Core Value Portfolio

Product Disclosure Statement

ARSN 162 396 885
APIR SLT0037AU
Issue Date 24 December 2019

Contents

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This Product Disclosure Statement ("PDS") was issued on 24 December 2019. This PDS is for the offer of interests in the Core Value Portfolio ARSN 162 396 885, AFSL 292469 (referred throughout this PDS as the "Portfolio").

The PDS has been prepared and issued by Equity Trustees Limited (ABN 46 004 031 298, Australian Financial Services Licence ("AFSL") No. 240975) in its capacity as the responsible entity of the Portfolio (referred throughout this PDS as the "Responsible Entity", "Equity Trustees", "us" or "we"). The investment manager is Stonehouse Financial Services Pty Ltd (referred to throughout this PDS as the "Investment Manager" or "Stonehouse"). Quilla Consulting Pty Ltd ("Quilla Consulting" or the "Asset Consultant") provides expert investment and asset consulting support to Stonehouse.

The Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors who invest directly in the Portfolio, as well as investors and prospective investors who invest indirectly through an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme ("IDPS"). The operator of an IDPS is referred to in this PDS as the "IDPS Operator" and the disclosure document for an IDPS is referred to as the "IDPS Guide". If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Equity Trustees consents to the use of this PDS by IDPS Operators who include the Portfolio on their investment menus but accept no responsibility for IDPS Operators or any failure by an IDPS Operator to provide Indirect Investors with a current version of this PDS as provided by Equity Trustees or to withdraw the PDS from circulation if required by Equity Trustees. Please ask your adviser if you have any questions about investing in the Portfolio (either directly or indirectly through an IDPS).

This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, Investment Manager, any associate, employee, agent or officer of the Responsible Entity, Investment Manager or any other person to invest in the Portfolio. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Portfolio solely on the information in this PDS. You should consider whether the information in this PDS is appropriate for you, having regard to your objectives, financial situation and needs and you may want to seek professional financial advice before making an investment decision.

Equity Trustees, the Investment Manager and their employees, associates, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Portfolio. Past performance is no indication of future performance. An investment in the Portfolio does not represent a deposit with or a liability of Equity Trustees, the Investment Manager or any of their associates. An investment is subject to investment risk, including possible delays in repayment and loss of income or capital invested. Units in the Portfolio are offered and issued by the Responsible Entity on the terms and conditions described in this PDS. You should read this PDS in its entirety because you will become bound by it if you become a direct investor in the Portfolio.

The forward looking statements included in this PDS involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Equity Trustees, the Investment Manager and their officers, employees, agents and associates. Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

In considering whether to invest in the Portfolio, investors should consider the risk factors that could affect the financial performance of the Portfolio. Some of the risk factors affecting the Portfolio are summarised in Section 6.

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended ("US Securities Act"). Equity Trustees may vary its position and offers may be accepted on merit at Equity Trustees' discretion. The units in the Portfolio have not been, and will not be, registered under the US Securities Act unless otherwise determined by Equity Trustees and may not be offered or sold in the US to, or for, the account of any US Person (as defined) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

If you received this PDS electronically, you will need to print and read this document in its entirety. We will provide a paper copy free upon request during the life of this PDS.

Certain information in this PDS is subject to change. We may update this information. You can obtain any updated information:

- by contacting Stonehouse on 1300 778 633; or
- by visiting the Stonehouse website at www.stonehousegroup.com.au

A paper copy of the updated information will be provided free of charge on request.

You may also contact Equity Trustees:

- by writing to GPO Box 2307 Melbourne VIC 3001; or
- by calling +613 8623 5000

Unless otherwise stated, all fees quoted in the PDS are inclusive of GST, after allowing for an estimate for Reduced Input Tax Credits ("RITC"). All amounts are in Australian dollars unless otherwise specified. All references to legislation are to Australian law unless otherwise specified.

1. The Portfolio at a glance

Core Value Portfolio ARSN 162 396 885 APIR SLT0037AU	
Snapshot	A diversified investment portfolio with the flexibility to be managed more conservatively or aggressively, able to be used as the 'core' of a client's portfolio when appropriate.
What the Portfolio invests in	• Cash and fixed interest: 15 to 60% • Property: 0 to 25% • Equities: 25 to 65% • Alternatives: 5 to 35%
Performance objectives	Over rolling 5 year periods, • Returns of 3.5% p.a. above the Cash Rate[1], and • 6% p.a. target volatility as measured by standard deviation of returns[2].
Level of risk over suggested investment timeframe	Medium.
Suggested investment timeframe	Minimum 5 years.
Portfolio inception	April 2013.
Management Costs	Management costs are capped at 0.77% p.a. of the Net Asset Value ("NAV") (including GST less RITCs)
Performance Related Fee	This is a fee only payable when both the High Water Mark and the Cash Rate for the Portfolio are exceeded. A Performance Related Fee is calculated as 10.25% (including net GST) on any Portfolio performance above the High Water Mark and the Cash Rate. Refer to section 5 for details.
Minimum initial investment and account balance	$25,000
Minimum withdrawal and additional investment	$1,000
Applications	Weekly and monthly.
Withdrawals	Weekly and monthly.
Distributions	30 June and 31 December. Distribution amounts will vary and there may be occasions when there is no distribution paid.
Entry/exit fee	None.
Buy and Sell Spreads	Both 0.25% but zero for reinvested distributions.
Unit prices	Weekly and monthly.

[1] The Cash Rate is the 30 day Australian Bank Bill return. The performance objective is expressed after the deduction of Management Costs. See section 5 for details on fees and costs and section 8 for details on taxation. Performance (or investment) objectives are not intended to be a forecast. The Portfolio may not achieve its objectives. Returns are not guaranteed.

[2] Volatility is a measure of how quickly investment returns go up and down - the higher the percentage, the faster it moves up and down. For the more scientifically minded it is measured by standard deviation, a measure of the degree of variation of returns around the mean (average) return, where increasing levels of dispersion around the mean leads to a higher standard deviation, indicating a higher degree of volatility and risk.

2. Who is managing the Portfolio?

The Responsible Entity

Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975, a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Portfolio's responsible entity and issuer of this PDS. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Portfolio's responsible entity are governed by the Portfolio's constitution ("Constitution"), the Corporations Act and general trust law. Equity Trustees has appointed Stonehouse as the investment manager of the Portfolio. Equity Trustees has appointed a custodian to hold the assets of the Portfolio. The custodian has no supervisory role in relation to the operation of the Portfolio and is not responsible for protecting your interests.

The Investment Manager

About Stonehouse

Stonehouse is a privately-owned financial planning and investment management firm that can be traced back to 1974.

Stonehouse in its current form was forged through the consolidation of two successful financial planning firms, and obtained its own Australian Financial Services Licence in 2006.

Since then, Stonehouse has flourished through its core values of independence of ownership and the tailoring of individual wealth management strategies incorporating the very highest quality financial assets available throughout the Australian and international investment markets. The consistent and prudent approach to the management of client assets has seen Stonehouse grow from its headquarters in Brisbane, to various locations throughout Queensland and New South Wales.

The investment management philosophy of Stonehouse is founded on the following principles:

- Diversification - Holding an astute mix of assets and strategies that have attractive risk and return characteristics and are sufficiently robust to withstand a range of different economic and market conditions.
- Preservation of capital - Aiming to limit losses during difficult market conditions via methods such as dynamic asset allocation and the use of alternative investments which are often designed to take advantage of volatile or downward trends in markets. This is crucial to the method of generating and sustaining long term wealth.
- Value based investing - Constantly analyse asset class valuations to establish those that are under-and over-valued relative to their 'intrinsic' value. Essentially Stonehouse aims to invest in assets that are cheap or, under-valued, and take profits or rebalance when markets become over-valued.
- Active management - Regularly monitoring investments and being more active in reallocating from both an asset allocation and individual investment standpoint to help ensure optimal results and the avoidance of numerous risks associated with a simple 'index' or 'strategic' approach.

The translation of Stonehouse principles into a dynamically managed portfolio facilitates the seamless management of client funds in a way that both modern technology and risk management techniques provide.

Stonehouse holds an Australian Financial Services Licence (No. 292469), granted by the Australian Securities and Investments Commission (ASIC).

The Stonehouse Team

Stonehouse Senior Partners chair the Investment Committee which is responsible for managing the Portfolio, in turn supported:

- internally by the key investment consultants who bring a broad array of knowledge, skills and expertise from years of experience in portfolio management, and
- externally by Quilla Consulting which provides expert investment and asset consulting support to Stonehouse.

External Asset Consultants

Quilla Consulting is an independent, boutique investment manager providing structured solutions that are managed to meet specific portfolio objectives.

Quilla Consulting specialise in:

- Manager Research, incorporating their own qualitative and quantitative research; and
- Asset allocation analysis across multiple asset classes and strategies. Asset allocation strategy has been proven to be the primary driver of outcomes for multi-asset portfolios.
- Detailed analysis covering Stress Testing and Back Testing.

This approach increases the likelihood of portfolios achieving their objectives (i.e. smaller draw downs, more risk control and higher probability of achieving return objectives).

The Custodian and Administrator

BNP Paribas Securities Services

The Responsible Entity has appointed BNP Paribas Securities Services to act as administrator for the Portfolio. In this capacity, the Administrator performs all general administrative tasks for the Portfolio, including keeping financial books and records and calculating the Net Asset Value of the Portfolio.

The Responsible Entity has entered into an administration agreement with the Administrator, which governs the services that will be provided by the Administrator.

The Investment Manager may at any time, in consultation with the Responsible Entity, select any other administrator to serve as administrator to the Portfolio.

3. About the Portfolio

Summary

Core Value Portfolio	
Return objectives	The aim, over 5 year rolling periods, is returns of 3.5% p.a. above the Cash Rate and medium volatility.
Risk	The balanced nature of the Portfolio gives it a medium risk profile.

Why use the Portfolio?

By investing in the Portfolio, investors receive a diversified investment composition with a focus on the assets achieving positive returns through all market cycles over 5 year rolling periods, thereby likely enhancing the long term return potential of the Portfolio.

The Portfolio has the flexibility to be managed more conservatively or aggressively and able to be used as the core of a client's own portfolio when appropriate.

Investors can complement the Portfolio via the addition of other recommended / existing mainstream investments or, where appropriate, the Portfolio can be used as a total investment solution.

Benefits

This Portfolio can help investors by:

- enabling the core of client portfolios to be continually reviewed and rebalanced as economic and market conditions change,
- utilising dedicated investment, economic and asset consulting specialists to provide insight into micro- and macro-economic conditions,
- applying systematic risk management and rigorous due diligence processes to inform portfolio composition and changes as required, and
- accessing wholesale investment vehicles not ordinarily available to retail investors.

What the Portfolio invests in

The Portfolio is multi-manager and multi-asset class, employing a flexible approach to asset allocation and a broad range of potential investments.

In order to achieve its objectives, the Portfolio is able to access investment opportunities, markets and diversity which individual investors may not be able to access directly themselves, with exposure to a broad range of Australian and International investments, many of which are themselves further diversified, and seeks opportunities across various assets, sectors, styles and strategies.

Additionally, the Portfolio has the flexibility to minimise exposure to investments believed to have a high risk of delivering disappointing returns, operating within wide asset allocation ranges rather than being tied to rigid strategic asset allocation benchmarks.

The Portfolio can also often gain access to investments for less cost than individual investors could achieve, and use highly efficient portfolio construction and risk management techniques that are often not available to retail investors, such as using derivatives selectively to help reduce the impact of currency fluctuations.

The Portfolio can use "alternative" investments, which can provide useful diversification benefits in difficult market conditions. See below for a description of what "alternative" investments can include. Although some alternative investments can be less liquid than mainstream assets, overall portfolio liquidity is managed with the goal of providing acceptable withdrawal periods to investors.

Asset ranges

The Portfolio offers exposure to local and international equities, property, fixed interest and alternative investments, as well as some cash. It is generally managed within the following asset allocation ranges:

Asset class	% of Net Asset Value
Cash and fixed interest	15 to 60%
Property	0 to 25%
Equities	25 to 65%
Alternatives	5 to 35%

Any private equity and long biased equity hedge funds fall within the Equities asset class. Alternative investments include lowly correlated (market neutral) hedge funds, trading funds/managed futures and commodities. Some of these alternative investments may exhibit low risk, incremental return characteristics.

The actual investment mix can change significantly and quickly as markets move, and occasionally the Portfolio may move outside the ranges specified above by up to 10% of Net Asset Value (and at times exposures may remain outside their range, for example where risk is being reduced or to plan for upcoming redemptions or distributions).

Performance objectives

The Portfolio aims to produce returns above the prevailing Cash Rate after fees, over the medium to long term, with medium risk.

Particularly, its objectives are to achieve, over rolling 5 year periods:

- returns of 3.5% p.a. above the Cash Rate, and
- 6% p.a. target volatility

as measured by standard deviation of returns, but remember that neither of these are guaranteed, forecast or promised.

For performance and asset exposure of the Portfolio, please speak to your adviser or visit www.stonehousegroup.com.au.

Investment operations

Stonehouse and Quilla Consulting have each appointed experienced executives to the Portfolio Investment Committee.

This committee is Stonehouse's principal investment body. It is responsible for managing and reviewing the performance of the Portfolio in line with its objectives and mandate limits, and meets formally at least monthly. Members of the committee will also regularly review market conditions, assessing any new information which has become available, and making day to day decisions on investment changes.

Investment process

The investment process is a dynamic one that aims to ensure that the investment objectives of the Portfolio are met.

In short, the aim is to help investors create wealth carefully over time through a Portfolio to forego some of the larger gains in boom periods, while seeking to deliver competitive returns in calmer phases and avoiding heavy losses to capital in difficult market conditions.

Stonehouse does this by:

- positioning the Portfolio with the appropriate asset mix to achieve the investment objectives based on forward looking scenarios, asset class valuation models, sentiment and momentum indicators,
- investing in value based opportunities across different markets, investment managers and strategies through a rigorous due diligence process,
- focusing on preserving capital by aiming to limit major capital losses during difficult market conditions, through the use of alternative investments and sophisticated portfolio protection strategies, and
- taking a medium to long term approach.

4. How the Portfolio is managed

Multi-manager, multi-asset class

The Portfolio is multi-manager and multi-asset class.

This is an investment approach that combines asset allocation advice, investment manager selection, risk management services, administration and reporting into a convenient portfolio.

Having these services combined can save investors time, money and stress, as these important tasks are undertaken by a dedicated team of experienced investment professionals.

Active management

The Portfolio reflects core views on the way markets are expected to develop over the medium term.

The investment process is dynamic, managed in real time. Only the most appropriate investments are represented in the Portfolio.

Quilla Consulting's full time research consulting team provides expertise to the Portfolio Investment Committee to manage the overall asset allocation of the Portfolio.

Comprehensive research and portfolio construction

The underlying investments are blended to target the appropriate portfolio outcome and access some of the world's premier global mainstream and alternatives managers.

Quilla Consulting's proprietary research and investment models, together with selected research from respected providers, are employed in the management of the Portfolio.

There is a constant strive to mix the assets of the Portfolio to best reflect those asset classes or sectors that offer the best risk-reward trade-offs. Allocation is then made to carefully selected investment managers who are considered to be specialists within their asset class or sector. The Portfolio will also invest directly into asset classes when considered prudent to do so.

Why diversification is important

The aim is to ensure that the Portfolio is truly diversified.

True diversification is key to minimising the impact of unexpected risk and return outcomes.

There is flexibility to tilt the Portfolio towards those asset classes or sectors which are considered more likely to achieve the long term return objectives and avoid those with a higher risk of delivering disappointing returns. There is flexibility to invest across wide asset allocation ranges, ranges not constrained by strategic asset allocation benchmarks.

The Portfolio reflects core views on the way markets are expected to develop over the medium to long term. To ensure appropriate diversification, alternative scenarios are taken into account which, though perhaps considered less likely, could otherwise result in significantly different risk and return outcomes.

In short, this is a truly diversified portfolio — designed to generate attractive, regular compounding returns under the core scenario and be robust enough to withstand the impacts of these alternative scenarios in order to limit any major reductions of capital.

The focus is on investment outcomes. Investment decisions do not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments.

Why alternative investments are important

Alternative investments are those other than shares, property, cash and fixed interest.

These days, many consider alternative investments not so alternative. Rather, many institutional and sophisticated investors are realising that alternative investments should form an essential part of any robust portfolio.

Alternative investments are important because they provide different sources of returns, returns that can often be lowly correlated to those investments that make up mainstream markets, so that when a mainstream investment falls in value, an alternative investment that is lowly correlated with that mainstream investment may fall far less or may even increase in value.

Quilla Consulting has always incorporated appropriate alternative investments within diversified portfolios, generally far more than traditional diversified funds, as a result of Quilla Consulting's long held belief that it is just as important to minimise the downside when constructing portfolios to preserve or increase its clients' wealth.

Alternative investments can include:

- hedge funds,
- managed futures,
- private equity,
- commodities,
- infrastructure, and
- gold and other precious metals.

Investing in alternatives can also include investing in traditional markets, but in non-traditional ways. For example, an investment manager may be able to 'short' equities, allowing them to profit when traditional shares fall in value.

5. Fees and other costs

The warning statement below is required by law to be displayed at the beginning of the 'Fees and other costs' section of product disclosure statements for managed investment products. The example given in the warning statement does not relate to any investments described within this PDS.

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

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

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Portfolio's assets as a whole.

Information about taxation is set out in Section 10 of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment. For Indirect Investors, the fees listed in the 'Fees and other costs' section of this PDS are in addition to any other fees and charges charged by your IDPS Operator.

Additional explanation of fees and costs

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Portfolio		
Establishment fee The fee to open your investment	Nil	There is no establishment fee payable when you set up your investment in the Portfolio.
Contribution fee The fee on each amount contributed to your investment	Nil	There is no contribution fee payable when you invest in the Portfolio.
Withdrawal fee The fee on each amount you take out of your investment	Nil	There is no withdrawal fee payable when you withdraw investments from the Portfolio.
Exit fee The fee to close your investment	Nil	There is no exit fee payable when you close your investment in the Portfolio.
Management costs		
The fees and costs for managing your investment[1]	**Management costs**: 0.77% p.a. of the Net Asset Value (NAV) of the Portfolio[2]	The Management Costs include the responsible entity's fee, investment management fees, asset consulting fees, custodian fees, administration fees and other ordinary expenses.
	Plus **Indirect costs**[3]: 0.64% p.a.	The indirect costs are calculated with reference to the relevant costs incurred during financial year ended 30 June 2019. See "Indirect costs" below for more information.
	Plus **Performance fee**[4]: 10.25% p.a. of the investment return above the Cash Rate.	The performance fee is calculated and accrued weekly, based on the NAV of the Portfolio, subject to the high-water mark. It is paid monthly from the Portfolio's assets.

Type of fee or cost	Amount	How and when paid
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable

[1] All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how management costs are calculated.

[2] Management costs can be negotiated. See "Differential fees" below.

[3] The indirect costs are calculated and incorporate estimated amounts with reference to the predicted relevant costs incurred during financial year ended 30 June 2019. See "Indirect costs" below for more information.

[4] This represents the performance fees which are payable as an expense of the Portfolio to the Investment Manager. See "Performance fees" below for more information.

Additional Explanation of fees and costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that an investor incurs by investing in the Portfolio rather than by investing directly in the assets.

The management costs of 0.77% p.a. of the NAV of the Portfolio include fees payable to the Responsible Entity, the Investment manager and the Asset Consultant of the Portfolio including for managing the assets and overseeing the operations of the Portfolio. The management costs are accrued weekly and paid from the Portfolio monthly in arrears and reflected in the unit price. As at the date of this PDS, ordinary expenses such as investment management fees, consultant fees, custodian fees (excluding transaction-based fees such as trading or settlement costs incurred by the custodian), administration and audit fees, and other ordinary expenses of operating the Portfolio are covered by the management costs at no additional charge to you.

The management costs shown above do not include extraordinary expenses, including such as litigation costs and the costs of convening unitholder meetings. If they are incurred in future, they can be additionally recovered from the Portfolio.

In addition, management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through Buy/Sell Spreads).

Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Portfolio exceeds the performance of the 30 day Australian Bank Bill return. The performance fees are 10.25% of this excess, calculated weekly and paid monthly in arrears from the Portfolio and calculated based on the beginning NAV of the Portfolio over the relevant period.

No performance fees are payable unless the unit price at the end of the relevant month is greater than the highest month end unit price previously achieved by the Portfolio, adjusted for any distributions. (this feature is referred to as a high-water mark).

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 $220.16 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.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Portfolio will be, but it will be reflected in the management costs for the Portfolio for the relevant year. Information on current performance fees will be updated from time to time and available at www.stonehousegroup.com.au.

Indirect costs

Indirect costs include fees and management costs (if any) arising from underlying funds and a reasonable estimate of the cost of investing in over-the-counter derivatives to gain investment exposure to assets or implement the Portfolio's investment strategy. Indirect costs are reflected in the unit price of the Portfolio and borne by Investors, but they are not paid to the Responsible Entity or Investment Manager.

The estimated components of the Portfolio's indirect costs are based on the financial year ended 30 June 2019. Actual indirect costs for future years may differ. If in future there is an increase to indirect costs disclosed in this PDS, updates will be provided on Equity Trustees' website at www.eqt.com.au/insto where they are not otherwise required to be disclosed to investors under law.

Actual indirect costs for future years may differ. If in future there is an increase to indirect costs disclosed in this PDS, updates will be provided on Equity Trustees' website at www.eqt.com.au/insto where they are not otherwise required to be disclosed to investors under law.

Transactional and operational costs

In managing the assets of the Portfolio, the Portfolio may incur transaction costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold. This generally happens when the assets of a fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of a fund.

The Buy/Sell Spread is a reasonable estimate of transaction costs that the Fund will incur when buying or selling assets of the Fund. These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing applications monies and funding withdrawals from the Fund and are not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption and not paid to Equity Trustees or the Investment Manager. The estimated Buy/Sell Spread is 0.25% upon entry and 0.25% upon exit. The dollar value of these costs based on an application or a withdrawal of $25,000 is $62.50 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Transactional costs which are incurred other than in connection with applications and redemptions arise through the day-to-day trading of the Portfolio's assets and are reflected in the Portfolio's unit price. As these costs are factored into the net asset value of the Portfolio and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to securities traded by the Portfolio. Liquid securities generally have a lower bid-offer spread while less liquid assets have a higher bid-offer spread reflecting the compensation taken by market makers in providing liquidity for that asset.

For the financial year ended 30 June 2019, the total transaction costs for the Portfolio are estimated to be 0.20% of the NAV of the Portfolio, of which 29.97% of these transaction costs will be recouped via the Buy/Sell Spread, resulting in a net transactional cost to the Portfolio of 0.14% p.a. However, such costs for future years may differ.

Paying your adviser

You can use the Application Form to pay your adviser. This is not compulsory and is negotiable. Speak to your adviser. See the Application Form for details.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. Equity Trustees has the right to recover all proper and reasonable expenses incurred in managing the Portfolio and as such these expenses may increase or decrease accordingly. We will generally provide investors with at least 30 days' notice of any proposed change to the management costs. In most circumstances, the Constitution defines the maximum fees that can be charged for fees described in this PDS.

Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Portfolio on their investment menus. Product access is paid by the Investment Manager out of its management fees and is not an additional cost to the investor. If the payment of annual fees to IDPS Operators is limited or prohibited by the law, Equity Trustees will ensure the payment of such fees is reduced or ceased.

Differential fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients.

Example of annual fees and costs for the Portfolio

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

Example – Core Value Portfolio		
BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR		
Contribution Fees	Nil	For every $5,000 you put in, you will be charged $0
Plus Total Costs **Comprising**:	1.55% p.a.	**And**, for every $50,000 you have in the Portfolio you will be charged $775 each year comprising:
Management fees:	0.77% p.a.	$385
Indirect costs:	0.64% p.a.	$320
Performance fees:	0.14% p.a.	$70
Equals Cost of Portfolio		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, then you would be charged fees of: $775* **What it costs you will depend on the fees you negotiate.**

* This example assumes the $5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the $50,000 balance only. Indirect costs are not a fee earned by or paid to the Responsible Entity or the Investment Manager.

Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in the Portfolio.

The performance fees stated in this table shows the estimated performance fees for the financial year ended 30 June 2019 as a percentage of the Portfolio's average NAV. The performance of the Portfolio, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Portfolio or the amount of the performance fees in the future. See also above (next to the heading "Performance fees") our estimated typical ongoing performance fees fee payable per annum. The actual indirect costs and performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Portfolio, visit Equity Trustees' website at www.stonehousegroup.com.au. Past performance is not a reliable indicator of future performance.

6. Risk and risk management

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Portfolio. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

The Responsible Entity and the Investment Manager do not guarantee the liquidity of the Portfolio's investments, repayment of capital or any rate of return or the Portfolio's investment performance. The value of the Portfolio's investments will vary. Returns are not guaranteed and you may lose money by investing in the Portfolio. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may change in the future. The structure and administration of the Portfolio is also subject to change.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Portfolio is suitable for your circumstances. If you require personal financial or taxation advice, you should contact a licensed financial adviser and/or taxation adviser.

Key Risks

Investment risk

What is investment risk?

This is the risk that the value of an individual investment in a portfolio may change in value or become more volatile, potentially causing a reduction in the value of the Portfolio and increasing its volatility.

Reasons can be many, and include changes in an investment's operations, management or business environment, or what people think of the investment.

How is this addressed?

The Portfolio Investment Committee chooses and monitors the chosen underlying investments and managers carefully, and changes them when it thinks it appropriate.

The Portfolio is diversified, including by setting limits such as at the individual investment level.

Market risk

What is market risk?

This is the risk that an entire market, country or economy changes in value or becomes more volatile, including the risk that the purchasing power of the currency changes (either through inflation or deflation), potentially causing a reduction in the value of the portfolio and increasing its volatility.

Reasons can be many, and include changes in economic, financial, technological, political, climate or legal conditions, natural and man-made disasters, conflicts and changes in market sentiment.

How is this addressed?

The Portfolio Investment Committee monitors markets globally, as it considers appropriate and practicable, undertaking its own research as well as analysing leading market research, and uses sophisticated tools to model Portfolio behaviour under various conditions. The Portfolio is diversified across markets and is repositioned strategically as considered appropriate.

Borrowing risk

What is borrowing risk?

This is the risk associated with borrowing (or gearing or leverage), particularly that borrowing (both direct borrowing or indirect borrowing using derivatives) magnifies both good and bad returns. Also the inability to borrow as and when needed, and a lender who suffers financial problems, can adversely affect the Portfolio.

How is this addressed?

Any borrowing in the Portfolio is limited: from time to time relatively small amounts may be borrowed on an interim basis to take advantage of specific investment opportunities, or to meet redemptions, distributions, or short term Portfolio obligations, and then only if the borrowing is considered to be prudent and in the best interests of all investors. Such borrowing is only from leading banks. Borrowing would not result in the Portfolio being leveraged.

The Portfolio Investment Committee takes into account any borrowing by underlying investments when deciding whether to include them in the Portfolio.

Financial instruments risk

What is financial instruments risk?

This is the risk associated with using sophisticated financial instruments such as derivatives, including swaps and options. Risks associated with using these tools include the value of a derivative failing to move in line with the underlying asset, potential illiquidity of a derivative, the Portfolio (or the underlying investment) not being able to meet payment obligations as they arise, potential leverage (or gearing) resulting from the position and counterparty risk (counterparty risk is where the other party to the derivative cannot meet its obligations).

How is this addressed?

The Portfolio Investment Committee may use derivatives where it considers it appropriate to reduce Portfolio risk or to gain exposures to certain types of assets. Derivatives can include instruments such as futures, options, forward currency contracts and swaps, and these may be exchange-traded or over-the-counter. The Portfolio does not use derivatives to create leverage in the Portfolio.

Leading professionals are employed and always have a thorough understanding of the financial instruments used. We deal with issuers and counterparties we consider to be reputable. If using a financial instrument brings with it the potential to pay more money, the Portfolio Investment Committee makes sure it has the money or assets set aside.

Such exposures are monitored frequently (usually daily), and they may be adjusted to maintain appropriate exposures. To the extent considered appropriate and practicable the Portfolio Investment Committee aims to ensure that underlying investment managers have derivatives strategies which are considered acceptable.

The Portfolio may invest in underlying funds that may use derivatives to manage risk and/or gain exposure to asset classes. Derivatives used in an underlying fund may result in leverage: that is, the effective exposure to a particular asset, asset class or combination of asset classes exceeding the value of that underlying investment portfolio. The effect of using derivatives to provide leverage may not only result in capital losses but also an increase in the volatility and magnitude of the returns (both positive and negative) for the underlying investment portfolio. Leverage magnifies returns and magnifies losses. By way of a simple example, assume the underlying investment portfolio's investments were $10m and leverage represented a further $10m.

A 1% increase in the return on the assets of the underlying investment portfolio results in a 2% increase in return. But 1% decrease in the return on the assets of the underlying investment portfolio results in a 2% loss.

Unfortunately using Derivatives to reduce Portfolio risk is not always successful, is not always used to offset all relevant Portfolio risk, and is sometimes not cost effective or practical to use.

Interest rates risk

What is interest rate risk?

This is the risk that changes in interest rates can have a negative impact on certain investment values or returns.

Reasons for interest rates changes are many and include changes in inflation, economic activity and Reserve Bank policies.

How is this addressed?

The Portfolio Investment Committee monitors interest rate impact on the Portfolio, and adjusts the Portfolio as it considers appropriate. It may also seek to offset (or hedge) some interest rate exposure where practicable and cost effective.

Inflation risk

What is inflation risk?

This is the risk that increases in inflation will undermine the performance of the various investment markets in which the Portfolio invests. As noted above inflation can also have an effect on Reserve Bank policies.

Reasons for inflation are varied. Some reasons can include (but are not limited to) growth of the money supply and the rising costs of raw materials, labour and/or production.

How is this addressed?

The Portfolio Investment Committee monitors inflation rates in key economies that could impact on the Portfolio. The Portfolio can invest in assets whose goal is to partly or fully reduce the risk of inflation on the Portfolio. Such investments can have anti-inflationary characteristics such as inflation linked bonds, gold and products linked to the price of gold.

Currency risk

What is currency risk?

This is the risk that changes in the value of currencies can have a negative impact on returns.

This risk arises because investments which are based overseas or which are exposed to other countries are often denominated in other currencies. When currencies change in value relative to one another, the value of investments based on those currencies can change as well.

Investment managers sometimes aim to “hedge” some of this risk. This involves some financial arrangement designed to offset changes in currencies. Sometimes derivatives can be used for this purpose.

Unfortunately hedging is not perfect. It is not always successful, is not always used to offset all Portfolio currency risk and is sometimes not cost effective or practical to use.

How is this addressed?

To the extent it is considered appropriate and practicable, the Investment Manager may hedge some foreign currency risk or use investment managers which do so from time to time.

In spite of some potential hedging from time to time, currency risk remains and currency movements will have both a positive and negative impact on the Portfolio.

Withdrawal risk

What is withdrawal risk?

This is the risk that your withdrawal requests cannot be met when you expect.

Cash is paid to your account when you withdraw, as such investments in the Portfolio may need to be sold to pay you. Depending on factors such as the state of the markets, selling investments is not always possible, practicable or consistent with the best interests of investors.

This is one of the reasons why the Constitution specifies limited circumstances where there could be a delay in meeting your withdrawal requests. The law sometimes restricts withdrawals.

The Portfolio is not listed on any stock exchange, so selling your units through a stockbroker is not possible and, although you may sell your units, you may not find a buyer or a buyer at the price you want (see section 10).

How is this addressed?

The Portfolio Investment Committee seeks to meet withdrawal requests soon after the Portfolio receives them (see section 10).

The Portfolio Investment Committee does this by monitoring Portfolio liquidity levels and seeking to ensure it has, or anticipates having access to, enough liquid assets for when it is anticipated they would normally be needed.

Structure risk

What is structure risk?

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

Risks associated with investing in the Portfolio include that it could be terminated, there can be changes in the responsible entity , the Investment Manager, the Asset Consultant or chosen investment managers (or in investment and management teams or key relationships), someone involved with your investment (even remotely) does not meet their obligations or perform as expected, assets may be lost, not recorded properly or misappropriated, laws may adversely change, insurers may not pay when expected or insurance may be inadequate. Investment decisions by us or chosen investment managers, although taken carefully, are not always successful.

Investing through an IDPS also brings some risks that the IDPS Operator may not perform its obligations properly.

Investing in the Portfolio may give inferior results compared to investing directly (for example you avoid the impact of others coming and going and may be able to manage your tax situation better). The value of the Portfolio’s underlying investments, as obtained from independent valuation sources, may not accurately reflect the realisable value of those investments.

How is this addressed?

The Responsible Entity and the Investment Manager diligently comply with laws. Disaster recovery systems and procedures are regularly tested. Insurance is maintained as law requires. We employ a range of people we trust, who are ethical, experienced and professional.

How risks are managed

Whenever investments are made, the potential for returns in light of the likely risks involved are carefully assessed. Risk is considered at every stage and level of the investment process. As far as is practicable, risk is managed at both the individual investment and the Portfolio level, both pre-investment and post-investment, and equal emphasis is placed on the portfolio construction and the portfolio management processes.

This disciplined approach includes:

- the careful selection and monitoring of underlying investments and investment managers, including monitoring their key risks and expected behaviour to quickly identify and address any exceptions,
- applying a rigorous portfolio construction process using sophisticated proprietary risk modelling systems,
- ensuring appropriate diversification across investment managers, investment sectors and geographic locations,
- using sophisticated financial tools to offset specific risks,
- conducting comprehensive investment and compliance monitoring and reporting,
- employing straight-through-processing for many operations via central databases and automated systems, and
- maintaining a comprehensive business continuity plan including a remote site, fully tested at least annually.

However, many risks are difficult or impracticable to manage effectively and some risks are beyond our and the Investment Manager's control altogether. Remember, investing involves risk, and you can lose as well as make money. Neither returns nor the money you invest in the Portfolio is guaranteed.

If you have any concerns regarding risks you should contact your adviser.

Risk generally

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

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

The level of risk for you particularly will vary depending on a range of other factors, including age, investment timeframe, how other parts of your wealth are invested, and your risk tolerance. If you are unsure whether this investment is suitable for you, we recommend you consult a professional financial adviser.

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

Risk measure

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

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

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

7. Keeping track of your investment

Complaints resolution

Equity Trustees has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: 1300 133 472
Post: Equity Trustees Limited
GPO Box 2307, Melbourne VIC 3001
Email: compliance@eqt.com.au

We will acknowledge receipt of the complaint as soon as possible and in any case within 3 days of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 45 days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("AFCA").

Contact details are:
Online: www.afca.org.au
Phone: 1800 931 678
Email: info@afca.org.au
Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it's important that you contact us first.

Reports

We will make the following statements available to all investors;

- A transaction confirmation statement, showing a change in your unit holding (provided when a transaction occurs or on request).
- The Portfolio's annual audited accounts for each period ended 30 June.
- Annual distribution, tax and confirmation of holdings statements for each period ended 30 June.
- Annual report detailing each of the following:
  – the actual allocation to each asset type;
  – the liquidity profile of the portfolio assets as at the end of the period;
  – the maturity profile of the liabilities as at the end of the period;
  – the derivative counterparties engaged (including capital protection providers); and
  – the leverage ratio (including leverage embedded in the assets of the Portfolio, other than listed equities and bonds) as at the end of the period;
  – the key service providers if they have changed since the latest report given to investors, including any change in their related party status.

The latest annual report will be available online from www.stonehousegroup.com.au.

The following information is available on Stonehouse's website and/or is disclosed monthly:

- the current total NAV of the Portfolio and the withdrawal value of a unit in each class of units as at the date the NAV was calculated;
- the monthly or annual investment returns over at least a five-year period (or, if the Portfolio has not been operating for five years, the returns since its inception);
- any change to key service providers if they have changed since last report given to investors;
- for each of the following matters since the last report on those matters:
  – the net return on the Portfolio's assets after fees, costs and taxes;
  – any material change in the Portfolio's risk profile;
  – any material change in the Portfolio's strategy; and
  – any change in the individuals playing a key role in investment decisions for the Portfolio.

By applying to invest in the Portfolio, you agree that, to the extent permitted by law, any periodic information which is required to be given to you under the Corporations Act or ASIC policy can be given to you by making that information available on Equity Trustees' or the Investment Manager's website.

Please note that Indirect Investors who access the Portfolio through an IDPS will receive reports directly from the IDPS Operator and not from the Responsible Entity. However, Equity Trustees will be providing the reports described above to relevant IDPS Operators. Indirect Investors should refer to their IDPS Guide for information on the reports they will receive regarding their investment.

If and when the Portfolio has 100 or more direct investors, it will be classified by the Corporations Act as a 'disclosing entity'. As a disclosing entity the Portfolio will be subject to regular reporting and disclosure obligations. Investors would have a right to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report lodged with ASIC ("Annual Report");
- any subsequent half yearly financial report lodged with ASIC after the lodgement of the Annual Report; and
- any continuous disclosure notices lodged with ASIC after the Annual Report but before the date of this PDS.

Equity Trustees will comply with any continuous disclosure obligation by lodging documents with ASIC as and when required.

Copies of these documents lodged with ASIC in relation to the Portfolio may be obtained through ASIC's website at www.asic.gov.au.

8. Tax

Tax implications

This information is a general guide only for Australian resident investors who hold their investment on capital account for income tax purposes and is based on our interpretation of the Australian taxation laws and Australian Taxation Office (ATO) administrative practices as at the date of the publication of this PDS.

Tax can be complex and this guide is not intended to be a complete statement of all relevant tax laws. Investing through a trust can also mean different things for you from a tax perspective. It is important that you seek timely professional tax advice concerning the particular tax implications before making investment decisions.

Distributions

The Fund usually distributes income annually effective at the end of June each year, however distribution frequency can be changed by the RE without notice. Distributions are calculated effective the last day of the distribution period and are normally paid to investors as soon as practicable after the distribution calculation date. The Fund's policy is to distribute all cash income of the Fund unless we consider it in the best interests of investors as a whole to do otherwise.

The Australian Government has enacted a regime for the taxation of managed investment trusts (MITs), referred to as the Attribution Managed Investment Trust (AMIT) rules which may impact how the Fund's tax calculations are prepared (refer below). Where the Fund is a MIT it will make/rely on an election to apply deemed capital account treatment for gains and losses on disposal of eligible investments (including equities and units in trust).

Attribution Managed Investment Trusts (AMITs)

Where the Fund is subject to the new AMIT tax regime:

- The taxable income of the Fund is attributed to you by the Responsible Entity (RE) on a fair and reasonable basis and in accordance with the Fund's constitution. You have rights in limited circumstances to object to any such decision however, we expect that for the most part, all investors of each class will be treated the same.
- Subsequent to its annual distribution, the Fund may discover that it under or over distributed its determined trust components (e.g. where actual amounts differ to the estimates of income used in the distribution calculation). If the amount distributed to an investor exceeds the taxable income attributed to the investor, investors should be entitled to a decrease in the tax cost base of their units. Estimates of these net cost base increase or decrease amounts will also be provided to investors through the AMIT Member Annual Statement ("AMMA Statement").
- Unders and overs of trust components will generally be carried forward and included as an adjustment in the calculation of distributions in the year of discovery.

Non – Attribution Managed Investment Trusts (non-AMIT)

Where the Fund does not qualify or elect to be an AMIT, it will be subject to ordinary trust taxation provisions in the tax legislation.

Investors in the Fund will be made 'presently entitled' to and distributed all of the income of the Fund each year, and will be assessed on their proportionate share of the taxable income of the Fund each year.

Taxation of Australian resident investors

Australian resident investors will be required each year to include in their own tax calculations and tax return filings the assessable income, exempt income, non-assessable income and tax offsets allocated to them by the Fund.

The Australian tax law may impact the time that income is brought to account as assessable and included in an investors taxable income. Broadly, the Taxation of Financial Arrangements (TOFA) rules may affect the time at which gains and losses from financial arrangements held by the Fund are recognised for income tax purposes, including whether the gains and losses are recognised on an accruals or realisation basis. Certain foreign income may also be recognised on an accruals basis.

You may be entitled to tax offsets (such as franking credits attached to dividend income and credits for tax paid on foreign income) which may reduce the tax payable by you, and concessional rates of tax may apply to certain forms of taxable income such as capital gains. The ability to utilise these tax offsets and concessional rates of tax may be subject to certain requirements being satisfied.

Withdrawals

Australian investors may be liable for tax on any gains realised on the disposal of units when they make a withdrawal from the Fund or when ownership of their units' changes. In calculating any capital gain or capital loss under the CGT provisions, any taxable capital gain arising on disposal of your units may form part of your assessable income. Some investors may be eligible for the CGT discount upon disposal of their units if the units are held of a period of more than 12 months, and certain other requirements are satisfied. You should always obtain professional tax advice about the availability of the CGT discount provisions.

Offshore tax rules

The Australian tax treatment of offshore investments is complex. The type of offshore investment held by the Fund may impact the nature of the income and gains derived, as well as the timing of when these amounts are recognised. For example, gains in respect of certain offshore investments may be treated as deemed dividends for Australian tax purposes and capital account treatment not available.

Under Australia's offshore tax rules, the ATO also expects that tax be paid by Australian investors on some gains made on an accruals basis even though those gains realised offshore are not yet received by investors in Australia. This can mean there could be a cash flow issue for investors where there is a liability with no matching payment to fund the liability. If Fund distributions are insufficient, you will need to independently fund any such tax liability.

The Fund's offshore investments may also be subject to foreign income and withholding taxes. Investors may be eligible for tax offsets in respect of these foreign taxes where certain requirements are satisfied.

Foreign investors

If you are a non-resident of Australia for tax purposes, the Responsible Entity may be required to withhold tax from taxable income distributions allocated to you.

Additionally, certain laws focus on investors who are not Australian residents for tax purposes. These laws include the US based 'FATCA' laws, and also the 'Common Reporting Standard' which is designed to be a global standard for collection and reporting of tax information. Generally, we report this to the ATO, who then shares this with relevant foreign authorities.

TFNs and ABNs

You do not have to disclose you tax file number (TFN) or any Australian Business Number (ABN) you may have, but most investors do. If you choose not to and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before paying nay distribution to you.

What else should you know?

We will send you information after the end of each financial year (June) to help you to complete your tax return, including details of taxable income allocated to you for the year and any net cost base adjustment amount by which the cost base of your units in the Fund should be increased or decreased.

At the time of your initial or additional investment in the Fund there may be accrued income or unrealised capital gains included in the unit price which, if later realised, may be included in the taxable income of the Fund allocated to you. There may also be realised but undistributed income or capital gains in the Fund which may be included in the taxable income allocated to you.

Sometimes when we are administering the Fund we learn new things about past tax matters and need to make adjustments. Where these matters cannot be treated as under and over distributions, it is possible that we will ask you to adjust your own tax records, or the Fund may pay tax or receive a refund and it can be the investors at the time that are subject to this.

Indirect investors

Tax outcomes can be different for indirect investors. We strongly encourage you to seek timely professional advice before making investment decisions.

Tax reform

Tax laws change, often substantially. You should monitor reforms to the taxation of trusts in particular and seek your own professional advice that is specific to your circumstances.

9. How to invest

Applying for units

You can acquire units by completing the Application Form that accompanies this PDS. The minimum initial investment amount for the Portfolio is $25,000.

Completed Application Forms should be sent along with your identification documents (if applicable) to:

Stonehouse
GPO Box 804
Melbourne VIC 3001

Please note that cash and cheques cannot be accepted.

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Portfolio's investors.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day is, in general terms, equal to the Net Asset Value ("NAV") of the Portfolio, divided by the number of units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this PDS, the Buy Spread is 0.25%.

The Application Price will vary as the market value of assets in the Portfolio rises or falls.

How quickly are applications processed?

Equity Trustees generally processes applications each week on a Monday (or next business day) and on the first business day of the month, so they usually need to have your completed application and cleared application monies received by 5pm the business day before (usually this is the Friday before). Processing after the end of June can take longer – up to 6 weeks.

For applications, the unit price next calculated after 5pm Sydney time every Friday and on the last business day of the month is used.

There can be processing delays, for example because your forms are incomplete. If we refuse or are unable to process your request, we will return your money. Law also requires that we return application moneys to you if units are not issued within 30 days of us receiving them. Please note that Equity Trustees does not pay applicants interest on monies received prior to processing days (any interest is credited to the Portfolio). Refunds are made generally less any taxes and transactions (such as bank) fees, and if we are sending money back overseas, the exchange rate applicable at the time will be used.

Stonehouse's website contains a timetable for processing days relating to the Portfolio: visit www.stonehousegroup.com.au.

Once lodged, applications cannot generally be withdrawn. Applications are almost always accepted, however Equity Trustees has discretion to refuse any application and does not need to give a reason.

Additional applications

You can make additional investments into the Portfolio at any time by sending us your additional investment amount together with a completed Application Form. The minimum additional investment amount is $1,000.

What is the latest application price?

Ask your adviser, visit Stonehouse's website at www.stonehousegroup.com.au or contact Equity Trustees for the latest prices. Remember that quoted unit prices will be historical and are unlikely to be the price you will receive when applying or withdrawing – that price could be higher or lower.

The unit price of the Portfolio is determined at least each week based on the information most recently available.

Unit prices are calculated in three steps:

- the value of the investments of the Portfolio is calculated and from this, the value of the liabilities is taken away – this gives the Net Asset Value,
- this is divided by the number of units on issue, and
- an adjustment is generally made for the Buy Spread.

Terms and conditions for applications

Applications can be made at any time. Application cut-off times and unit pricing are set out in the initial applications section above.

Please note that we do not pay interest on application monies (any interest is credited to the Portfolio).

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees refuses or is unable to process your application to invest in the Portfolio, Equity Trustees will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until all the necessary information has been provided. As a result, delays in processing your application may occur.

Cooling off period

If you are a Retail Client who has invested directly in the Portfolio, you may have a right to a 'cooling off' period in relation to your investment in the Portfolio for 14 days from the earlier of:

- confirmation of the investment being received; and
- the end of the fifth business day after the units are issued.

A Retail Client may exercise this right by notifying Equity Trustees in writing. A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant Application Price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unit holder in the Portfolio during the 14 day period. This could include selling part of your investment or switching it to another product.

Indirect Investors should seek advice from their IDPS Operator as to whether cooling off rights apply to an investment in the Portfolio by the IDPS. The right to cool off in relation to the Portfolio is not directly available to an Indirect Investor. This is because an Indirect Investor does not acquire the rights of a unit holder in the Portfolio. Rather, an Indirect Investor directs the IDPS Operator to arrange for their monies to be invested in the Portfolio on their behalf. The terms and conditions of the IDPS Guide or similar type document will govern an Indirect Investor's investment in relation to the Portfolio and any rights an Indirect Investor may have in this regard.

10. How to withdraw

Payments from the Portfolio

Distributions are automatically reinvested, unless you specifically request otherwise.

Distributions are reinvested into the Portfolio at the price equivalent to the Net Asset Value per unit on the processing day, following the end of June and December.

You should be aware that depending on your personal circumstances you may need to make a cash payment to the Australian Taxation Office for tax on your distribution, regardless of whether your distribution is reinvested or paid in cash. If your distribution is reinvested you will need to independently fund any such tax liability.

Any distributions payable are usually paid within 6 weeks after the end of June and December each year.

Indirect Investors should review their IDPS Guide for information on how and when they receive any income distribution.

Making a withdrawal

Investors in the Portfolio can generally withdraw their investment by completing a written request to withdraw from the Portfolio and mailing it to:

Stonehouse
GPO Box 804
Melbourne VIC 3000

The minimum withdrawal amount is $1,000. Once we receive your withdrawal request, we may act on your instruction without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

Equity Trustees will generally allow an investor to access their investment within 10 Business Days of receipt of a withdrawal request by transferring the withdrawal proceeds to such investors' nominated bank account. However, the Constitution allows Equity Trustees to reject withdrawal requests and also to make payment up to 180 Business Days after processing of a request (which may be extended in certain circumstances).

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price on a Business Day is, in general terms, equal to the NAV of the Portfolio, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.25%. The Withdrawal Price will vary as the market value of assets in the Portfolio rises or falls.

Equity Trustees reserves the right to fully redeem your investment if your investment balance in the Portfolio falls below $25,000 as a result of processing your withdrawal request. Equity Trustees can deny a withdrawal request or suspend consideration of a withdrawal request in certain circumstances, including where accepting the request is not in the best interests of investors in the Portfolio or where the Portfolio is not liquid (as defined in the Corporations Act). When the Portfolio is not liquid, an investor can only withdraw when Equity Trustees makes a withdrawal offer to investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator and the terms of the IDPS.

How quickly are withdrawals processed?

Equity Trustees generally processes withdrawals each week on a Monday (or the next business day) and on the first business day of the month, so usually needs to have your completed withdrawal request by 5pm the business day before (usually this is the Friday before).

For withdrawals, the unit price next calculated after 5pm Sydney time every Friday, and on the last business day of the month is used.

Processing after the end of June can take longer – up to 6 weeks.

If Equity Trustees receive a withdrawal request after this, or on a non-business day for us, it will wait for the next processing day.

What is the current value of your investment?

Ask your financial adviser or IDPS Operator, visit Stonehouse's website at www.stonehousegroup.com.au or contact Equity Trustees for the latest prices. Remember that quoted unit prices will be historical and are unlikely to be the price you will receive when applying or withdrawing – that price could be higher or lower.

The unit price of the Portfolio is determined at least each week based on the information most recently available.

Unit prices are calculated in three steps:

- the value of the investments of the Portfolio is calculated and from this, the value of the liabilities is taken away – this gives the Net Asset Value,
- this is divided by the number of units on issue, and
- an adjustment is generally made for the Sell Spread.

Stonehouse's website contains a timetable for processing days relating to all of the Portfolios: visit www.stonehousegroup.com.au.

There can be delays in accessing your investment

An investor may ask to exit the Portfolio any time, but there is no obligation for Equity Trustees to satisfy the request.

Equity Trustees can delay access to money invested in the Portfolio if it considers it in the best interests of investors, including:

- if the Portfolio (or the underlying portfolios in which they invest) become illiquid (the law and the Constitution dictate this) the Portfolio will stay liquid so long as at least 80% of the assets comprise assets which the law prescribes (such as cash, shares and interests in managed investment schemes unless it is proved that Equity Trustees cannot reasonably expect to realise them within the period specified in the Constitution for satisfying withdrawal requests while the scheme is liquid, that period being 180 business days), and if the portfolio becomes illiquid, Equity Trustees can, if it wishes, make some money available and the law requires Equity Trustees to allocate this on a pro rata basis among those wanting to exit,
- if something outside Equity Trustees' control impacts on its ability to properly, accurately or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty) then Equity Trustees can delay payment for so long as this goes on, and
- if the Portfolio receives requests in respect of any withdrawal processing day, which if paid, would result in 10% or more of the Net Asset Value of the Portfolio calculated on that day having been withdrawn over the previous 4 weeks (then Equity Trustees can stagger those withdrawal payments over a longer period as Equity Trustees considers is in the best

interests of investors and payments to investors must be in the proportion that their withdrawal monies bear to all other withdrawal monies which were payable at that processing day.

Unit prices are generally calculated at the time the delay ends.

Can you be forced to leave the Portfolio?

Yes, but only in very limited circumstances.

Sometimes Equity Trustees can redeem your investment without asking you first: if you breach your legal obligations to Equity Trustees, to satisfy money you owe Equity Trustees or anyone else, you fail to meet any minimum holding Equity Trustees may set from time to time (currently generally $25,000), or where law allows, or stops you from legally being an investor.

11. Other important information

Consent

The Investment Manager and Quilla Consulting have each given and, as at the date of this PDS, have not withdrawn:

- their respective written consent to be named in this PDS as the Investment Manager and Asset Consultant respectively of the Portfolio; and
- their respective written consent to the inclusion of the statements made about them which are specifically attributed to it, in the form and context in which they appear.

The Investment Manager, the Asset Consultant and the Custodian have not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. Neither the Investment Manager, the Custodian nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which it has provided its written consent to Equity Trustees for inclusion in this PDS.

Constitution of the Portfolio

You will be issued units in the Portfolio when you invest. Subject to the rights, obligations and restrictions of a class, each unit represents an equal undivided fractional beneficial interest in the assets of the Portfolio as a whole subject to liabilities, but does not give you an interest in any particular property of the Portfolio.

Equity Trustees' responsibilities and obligations, as the responsible entity of the Portfolio, are governed by the Constitution as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the responsible entity of the Portfolio, and investors. Some of the provisions of the Constitution are discussed elsewhere in this PDS.

Other provisions relate to an investor's rights under the Constitution, and include:

- an investor's right to share in any Portfolio income, and how we calculate it;
- what you are entitled to receive when you withdraw or if the Portfolio is wound up;
- an investor's right to withdraw from the Portfolio - subject to the times when we can cease; processing withdrawals, such as if a Portfolio becomes 'illiquid';
- the nature of the units - identical rights attach to all units within a class; and
- an investor's rights to attend and vote at meetings – these provisions are mainly contained in the Corporations Act.

There are also provisions governing our powers and duties, including:

- how we calculate unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Constitution - generally we can only amend the Constitution where we reasonably believe that the changes will not adversely affect investors' rights. Otherwise the Constitution can only be amended if approved at a meeting of investors;
- when we can retire as the Responsible Entity of the Portfolio - which is as permitted by law;
- when we can be removed as the Responsible Entity of the Portfolio - which is when required by law; and
- our broad powers to invest, borrow and generally manage the Portfolio.

The Constitution also deals with our liabilities in relation to the Portfolio and when we can be reimbursed out of the Portfolio's assets.

For example:

- subject to the Corporations Act we are not liable for acting in reliance and good faith on professional advice;
- subject to the Corporations Act we are not liable for any loss unless we fail to act in good faith or we act negligently; and
- we can be reimbursed for any liabilities we incur in connection with the proper performance of our powers and duties in respect of the Portfolio.

As mentioned above, Equity Trustees' responsibilities and obligations as the Responsible Entity of the Portfolio are governed by the Constitution of the Portfolio, the Corporations Act and general trust law, which require that we:

- act in the best interests of investors and, if there is a conflict between investors' interests and our own, give priority to investors;
- ensure the property of the Portfolio is clearly identified, held separately from other funds and our assets, and is valued regularly;
- ensure payments from the Portfolio's property are made in accordance with the Constitution and the Corporations Act; and
- report to ASIC any breach of the Corporations Act in relation to the Portfolio which has had, or is likely to have, a materially adverse effect on investors' interests. Copies of the Constitution are available, free of charge, on request from Equity Trustees.

Non-listing of units

The units in the Portfolio are not listed on any stock exchange and no application will be made to list the units in the Portfolio on any stock exchange.

Termination of the Portfolio

The Responsible Entity may resolve at any time to terminate and liquidate the Portfolio (if it provides investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Portfolio into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among all investors according to the aggregate of the withdrawal price for each of the units they hold in the Portfolio.

Our legal relationship with you

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Portfolio, are governed by the Constitution of the Portfolio, as well as the Corporations Act and general trust law. The Constitution of the Portfolio contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the responsible entity of the Portfolio, and investors.

Equity Trustees may amend the Constitution if it considers that the amendment will not adversely affect investors rights. Otherwise the Constitution may be amended by way of a special resolution of investors.

To the extent that any contract or obligation arises in connection with the acceptance by Equity Trustees of an application or reliance on this PDS by an investor, any amendment to the Constitution may vary or cancel that contract or obligation. Further, that contract or obligation may be varied or cancelled by a deed executed by Equity Trustees with the approval of a special resolution of investors, or without that approval if Equity Trustees considers the variation or cancellation will not materially and adversely affect investor's rights.

A copy of the Constitution of the Portfolio is available, free of charge, on request from Equity Trustees.

Compliance plan

Equity Trustees has prepared and lodged a compliance plan for the Portfolio with ASIC. The compliance plan describes the procedures used by Equity Trustees to comply with the Corporations Act and the Constitution of the Portfolio. Each year the compliance plan for the Portfolio is audited and the audit report is lodged with ASIC.

Unit pricing discretions policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to investors free of charge on request.

Indemnity

Equity Trustees, as the responsible entity of the Portfolio, is indemnified out of the Portfolio against all liabilities incurred by it in performing or exercising any of its powers or duties in relation to the Portfolio. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, Equity Trustees may retain or pay out from the assets of the Portfolio any sum necessary to affect such an indemnity.

Information on underlying investments

Information regarding the underlying investments of the Portfolio will be provided to an investor of the Portfolio on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

Indirect Investors

You may be able to invest indirectly in the Portfolio via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator and not the Application Form accompanying the PDS. This will mean that you are an Indirect Investor in the Portfolio and not an investor or member of the Portfolio. Indirect Investors do not acquire the rights of an investor as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from us and the IDPS Operator's application and withdrawal conditions determine when you can direct the IDPS Operator to apply or redeem. Your rights as an Indirect Investor should be set out in the IDPS Guide or other disclosure document issued by the IDPS Operator.

Your privacy

The Australian Privacy Principles contained in the Privacy Act 1988 (Cth) ("Privacy Act") regulate the way in which we collect, use, disclose, and otherwise handle your personal information. Equity Trustees is committed to respecting and protecting the privacy of your personal information, and our Privacy Policy details how we do this.

It is important to be aware that, in order to provide our products and services to you, Equity Trustees may need to collect personal information about you and any other individuals associated with the product or service offering. In addition to practical reasons, this is necessary to ensure compliance with our legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and taxation legislation). If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s).

You must therefore ensure that any personal information you provide to Equity Trustees is true and correct in every detail. If any of this personal information (including your contact details) changes, you must promptly advise us of the changes in writing. While we will generally collect your personal information from you, your broker or adviser or the Investment Manager and Administrator directly, we may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

In terms of how we deal with your personal information, Equity Trustees will use it for the purpose of providing you with our products and services and complying with our regulatory obligations. Equity Trustees may also disclose it to other members of our corporate group, or to third parties who we work with or engage for these same purposes. Such third parties may be situated in Australia or offshore, however we take reasonable steps to ensure that they will comply with the Privacy Act when collecting, using or handling your personal information.

The types of third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Portfolio, including the Investment Manager, Custodian and Administrator, auditors, or those that provide mailing or printing services;
- our other service providers;
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC; and
- other third parties who you have consented to us disclosing your information to, or to whom we are required or permitted by law to disclose information to.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to "opt out" of such communications by contacting us using the contact details below.

In addition to the above information, Equity Trustees' Privacy Policy contains further information about how we handle your personal information, and how you can access information held about you, seek a correction to that information, or make a privacy-related complaint.

Full details of Equity Trustees' Privacy Policy are available at www.eqt.com.au. You can also request a copy by contacting Equity Trustees' Privacy Officer on +61 3 8623 5000 or by email to privacy@eqt.com.au.

Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF")

Australia's AML/CTF laws require Equity Trustees to adopt and maintain a written AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees must hold up-to-date information about investors (including beneficial owner information) in the Portfolio.

To meet this legal requirement, we need to collect certain identification information (including beneficial owner information) and documentation ("KYC Documents") from new investors. Existing investors may also be asked to provide KYC Documents as part of an ongoing customer due diligence/verification process to comply with AML/CTF laws. If applicants or investors do not provide the applicable KYC Documents when requested, Equity Trustees may be unable to process an application, or may be unable to provide products or services to existing investors until such time as the information is provided.

In order to comply with AML/CTF Laws, Equity Trustees may also disclose information including your personal information that it holds about the applicant, an investor, or any beneficial owner, to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether inside or outside Australia). Equity Trustees may be prohibited by law from informing applicants or investors that such reporting has occurred.

Equity Trusteesand the Investment Manager shall not be liable to applicants or investors for any loss you may suffer because of compliance with the AML/CTF laws.

Foreign Account Tax Compliance Act ("FATCA")

In April 2014, the Australian Government signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents and U.S controlling persons that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("ATO"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Portfolio, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Portfolio suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Portfolio.

Common Reporting Standard ("CRS")

The CRS is developed by the Organisation of Economic Co-operation and Development and requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS.

Meetings and changes of the responsible entity

Investor meetings are uncommon. Direct investors can generally attend and vote and they are largely regulated by the Corporations Act. The quorum is generally at least 2 direct investors present in person or by proxy together holding at least 10% of all units in the Portfolio. If a quorum is not present within 15 minutes after the scheduled time for the meeting, the meeting is adjourned to such reasonable place and time as we decide and at any adjourned meeting, those investors present constitute a quorum.

Changes of responsible entity are also uncommon. They too are largely regulated by the Corporations Act. Investors can requisition a meeting. The quorum for a meeting where there is any proposal to remove the responsible entity or seek its retirement is at least 2 direct investors present in person or by proxy together holding at least 50% of all units in the Portfolio. If a quorum is not present within 15 minutes after the scheduled time for the meeting, the meeting is dissolved.

Terminating the Portfolio

Equity Trustees can decide to terminate the Portfolio anytime, and if it does, it will generally sell all the investments, pay all monies owing (including fees and expenses) and distribute the net proceeds to direct investors as soon as it considers practicable. It can take some time to finalise this process.

Limits on our responsibility

The Constitution has some limits on when Equity Trustees is liable to direct investors for example, it may take and may act (or not act, as relevant) on any advice, information and documents which it has no reason to doubt is authentic, accurate or genuine and subject to any liability which the Corporations Act might impose which cannot be excluded, is not liable for so acting or not acting.

Limits on your responsibility

Equity Trustees has included provisions in the Constitution designed to protect direct investors. The Constitution limits each investor's liability to the value of their investment in the Portfolio and provides that they will not, by reason of being an investor alone, be personally liable to indemnify the responsible entity and/or any creditor in the event that the liabilities of the Portfolio exceed the assets of the Portfolio. However, an absolute assurance about these things cannot be given – the issue has not been finally determined by Australian courts.

12. Glossary of important terms

AFSL

Australian Financial Services Licence.

Application Form

The Application Form that accompanies this PDS.

ASIC

Australian Securities and Investments Commission

AFSL

Australian Financial Services Licence.

Application Form

The Application Form that accompanies the PDS.

ASIC

Australian Securities and Investments Commission.

ATO

Australian Taxation Office.

AUSTRAC

Australian Transaction Reports and Analysis Centre.

Business Day

A day other than Saturday or Sunday on which banks are open for general banking business in Sydney.

Buy/Sell Spread

The difference between the application price and withdrawal price of units in the Portfolio, which reflects the estimated transaction costs associated with buying or selling the assets of the Portfolio, when investors invest in or withdraw from the Portfolio.

Constitution

The document which describes the rights, responsibilities and beneficial interest of both investors and the Responsible Entity in relation to the Portfolio, as amended from time to time.

Corporations Act

The Corporations Act 2001 and Corporations Regulations 2001 (Cth), as amended from time to time.

Derivative

A financial contract whose value is based on, or derived from, an asset class such as shared, interest rates, currencies or currency exchange rates and commodities. Common eerivatives include options, futures and forward exchange contracts.

Equity Trustees

Equity Trusteed Limited (ABN 46 004 031 298) who possess an AFSL No. 240975.

Portfolio

Core Value Portfolio

Portfolio Benchmark

30 day Australian Bank Bill Return

ARSN

162 396 885

GST

Goods and Services Tax.

Indirect Investors

Individuals who invest in the Portfolio through an IDPS.

Investment Manager

Stonehouse Financial Services Pty Ltd.

Net Asset Value (NAV)

Value of the investments of the Portfolio after deducting certain liabilities including income entitlements and contingent liabilities.

PDS

This Product Disclosure Statement, issued by Equity Trustees.

Responsible Entity

Equity Trustees Limited.

Retail Client

Persons or entities defined as such under section 761G of the Corporations Act.

Reserve Bank

Reserve Bank of Australia

RITC

Reduced Input Tax Credit. Equity Trustees will apply for reduced input tax credits where applicable to reduce the cost of GST to a Portfolio.

US Person

A person so classified under securities or tax law in the United States of America (“US”) including, in broad terms, the following persons:

(a) any citizen of, or natural person resident in, the US, its territories or possessions; or

(b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

(c) any agency or branch of a foreign entity located in the US; or

(d) a pension plan primarily for US employees of a US Person; or

(e) a US collective investment vehicle unless not offered to US Persons; or

(f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or

(g) any Fund of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or

(h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or

(i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

Wholesale Client

Person or entity which is not a Retail Client.