accordance with the Constitution and is generally calculated each Business Day (unit price).

Under each Constitution, unit prices are calculated by dividing the NAV of the relevant class by the number of units in the relevant class on issue in the Fund. Application and withdrawal unit prices are then calculated by applying a buy or sell spread to the NAV unit price. The NAV of a Fund means the total value of the assets (including income accumulated since the previous distribution) less any liabilities (including borrowings and expenses). The buy/sell spread is an estimate of the costs of buying and selling the underlying assets of the relevant Fund.

The unit price of a Fund will change as the market value of assets in the Fund rises or falls. All unit prices are calculated to six (6) decimal places.

The Responsible Entity has adopted a Unit Pricing Discretions Policy that sets out policies and procedures when exercising discretions under each of the Constitutions. For the purpose of calculating the NAV of a Fund, the Responsible Entity will rely on financial data obtained from independent third party pricing services. The Responsible Entity may also use and rely on industry standard financial models in pricing any of the Funds' securities or other assets. These methods are consistent with ordinary commercial practice for valuing units in a Fund.

A copy of our Unit Pricing Discretions Policy is available at [www.ausbil.com.au](http://www.ausbil.com.au)

## 4. Additional information about distributions

The distributions you receive are generally assessable income and can be made up of both income and realised capital gains. Distributions for a Fund are generally calculated based on the Fund's net income at the end of the distribution period divided by the number of units on issue. This gives a distributable income amount per unit. Your distribution entitlement is then determined by multiplying the number of units you hold by the distributable income amount per unit.

Reinvestment of distributions will normally be effective the first day following the end of the distribution period at an application price calculated by dividing the NAV of the Fund at the end of the distribution period (excluding the distribution amount) by the number of units on issue. No buy/sell spread will apply in this circumstance.

The Responsible Entity may pay interim distributions throughout the year where the Responsible Entity considers it appropriate, for example, where there is a large withdrawal it may distribute income and net realised capital gains before processing the withdrawal so that remaining unitholders are treated fairly. Prior notice of interim distributions will not be provided.


The size of the distribution will vary depending on the factors that influence the performance of the relevant Fund (such as security selection, interest rates and market conditions) and may not be paid at all. Distributions may include a part return of capital. Details will be provided in your tax statement.

Distributions are calculated in accordance with each Constitution. Undistributed gains accrue in the unit price of each of the Funds during the relevant distribution period. This means that if an investment is made just before the end of a distribution period, you may receive some of the investment back immediately as income. A Fund's unit price will usually fall following a distribution because the income and net realised capital gains accumulated during the distribution period have been distributed.

## 5. Risks of managed investment schemes

Risk generally refers to the variability or volatility in the value of your investment, a fluctuation or a decrease in the amount of income generated from the investment, a lower than expected rate of return, the fact that the value of your investment may not keep pace with inflation or possible delays in redeeming your investment.





All investments, including investments in managed investment schemes such as the Funds, come with a degree of risk. As such, it is important to be aware of the risks involved, your investment objectives and the level of risk you are able or willing to accept, before making a decision to invest.

A number of risks potentially affect the value of your investment and the distributions paid by a Fund. Different levels of risk exist depending on the underlying asset classes in which a Fund invests and the strategies used to manage the various risks. In general, higher potential returns mean higher levels of risk, and lower potential returns mean lower levels of risks. This means the higher the level of risk associated with a Fund, the greater the potential volatility of returns and, therefore, the longer the investment time horizon that is generally recommended for that Fund.

Defensive assets (cash and fixed interest generally) have relatively lower risk and lower expected returns than growth assets (listed property and equities) which have higher expected risk and potential for the greatest return. However, in extraordinary market environments, with extreme market volatility, the expected risk and return profile of assets may differ.

Ausbil is unable to eliminate all investment risk, but does analyse, manage and aim to reduce the impact of risks by actively monitoring investment markets and portfolios, through the use of carefully considered investment guidelines, buying and selling investments with the aim of maximising returns and via its intensive research approach that focuses on regular company contact and internal and external research of companies and the industries in which they operate.

The recommended time frame for investing in a Fund, based on the risks associated with the Fund, is listed in section 4 of each of the Funds' PDS. In addition, to the key risks outlined in section 4 of the relevant PDS, other significant risks of investing in the Fund are summarised below.

### **Fund risk**

Fund risks include potential termination of the Fund, a change in the Fund's characteristics (such as distribution frequency, change in fees and expenses etc.), the closure of the Fund to new and/or additional applications (due to, for example, the Fund reaching capacity), the replacement of the Responsible Entity or laws that affect managed investment schemes may change. There is also a risk that investing in the Fund may give different results than investing directly because of the income or capital gains or losses accrued in the Fund and the consequences of applications and redemptions by other unitholders.

### **Manager risk**

The risk that Ausbil will not achieve each of the Fund's stated investment objective or deliver returns that compare favourably to alternative investment options. Many factors can negatively impact Ausbil's ability to generate acceptable returns, including loss of key staff.

### **Withdrawal risk**

To meet withdrawal requests or to raise cash to pursue other investment opportunities, the Responsible Entity may be forced to sell securities at an unfavourable time and/or under unfavourable conditions, which may adversely affect the relevant Fund.

If a situation occurs where the assets that a Fund invests in are no longer able to be readily bought and sold, or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe of five business days for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from a Fund may take significantly longer than the generally applicable timeframe.

The maximum timeframe in which we, as responsible entity, have to meet a withdrawal request is set out in the constitution of each Fund. Where a Fund is not liquid (as defined in the Corporations Act), you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. Please refer to 'Restrictions on withdrawals' on page 3 of this Guide for further information about an unitholder's ability to withdraw when a Fund is liquid, including the timeframes, and an unitholder's ability to withdraw if the Fund is not liquid.

### **mFund risk**

Investing through mFund does involve certain additional risks. For example you will be entering into a financial transaction with a third party, such as a broker. Investing through mFund also carries the risk of the ASX suspending or revoking the admission of a fund to mFund, or communication or system failures affecting the mFund system. In addition, failure to comply with the mFund admission requirements may result in the Fund losing its settlement status on the mFund Settlement Service.

Risks may also arise in relation to transactions processed via mFund if ASX settlement procedures have not been accurately relayed or processed.

## **6. Investor communication**

As a unitholder in a Fund, you will receive the following reports:

### **Confirmations**

You will receive confirmations of all your application(s) and withdrawal(s).

### **Distribution statement**

You will receive a distribution statement for each period that the relevant Fund makes a distribution to unitholders.

### **Tax and annual statements**


Taxation statements will be provided to you annually for the year ending 30 June. You will also be provided with an annual periodic statement which contains your transaction history for the year ending 30 June.

### **Keeping you informed**

Online access to your investment account. Direct investors can access information about their investment in a Fund by logging onto Investor Online: a secure client website with access restricted by client ID and password.

Information on the site includes:

- your account balance;
- your transaction history;
- unit prices;
- performance returns;
- distribution statements; and
- year end tax statements.



In completing the application form you will automatically receive online access (unless you elect otherwise). Investors who wish to register for Investor Online will receive an email containing a secure link to the registration page of the Investor Online website ([www.ausbil.com.au](http://www.ausbil.com.au)).

### Audited financial statements

Audited financial statements of a Fund are issued annually for the year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia to the extent that the relevant Fund is required to comply with those standards by the Corporations Act or under the Constitution.

The audited financial statements are made available to unitholders at [www.ausbil.com.au](http://www.ausbil.com.au). A hard copy may be requested free of charge by contacting the Responsible Entity. Audited financial statements will not be mailed to unitholders unless specifically requested.

### Continuous disclosure

Each Fund is subject to regular reporting and disclosure obligations under the Corporations Act. Ausbil will satisfy its continuous disclosure requirements via web-based disclosure on the basis of ASIC's best practice disclosure recommendations for continuous disclosure. To keep informed of important information and updates relating to each Fund, visit [www.ausbil.com.au](http://www.ausbil.com.au) for further information which should be read in conjunction with this PDS, including:

- Fund updates; and
- Unit prices, performance and asset allocations.

The Responsible Entity recommends that you obtain and review such information before you invest. Alternatively, you can call Ausbil on 1800 287 245 (toll free) and the Responsible Entity will send you the requested information free of charge. Each Fund's Constitution is also available upon request. If you are unsure as to any aspect relating to a Fund, Ausbil recommends that you consult your financial or other professional adviser. Indirect Investors should contact their IDPS operator.

If a Fund is, or becomes, a 'disclosing entity' (generally this is where the Fund has 100 investors or more) the relevant Fund will be subject to regular reporting and disclosure obligations.

In addition, you have the right to receive the following documents at no charge:

- the annual financial report most recently lodged with ASIC;
- any half-year financial report lodged with ASIC by the Fund after the lodgement of the annual report most recently lodged with ASIC and before the date of the PDS; and
- any continuous disclosure notices given by the Fund after the lodgement of the annual report most recently lodged with ASIC and before the date of the PDS.

Copies of documents lodged with ASIC in relation to the Fund are able to be obtained from, or inspected at, an ASIC office. All continuous disclosure information is available at [www.ausbil.com.au](http://www.ausbil.com.au)

### Keeping us informed

Our records about you are important. Please inform the Administrator in writing of any change to the personal details that you have given us. This may be a new postal address, email address, or a change of name or new bank account

details. When requesting a change of personal details please complete the Change of Details Form or provide:

- your account number;
- the full name(s) in which your investment is/are held;
- the change(s) you are requesting;
- a daytime telephone number;
- email address; and
- ensure the request is signed by the appropriate signatories.

Some changes may also require additional documentation, such as a change of name request. If you wish to change your nominated bank account to which withdrawal payments are made, you will be required to complete the Change of Details Form or the relevant sections of the Additional Investment Form and the relevant Client Identification Form, and send the original form and documents to the Administrator.

## 7. How each Fund is governed

Each Fund is governed by its Constitution. The Constitution (in addition to the Corporations Act and general law) provides an operational framework for the ongoing management of the Fund. It also provides for the Responsible Entity's powers, duties and obligations in respect of the Fund, the limits to our liability and our right to be indemnified for proper administration of the Fund.

### The Constitution

Each Constitution contains the rules relating to a number of issues including:

- unitholder rights;
- the process by which units are issued and may be withdrawn;
- the calculation and distribution of income;
- the investment powers of the Responsible Entity;
- the Responsible Entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund;
- the creation of other classes of units; and
- the termination of the Fund.

The constitutions also contain provisions designed to limit your liability to the amount invested in the Fund. However, you should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

A copy of each Constitution, which has been lodged with ASIC, is available free of charge by contacting the Responsible Entity.

### Termination

Each Constitution, together with the Corporations Act, governs how and when a Fund may be terminated. The Responsible Entity may terminate a Fund at any time by written notice to its unitholders. On termination, a unitholder is entitled to a share of the net proceeds of the realisation of the assets in proportion to the number of units the unitholder held at the time of termination.

### Unitholder meetings

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and (to the extent applicable) the relevant Constitution.

## Compliance plan and compliance committee

Each Fund has a compliance plan which has been lodged with ASIC (**Compliance Plan**). It sets out measures that the Responsible Entity is to apply in operating the relevant Fund to ensure compliance with the Constitution. A compliance committee has been appointed to monitor compliance by the Responsible Entity with the relevant Constitution and Compliance Plan. A copy of each Compliance Plan is available free of charge on request by contacting the Responsible Entity.

## 8. Fees and other costs

### Performance fees

A performance fee is calculated for the Ausbil MicroCap Fund and the Ausbil Australian Emerging Leaders Fund. The performance fee is calculated at each Business Day and

if a period of underperformance to the benchmark occurs, the performance fee accrued is frozen at its current level and further performance fees may not commence to be accrued again until the full amount of underperformance is recouped. The unit price is reflective of accrued performance fees. If a performance fee has been paid then the management cost of the Fund for the period would increase.

The full methodology for calculating the performance fee is detailed in each Fund's Constitution, a copy of which is available upon request.

### Worked dollar examples

The following tables provide a dollar fee example based on an investor with a \$50,000 investment in the relevant Fund. Each example assumes no other applications or withdrawals have been made. Please note that these are just examples and should not be taken as an indication or guarantee of future performance, nor an indication of the performance fee that may be charged in the future.

### Ausbil Australian Emerging Leaders Fund

For the Ausbil Australian Emerging Leaders Fund performance fees are accrued daily and paid monthly in arrears. The Performance Fee Hurdle is the return of the benchmark, which is a composite made up of 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index, including a hurdle of 0.85% pa (**Performance Fee Hurdle**). The Fund Performance is the Fund's daily gross return (after adding back in distributions and redemptions and excluding applications) (**Fund Performance**).

#### The Fund's performance exceeds the Performance Fee Hurdle

#### How and when paid

##### For 1 December we assume:

the Fund's gross performance return for the day was 0.50%;  
the Performance Fee Hurdle for the day was 0.25%; and  
the Fund's value at the end of the day was \$50,000.

Accrued in the Fund's unit price for the day and deducted directly from the Fund after the end of the month.

##### Fund outperformance for the day:

= Fund Performance minus Performance Fee Hurdle for the day.  
= 0.50% - 0.25%  
= 0.25%

##### Performance fee amount for the day:

= performance fee multiplied by the Fund outperformance for the day.  
= (15.375% x 0.25%) x \$50,000  
= \$19.22

#### The Fund's performance is below the Performance Fee Hurdle

#### How and when paid

##### For 1 December we assume:

the Fund's gross performance return for the day was 0.15%;  
the Performance Fee Hurdle for the day was 0.20%; and  
the Fund's value at the end of the day was \$50,000.

A negative performance fee amount will not be accrued in the unit price.

##### Fund under performance for the day

= Fund Performance minus Performance Fee Hurdle for the day.  
= 0.15% - 0.20%  
= -0.05%

The negative performance percentage amount will need to offset by future positive performance before any performance fee becomes accrued and payable.

Based on the current calculation methodology for the performance fee, the Responsible Entity has estimated that the typical ongoing performance fee payable per annum may be \$0 assuming an average account balance of \$50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the benchmark.

## Ausbil MicroCap Fund

The Ausbil MicroCap Fund performance fees are accrued daily and paid monthly in arrears. The Performance Fee Hurdle is the return of the benchmark, S&P/ASX Emerging Companies Accumulation Index, including a hurdle of 1.20% pa (**Performance Fee Hurdle**). The Fund Performance is the Fund's daily gross return (excluding redemptions and excluding applications) (**Fund Performance**).

The Fund's performance exceeds the Performance Fee Hurdle	How and when paid
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**For 1 December we assume:**

the Fund's gross performance return for the day was 0.50%;  
the Performance Fee Hurdle for the day was 0.25%; and  
the Fund's value at the end of the day was \$50,000.

Accrued in the Fund's unit price for the day and deducted directly from the Fund after the end of the month.

**Fund outperformance for the day:**

= Fund Performance minus Performance Fee Hurdle for the day.  
= 0.50% - 0.25%  
= 0.25%

**Performance fee amount for the day:**

= performance fee multiplied by the Fund outperformance for the day.  
= (20.5% x 0.25%) x \$50,000  
= \$25.63

The Fund's performance is below the Performance Fee Hurdle	How and when paid
--	-------------------

**For 1 December we assume:**

the Fund's gross performance return for the day was 0.15%;  
the Performance Fee Hurdle for the day was 0.20%; and  
the Fund's value at the end of the day was \$50,000.

A negative performance fee amount will not be accrued in the unit price.

**Fund under performance for the day**

= Fund Performance minus Performance Fee Hurdle for the day.  
= 0.15% - 0.20%  
= -0.05%

The negative performance fee dollar amount will need to offset by future positive performance before any performance fee becomes accrued and payable.

**Performance fee amount of the day**

= performance fee multiplied by the Fund outperformance for the day  
= (20.5% x -0.05%) x \$50,000  
= -\$5.13

Based on the current calculation methodology for the performance fee, the Responsible Entity has estimated that the typical ongoing performance fee payable per annum may be \$1,710 assuming an average account balance of \$50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the benchmark.

## Indirect Costs

Indirect costs include any amount, not already disclosed as a fee or cost, which reduces (directly or indirectly) the performance return of the Fund. These indirect costs are reflected in the unit price of your investment in the Fund and include any expenses of the Fund (see below), as well as underlying (indirect) management costs, underlying (indirect) performance-related fees and other indirect costs. The indirect costs may vary from year to year, including to the extent that they rely on estimates. Where a Fund invests in other funds for which Ausbil is the responsible entity, the Responsible Entity will ensure there is no doubling up of management fees.

## Expenses

Under each Fund's constitution, the Responsible Entity is entitled to recover expenses incurred in the proper performance of each Fund's operations. These expenses comprise of normal expenses (eg investment management fees, custody charges, administration and accounting costs, registry fees, audit and tax fees) and abnormal expenses (eg expenses incurred in holding a unitholder meeting or complying with regulatory changes).

You should refer to the relevant PDS to see how the Responsible Entity recovers expenses for that Fund.

## Transactional and operational costs

### Buy/sell spreads

Each Fund's current buy sell spread and dollar based examples are set out in the table below.

Generally, there will be no buy spread incurred on distributions which are re-invested. The Responsible Entity has discretion to waive or reduce the transaction costs on investments or withdrawals where no, or reduced costs, are incurred.

The buy/sell spread can be changed at any time by us. The Responsible Entity will provide notification to unitholders of any changes to buy/sell spread transaction costs at [www.ausbil.com.au](http://www.ausbil.com.au)

A copy of our Unit Pricing Discretions Policy, including details of any discretions that the Responsible Entity may exercise in various circumstances (including in respect of transaction costs) is available at [www.ausbil.com.au](http://www.ausbil.com.au)



Fund	Buy spread	Sell spread	Dollar based example based on a \$50,000 application or withdrawal amount	
			Buy spread	Sell spread
Ausbil Australian Active Equity Fund	0.30%	0.30%	\$150	\$150
Ausbil Australian Emerging Leaders Fund	0.30%	0.30%	\$150	\$150
Ausbil MicroCap Fund	0.30%	0.30%	\$150	\$150
Ausbil Australian Geared Equity Fund	0.30%	0.30%	\$150	\$150
Ausbil Balanced Fund	0.15%	0.15%	\$75	\$75

### Other transaction costs

Each Fund's estimated other transaction costs are set out in the table below. The figures are calculated as a percentage of the average fund gross asset value and are estimated based on the financial year ending 30 June 2017. You can determine the dollar value of these costs over a 1 year period by multiplying the transaction cost rate with your average account balance. For example, the value of other transaction costs on an average account balance of \$50,000 invested in the Ausbil MicroCap Fund is \$315.

Fund	Total transaction costs	Minus: Buy/sell spread recovery	Equals: Other Transaction costs
Ausbil Australian Active Equity Fund	0.15%	0.08%	0.07%
Ausbil Australian Emerging Leaders Fund	0.34%	0.09%	0.25%
Ausbil MicroCap Fund	0.83%	0.20%	0.63%
Ausbil Australian Geared Equity Fund	1.30%	0.05%	1.25%
Ausbil Balanced Fund	0.33%	0.04%	0.29%

### Units in lieu

The Responsible Entity may receive units in lieu of all or part of any management fee charged to a Fund. Any such units will be issued at the application price, and the Responsible Entity will subsequently redeem the units at the redemption price. In the case of the Ausbil Australian Geared Equity Fund, this assists with the objective of maintaining positive net income for the Fund each year, after payment of interest and fees.

### Can fees be different for different unitholders?

For wholesale investors the Responsible Entity may, in its discretion and, in accordance with relevant ASIC policy and the Corporations Act, negotiate and agree a rebate or waiver of part of the management fee to a person who acquires an interest in a Fund in response to an offer made to them as a wholesale client within the meaning of section 761G of the Corporations Act. Any fee rebate or waiver is subject to the Responsible Entity determining that the giving of the rebate or waiver satisfies, or continues to satisfy, the requirements of ASIC policy and the Corporations Act.

### Third party payments

The Responsible Entity may provide benefits to other financial services intermediaries where the law permits. If the Responsible Entity does, it will provide these benefits from its own resources so that they are not an additional cost to the relevant Fund or its unitholders.

The Responsible Entity may also sponsor professional development days and training. If permitted by law, the Responsible Entity may pay rebates, based on the amount of funds under management or operating expenses, to IDPS operators, dealer groups and financial advisers.

The Responsible Entity may enter into arrangements to pay administration fees to IDPS operators in connection with the listing of a Fund on their investment menus. This fee is paid by the Responsible Entity and not by the Fund. There is no additional charge to unitholders.

### mFund Brokerage fees

Additional fees may also be payable directly to your ASX broker (or your financial adviser who uses a stockbroking service on your behalf) for using mFund and investors should consider the financial services guide provided by your ASX broker (or adviser).

### Increases to fees and other costs

The Responsible Entity will provide 30 days' written notice in advance of any proposed increase in its fees. The Responsible Entity cannot charge more than the relevant Constitution allows. The maximum allowable fees under each Fund's constitution are set out in the table following.

Fund	Contribution Fee plus GST	Management Fee plus GST	Performance Fee plus GST	Responsible Entity Fee plus GST
Ausbil Australian Active Equity Fund	5.00% of the application amount	0.80% pa of gross asset value	Not applicable	0.05% pa of gross asset value
Ausbil Balanced Fund	5.00% of the application amount	0.80% pa of gross asset value	Not applicable	0.05% pa of gross asset value
Ausbil Australian Geared Equity Fund	5.00% of the application amount	3.50% pa of net asset value	Not applicable	Not applicable
Ausbil Australian Emerging Leaders Fund	Not applicable	0.85% pa of gross asset value	15% of the difference between the Fund's gross performance and the performance fee hurdle <sup>1</sup> multiplied by the Fund's gross asset value.	Not applicable
Ausbil MicroCap Fund	5.00% of the application amount	3.00% pa of net asset value	20% of the difference between the Fund's gross performance and the performance fee hurdle <sup>2</sup> multiplied by the Fund's gross asset value.	Not applicable

1. The performance fee hurdle is the composite made up of 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index including a hurdle of 0.85% pa.

2. The performance fee hurdle is the S&P/ASX Emerging Companies Accumulation Index.

## 9. Taxation considerations

There are tax implications when investing, withdrawing and receiving income from a Fund. The Responsible Entity cannot give tax advice and the Responsible Entity recommends that you consult your professional tax adviser as the tax implications for a Fund can impact unitholders differently. What follows is a general outline of some key tax considerations for Australian resident unitholders. This information is based on our current interpretation of the relevant taxation laws. As such, unitholders should not place reliance on this as a basis for making their decision as to whether to invest.

Income earned by a Fund, whether distributed or reinvested, can form part of the assessable income for unitholders in the year of entitlement or allocation. The composition of distributions can be made up of assessable income (such as dividends, interest and other assessable income), net realised capital gains (including CGT concession amounts, if any), tax credits, such as franking credits attached to dividend income and foreign income tax offsets and/or non-taxable distributions such as returns of capital or tax-deferred amounts. If tax credits are included in your distribution, you must determine your entitlement based on your individual circumstances. Further, the timing of when a Fund's income is brought to account for tax purposes may be different to when amounts are distributed to you, so that you may be required to pay tax on income that has not yet been or may not be distributed to you.

For each year ending 30 June the Responsible Entity will send to you the details of assessable income, foreign income, tax credits and any other relevant tax information to include in your tax return.

### Applications and withdrawals

If you acquire units part way through a distribution period, that amount of accumulated income which is included in the unit price for the units acquired will eventually be distributed to you as income. Depending on your tax circumstances, this could result in you receiving assessable income, and on disposal of units, generating a capital loss of a similar amount. However, the capital loss cannot be offset against that income - it can only be offset against your realised capital gains.

If you withdraw units part way through a distribution period, the value of accumulated income is included in your withdrawal price. The Responsible Entity will advise you what part (if any) of the proceeds on withdrawal reflect your share in the net income of a Fund and therefore is assessable income for tax purposes. The balance reflects the capital proceeds on disposal and may, dependent upon your tax circumstances, be subject to the capital gains tax (CGT) provisions.

Your assessable income for each year may include net realised capital gains (ie after offsetting capital losses). This will include capital gains made upon withdrawing units from a Fund.

Individuals, trusts and complying superannuation entities may be eligible for CGT concessions in relation to capital gains made with respect to units which are held for at least 12 months.

If you hold your units on revenue account, gains and losses will be taxable as ordinary income or allowed as a deduction, as the case may be, and will not qualify for the CGT discount.

### Foreign taxes and foreign tax compliance

Australian residents are required to include in their assessable income their share of any foreign taxes paid by a Fund. Australian residents will normally be entitled to a tax offset for foreign taxes paid by a Fund. The Responsible Entity believes that each Fund will be required to comply with the US Foreign Account Tax Compliance Act (**FATCA**). The Responsible Entity will require you to provide certain information about yourself so as to enable compliance with FATCA obligations.

### Common Reporting Standards

The Australian Government has implemented the OECD Common Reporting Standard effective from 1 July 2017. The Common Reporting Standard, similar to the FATCA regime, requires banks and other financial institutions (like the Funds) to collect and report to the ATO financial account information on non-residents which the ATO may exchange with the relevant foreign tax authorities.

## GST

The application for and withdrawal of units in a Fund and receipt of distributions will not be subject to GST. However, GST is payable on our fees and certain reimbursement of expenses. Each Fund may be able to claim input tax credits and/or RITCs of at least 55% of the GST incurred.

Unless otherwise stated, all fees quoted in this Guide and the relevant PDS are quoted on a GST inclusive basis and net of any applicable RITCs.

## 10. Additional general information

### Consents

National Australia Bank Limited (ABN 12 004 044 937) (**National Australia Bank**) is the Custodian and Administrator for the Fund. National Australia Bank makes no statement in this PDS and has not authorised or caused the issue of it. National Australia Bank has given and not withdrawn its consent to be named in this PDS before the date of this PDS. Investments of a Fund do not represent investments in, deposits with or other liabilities of, National Australia Bank or any other member of the National Australia Bank group of companies (**NAB Group**). Neither National Australia Bank, nor any other member of NAB Group, in any way stands behind the capital value, nor does it guarantee the performance of the investment or the underlying assets of any Fund, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities.

New York Life Insurance Company has given and has not withdrawn its consent to its name appearing in the PDS of each Fund and to references and statements in the PDS concerning New York Life Insurance Company in the form and context in which they are included. Other than the consent provided, New York Life Insurance Company does not take any responsibility for any other part of the PDS and has not authorised or caused the issue of the PDS.

New York Life Investment Management Holdings LLC has given and has not withdrawn its consent to its name appearing in the PDS of each Fund and to references and statements in the PDS concerning New York Life Investment Management Holdings LLC in the form and context in which it is included. Other than the consent provided, New York Life Investment Management Holdings LLC does not take any responsibility for any other part of the PDS and has not authorised or caused the issue of the PDS.

### Privacy

The Responsible Entity must comply with the Privacy Act. This Act generally regulates the collection, storage, quality, use and disclosure of personal information. The Responsible Entity may collect personal information from investors to provide its products and services. The Corporations Act and AML/CTF Act require the Responsible Entity to collect some personal information about you.

The Responsible Entity will need to collect personal information from you in order to process your investment and provide services to you. We may also need to disclose your personal information collected to third party service providers in order to carry out these activities. If you do not want us to use your personal information for direct marketing purposes please contact the Privacy Officer at the address set out below. We aim to ensure that the personal information the Responsible

Entity retains about you is accurate, complete and up-to-date. To assist the Responsible Entity with this, please contact the Responsible Entity if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information the Responsible Entity has about you, it will take steps to correct it. In accordance with the Responsible Entity's Privacy Policy, in most cases, investors also have rights to access their personal information.

The Responsible Entity may disclose your personal information to anyone you have authorised or any adviser, consultant or dealer group advising you or acting on your behalf, government departments or agencies as well as any related entities of the Responsible Entity and anyone acting on its and/or the adviser/consultant/dealer group's behalf such as external service suppliers who supply administrative, financial or other services to assist the Responsible Entity and/or the adviser/consultant/ dealer group in providing financial services.

If we are not able to collect all the personal information we require, we may not be able to assess your application for the investment product or manage the product. The Responsible Entity may be required to transfer your personal information to entities located outside of Australia where it may not receive the level of protection afforded under Australian law. By completing the Application Form you consent to your personal information being transferred overseas for these purposes. Please note that if you provide personal information to the Responsible Entity about another person, you warrant that you are authorised by that person to do so and that you have informed that person of the information in this Privacy section.

Please contact the Responsible Entity's Investor Services Team on 1800 287 245 (toll free) if you want to change or correct personal details. It is important that you contact us because until you do so the Responsible Entity will assume that by investing in the relevant Fund, you have consented to our using your personal information as indicated above.

A copy of the Responsible Entity's Privacy Policy is available at [www.ausbil.com.au](http://www.ausbil.com.au) or may be obtained from the Ausbil Privacy Officer.

Further information on how the Responsible Entity handles personal and sensitive information can be found in the Privacy Policy. The Privacy Policy also contains information about how you can access and correct the information about you held by the Responsible Entity as well as how complaints may be made and how the complaint will be dealt with by it.

If you are investing in a Fund via an IDPS, please be aware that the Responsible Entity does not collect or hold personal information in connection with an investment in that Fund.

If you have further questions about privacy, please write to us or contact us at:

#### **Mail:**

Privacy Officer  
Ausbil Investment Management Limited  
GPO Box 2525  
Sydney NSW 2001 Australia

#### **Telephone:**

1800 287 245 (toll free) or  
+61 2 9259 0200 (if calling from outside Australia)

## Fax:

+61 2 9259 0222

## Indirect Investors

The Responsible Entity has authorised the use of each PDS as disclosure to investors and prospective investors of an IDPS or IDPS-like scheme (known commonly as a master trust or wrap account). These investors are referred to as Indirect Investors. Indirect Investors in a Fund do not themselves become unitholders in that Fund, and accordingly have no rights as a unitholder. The offer document for your IDPS or IDPS-like scheme should have further details. If you are an Indirect Investor, generally the IDPS or IDPS-like scheme operator acquires the rights of a unitholder. Your rights and liabilities will be governed by the terms of the relevant IDPS or IDPS-like scheme disclosure document, which you should read carefully prior to directing the relevant operator to invest in a Fund.

Indirect Investors complete application forms for the IDPS or IDPS-like scheme, not the relevant Ausbil Fund, and receive reports from their operator. Enquiries should be directed to that operator or your financial adviser. Minimum investment and withdrawal requirements may not always be relevant to Indirect Investors because the IDPS or IDPS-like scheme operator may invest on behalf of a number of Indirect Investors. Also, the tax information in this Guide and the PDS does not specifically cater for Indirect Investors.

## Related Parties

The Responsible Entity is owned by its employees and indirectly by New York Life Investment Management Holdings LLC, a wholly-owned subsidiary of New York Life Insurance Company (**New York Life**). For these purposes, a related party includes certain entities and individuals that have a close relationship with the Responsible Entity, including, but not limited to New York Life itself, other subsidiaries of New York Life and other funds operated or managed by any other member of the New York Life group of companies.

The Responsible Entity may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. The Responsible Entity may also enter into financial or other transactions with related parties in relation to the assets of any Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

In the course of managing the Funds the Responsible Entity may come across conflicts in relation to its duties to a Fund, related funds and its own interests. The Responsible Entity has internal policies and procedures in place to manage all conflict of interest appropriately. These policies and procedures will be reviewed on a regular basis and may change from time to time. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

# 11. How to apply

## Steps

### 1. Read PDS and this Guide

Before completing the Application Form and the Client Identification Form please ensure you have read the relevant PDS together with this Guide.

### 2. Complete and sign the Application Form

The Application Form is available at [www.ausbil.com.au](http://www.ausbil.com.au) or by

calling Ausbil on 1800 287 245 (toll free).

If you are applying for additional units in a Fund, please complete all relevant sections of the Additional Investment Form, available at [www.ausbil.com.au](http://www.ausbil.com.au) or by calling Ausbil on 1800 287 245 (toll free) and return to the Administrator, or fax to 1300 365 601.

### 3. Complete the relevant Client Identification Form

The relevant Client Identification Form is available at [www.ausbil.com.au](http://www.ausbil.com.au) or by calling Ausbil on 1800 287 245 (toll free).

### 4. Make payment

Make payment of monies in accordance with the payment options set out below.

### 5. Mail documents

Mail (not fax) the forms and cheque (if payment by cheque) to the administrator:

National Australia Bank  
Registry Services  
PO Box 1406  
Melbourne VIC 3001

## Payment options

The Responsible Entity accepts the following payment options:

### 1. By electronic funds transfer

The details to transfer funds by electronic funds transfer are as follows:

Account name: **NNL-Ausbil Application Account**  
BSB: **083 043**  
Account number: **561 830 901**  
Description: **Please insert Investor ID (existing unitholder ID) or the applicants' name, ie surname or super fund name (for initial applications).**

### 2. By real time gross settlement (RTGS)

To use this option your bank must offer RTGS. The details to transfer funds electronically via RTGS are as follows:

Account name: **NNL-Ausbil Application Account**  
BSB: **083 043**  
Account number: **561 830 901**  
Description: **Please insert Investor ID (existing unitholder ID) or the applicants' name, ie surname or super fund name (for initial applications).**

### 3. By cheque

Please make your cheque payable to '**NNL-Ausbil Application Account**' and please ensure that you complete the cheque details on the application form.

## How to invest using mFund

When and while a Fund is admitted as an mFund product, investors will be able to make an initial and/or additional investment in a Fund through mFund using their broker.

For more information about mFund visit the ASX website <http://www.asx.com.au/mfund/index.htm>.