

# COLLINS ST

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## VALUE FUND

### Information Memorandum

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1 January 2021

Offer to invest in a portfolio of Australian securities with a focus on identifying deep value investment opportunities.



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# Important Notice

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## **Issuer**

The issuer of units in the Fund is Collins St Asset Management Pty Ltd (**CSAM**). CSAM holds an Australian Financial Services Licence (AFSL No. 468935) and is the trustee of the Fund.

## **This document**

This IM is dated 1 January 2021. It relates to the Offer of Units.

This IM is not a product disclosure statement for the purposes of Part 7.9 of the Act. The level of disclosure in this IM is less than that of a product disclosure statement, prospectus or similar disclosure document. A copy of this IM does not need to be and has not been lodged with ASIC.

## **Not a registered scheme**

At the date of this IM the Fund is not required to be and is not registered as a managed investment scheme pursuant to section 601ED of the Act.

## **No performance guarantee**

Neither CSAM nor any of its directors or associates guarantee the performance or success of the Fund, the repayment of capital or any particular rate of capital or income return, if any. There are inherent risks in investing in the Fund. These include the risk that the investment in the Fund is speculative, that the investment may result in a reduction or complete loss in the capital value of the investment and loss of income and that the risk that returns are less than expected or that there are delays in repayment of capital.

## **No personal investment advice**

This IM contains important information. However, it does not take into account your investment objectives, financial situation or particular needs. Before you invest you should read this IM (and any supplementary IM or web site updates) carefully and in its entirety having regard to your objectives and financial situation. You should obtain independent financial and taxation advice about whether an investment in the Fund is suitable for you.

## **Information**

No one is authorised to provide any information or to make any representation in connection with the Offer which is not contained in this IM. No such information or representation may be relied on as having been approved by CSAM. CSAM does not give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM nor does it, to the extent that the law permits, accept any liability however caused to any person relating in any way to reliance on information contained in this IM.

## **Availability of Offer**

The Offer under this IM is available to persons receiving the IM within Australia. The IM does not constitute and should not be construed as an offer, invitation or recommendation by CSAM to apply for Units in any jurisdiction where such an offer, invitation or recommendation may not be lawfully made.

Unless otherwise determined by CSAM at its sole and unfettered discretion an application for Units in the Fund is limited to investors that are wholesale clients as set out in section 761G(7) of the Act.

## **Our website**

In places this IM indicates that certain information can be viewed on our website [www.csvf.com.au](http://www.csvf.com.au). You can locate and view such information by accessing our website. Additionally, upon request, we will provide you with a paper copy of that

information free of charge. Where this IM indicates certain information is available on our website, we recommend that you view that information before making a decision on whether to invest.

Information contained in this IM may change from time to time. If the change will be materially adverse to the Offer and the Offer is still open then we will provide a supplementary IM. However, if the change will not be materially adverse to the Offer then we will not issue a supplementary IM but will include information about the change on our website.

## **Risks**

There are risks associated with investing in the Fund. See section 3.2 for more information.

# Letter

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Dear Investor

We are pleased to present you with this offer to invest in the Collins St Value Fund (**Fund**). The Fund is a long only, Australian equities managed fund which seeks to create strong investment returns over the medium and long term, with capital preservation a priority. We seek out businesses in which we have a strong conviction with the aim of building a concentrated portfolio of quality Australian securities. We focus on identifying deep value investment opportunities, and work to identify sustainable businesses trading at a discount to our assessment of value.

The trustee of the Fund and issuer of the Units in the Fund is Collins St Asset Management Pty Ltd (**CSAM**). The directors of CSAM have significant experience in analysing and investing in Australian listed securities.

The Fund is open to persons considered “wholesale clients” under Section s761G of the Act.

A key feature of the Fund is its fee structure. No ongoing management fee is payable to CSAM. CSAM receives ongoing fees based solely on performance of the Fund.

The performance fee incentivises the Fund managers to add value for investors. The fee is only payable when the Fund outperforms the Hurdle Rate. In addition, a high water mark applies. See section 6 of this IM for further details.

We encourage you to review the IM and discuss the opportunity with your relevant adviser/s.



Vasilios Piperoglou

CO-FOUNDER



Michael Goldberg

CO-FOUNDER

# 1. Key Features

The table below sets out the key features of the Fund. However, potential investors should read this IM in its entirety before making a decision to invest in the Fund.

Key Feature	Details	Further Information see section
<b>Fund Name</b>	Collins St Value Fund (ABN: 72 216 927 424)	
<b>Trustee</b>	Collins St Asset Management Pty Ltd ACN: 601 897 974 AFSL: 468935	4
<b>Custodian</b>	Sandhurst Trustees Limited	4.3
<b>Registry and Unit Pricing</b>	Apex Fund Services Ltd	4.3
<b>Auditors</b>	Pitcher Partners	
<b>Investment Objective</b>	The Fund seeks to create strong investment returns over the medium and long term, with capital preservation a priority.	2.1
<b>Investment Strategy</b>	The Fund invests in a concentrated portfolio of securities issued by entities listed on the Australian Securities Exchange. It focuses on identifying deep value investment opportunities. This is achieved by identifying sustainable businesses trading at a discount to our assessment of intrinsic value.	2.4
<b>Index Benchmark</b>	The Fund is index unaware	
<b>Asset Class</b>	Long-only, Australian securities (and cash)	
<b>Gearing</b>	There is no gearing at the Fund level.	2.6
<b>Initial Issue Price</b>	\$1.00 per unit. The unit price for entry and exit is calculated on the last day of each calendar month. Class A Units were first issued at \$2 per unit.	
<b>Investment Term</b>	There is no fixed investment term. Investors may apply to acquire Units in the Fund at any time the Fund is open for investment. Investors may redeem Units subject to the applicable liquidity and redemption policy.	2.5
<b>Offer Opened</b>	The offer for Class A Units opened on 1 January 2021	
<b>Units on Offer</b>	There is no minimum or maximum number of Units on offer. Investors may acquire as many Units as they wish, subject to the Minimum Subscription and Minimum Subsequent Investment Amounts.	
<b>Minimum Subscription</b>	\$250,000	
<b>Minimum Subsequent Investment Amounts</b>	\$50,000. This may be varied at the discretion of CSAM.	
<b>Distribution Policy</b>	Distributions are intended to be calculated and paid 6 monthly, following the semi-annual	2.7

	payment of distributions, if any, by companies in which the Fund is invested.	
<b>Frequency of the issue of Units</b>	CSAM intends to issue Units once a month for applications received during the immediately preceding month. CSAM may vary these times in its absolute discretion.	
<b>Unit Structure</b>	There is two classes of Units on issue. On and from 1 January 2021 the only units offered in the Fund are Class A Units.	
<b>Redemption request and exit fee</b>	Redemptions for Units may be submitted at any time during the life of the Fund. Redemptions received during a month will usually be redeemed at the Unit price calculated on the last day of that month and will be actually redeemed during the month after the redemption request is received by CSAM or its representative. Redemption requests made prior to the first year anniversary of an investor's initial application to invest in the Fund are subject to a 2% exit fee. CSAM retains the discretion to delay redemptions.	2.5
<b>Fees and other costs</b>	<p><u>Entry Fee:</u> There is no entry fee.</p> <p><u>Ongoing Management Fee:</u> There is no ongoing management fee payable.</p> <p><u>Performance Fee:</u> 25% of outperformance of the Hurdle Rate. The performance fee is calculated and payable monthly. A high water mark applies to the performance fee.</p> <p><u>Other Costs:</u> Normal expenses, such as (and not limited to) custody, registry, unit pricing, accounting, legal, audit, and investor reporting expenses will be payable by the Fund.</p>	6
<b>Buy / Sell Spread</b>	0.50% buy, 0.50% sell.	6.5
<b>Key Benefits</b>	The payment of income distributions, if any, the Fund receives on its investments and the potential for capital gain from the realisation of the Fund's investments.	3.1
<b>Key Risks</b>	All investments carry risk, including the risk income is not received and that the value of the Fund assets decrease.	3.2



## 2. Investment Details

### 2.1 Investment Objective

The Fund seeks to create strong investment returns over the medium and long term with capital preservation a priority.

### 2.2 The Opportunity

Collins St Asset Management Pty Ltd (**CSAM**) is pleased to present an opportunity to invest in a concentrated, high conviction Australian securities fund that is benchmark unaware. The Fund is high conviction in that it seeks to identify value opportunities in which the Fund forms a strong view as to the opportunity. The Fund intends to then make the appropriate corresponding investment in those opportunities.

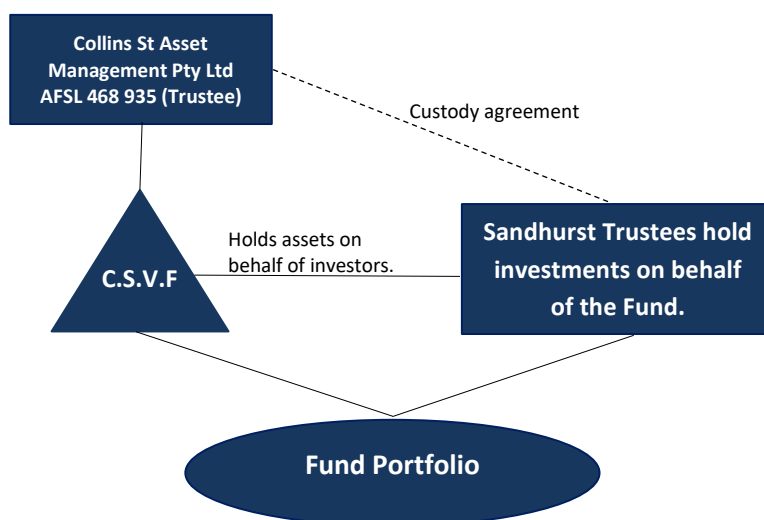
Investors and management of the Fund have aligned interests. This is achieved by implementing a zero ongoing management fee structure with the only ongoing fee being a performance fee payable if performance thresholds are met.

The trustee for the Fund is CSAM, which holds Australian Financial Services Licence 468935. CSAM is authorised to operate the Fund. CSAM's office is based in Suite 903, 365 Little Collins St, Melbourne, Victoria.

There is no minimum or maximum number of Units to be issued in the Fund. A buy / sell spread applies (see section 6.5). The minimum initial investment is \$250,000 (subject to variation at the absolute discretion of CSAM). The Fund is open-ended.

### 2.3 Trust Structure

The Fund is an unlisted unit trust. The Fund is not registered with ASIC. CSAM is the trustee of the Fund.



## 2.4 Investment Strategy

CSAM believes that investment returns are enhanced when fund managers properly understand the particulars and sector dynamics of the companies in which they have invested. As a result, the managers of the Fund intend to maintain a concentrated portfolio of investments in companies that they have investigated and consider to be undervalued.

The managers assess the attractiveness of potential investments using a number of common industry based measures, a proprietary in-house model and by speaking with management, industry experts and competitors. Once the managers form a view that an investment offers sufficient upside potential relative to the downside risk, the Fund seeks to make an investment. The investment may be executed by way of an acquisition of shares on or off market, participation in a placement or other share issue or by purchasing a debt instrument issued by the relevant entity that is convertible into equity.

From time to time, entities in which the Fund has invested may choose to change the exchange on which they are listed to a foreign exchange. If this occurs, the Fund will not necessarily sell down its position. The Fund might also increase its position in those entities.

The Fund endeavours not to allow a single position to represent a stake so great as to single handedly dictate the overall viability of the Fund. The managers have implemented procedures to assist in achieving this outcome.

If no appropriate investment can be identified the managers allocate the Fund's capital towards low risk investment alternatives. These may include participating in takeovers, special dividends, corporate restructures or investing in ASX listed bonds. Should no suitable investments be found the Fund is prepared to hold cash and patiently wait for the right opportunities to present themselves.

## 2.5 Investment Term, Redemptions and Exit Fee

The Fund is open-ended.

Redemptions may be submitted at any time during the life of the Fund. Redemptions received during a month will usually be redeemed at the Unit price calculated on the last day of that month and will be actually redeemed during the month after the redemption request is received by CSAM or its representative. The redeemed amount may be paid by way of a distribution by the Fund and a subsequent redemption of the relevant Units.

Redemption requests received prior to the first year anniversary of an investor's initial application to invest in the Fund are subject to an exit fee equal to 2% of the value of the Units being redeemed as well as any distribution made to the investor which arises resulting from or in relation to the exit. There is no exit fee applicable to redemption requests received on or following the first anniversary of an investor's initial application to invest (a 0.50% sell spread still applies).

CSAM retains absolute discretion to suspend or delay redemptions.

Under the trust deed of the Fund CSAM may suspend and delay redemption requests. Circumstances in which CSAM may not give effect to all or part of a redemption request may include (although not be limited to) situations where there is a circumstance outside its control which it considers impacts on its ability to properly or fairly calculate the Unit price. Other situations include times that CSAM believes it is not practicable to sell investments in the usual time frame or where disposal would be prejudicial to other Unitholders (eg. a large single redemption, or a number of significant redemptions together or adverse market conditions). Additionally where, at the time a request is made, a portion of the Fund's assets comprise illiquid assets, and are not readily convertible to cash, or at a time when a transfer of funds cannot, in the opinion of CSAM, be effected at normal rates of exchange, CSAM may delay redemption requests.

If CSAM does refuse to give effect to all or part of a redemption request it will advise the Unitholder as soon as practicable of such refusal. CSAM, in its absolute discretion, may reasonably endeavour to give effect to the redemption request as soon as possible thereafter, and in an orderly manner, which may involve giving effect to the redemption request by treating it as a series of smaller requests over a number of weeks or months

## **2.6 Debt**

The Fund does not include gearing in its structure. Investors should be aware that many of the companies invested in by the Fund will themselves have debt on their balance sheet.

The prudent use of debt finance is an important component in establishing the optimal capital structure for a company. The Fund takes into account the extent of reliance on debt to finance underlying business activities in the companies whose securities are acquired. A greater reliance on debt may increase a company's exposure to adverse changes in interest rates and financial markets.

## **2.7 Distribution Policy**

The Fund intends to provide investors with distributions of income if surplus funds exist after operating costs.

Distributions are intended to be calculated and paid 6 monthly, following the semi-annual payment of distributions, if any, by companies in which the Fund is invested.

In any given distribution period CSAM may retain some cash for liquidity purposes. Distributions will be paid from operational cash flows. CSAM does not intend to pay any distributions from borrowings or from unrealised valuation gains.

Investors have the opportunity to choose not to have their distributions reinvested in the Fund by ticking the appropriate box in the Fund application form. Distributions will be automatically reinvested in the Fund if an investor does not specify their preference.

## **2.8 Applications**

The Offer remains open until otherwise determined by CSAM in its absolute discretion.

The minimum initial subscription amount is \$250,000. Subsequent subscriptions must be for a minimum of \$50,000. However, CSAM retains absolute discretion to alter minimum subscription amounts. Collins St Value Fund 12

To invest in the Fund, initial investors must complete and sign the Fund application form and return it to Collins St Asset Management, Suite 903, 365 Little Collins St, Melbourne 3000. Subsequent investments need not be made on the application form. However, notification must be given prior to the end of the month in writing, using the appropriate form, specifying the existing investor number and the amount of the additional contribution being made. CSAM retains the discretion to reject an application for Units without giving a reason.

Investors need to meet our application requirements including identification of the investor for the purposes of meeting our obligations under Australian law in respect of terrorism financing and money laundering.

Applications received during a month will be issued Units at the price calculated at the end of the month in which the complete application is received by CSAM or its representative.

All investors investing directly into the Fund will receive an investment confirmation following the issue of their Units.

Further information on the application process can be found in Section 10.

## 2.9 Wholesale clients

Units will be issued only to investors under this IM who qualify as “wholesale clients”

An investor is generally a “wholesale client” for the purposes of the Act, where any one of the following applies:

- (a) the investor’s investment is \$500,000 or more;
- (b) the investor provides an accountant’s certificate stating that the investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years;
- (c) the investor is a “professional investor” (including those that hold an Australian Financial Services Licence, are APRA regulated or have at least \$10 million worth of assets); or
- (d) CSAM is satisfied on reasonable grounds that the investor has suitable previous experience in financial products, subject to certain conditions.

By lodging an application form in respect of the Offer of Units contained in this IM you declare and warrant to CSAM that you are and will remain a wholesale client within the meaning of Section 761G of the Act.

## 3. Benefits and Risks

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### 3.1 Benefits

- (a) The managers' and investors' interest are closely aligned. Management have a substantial personal investment in the Fund. Additionally, Investors are not charged any ongoing management fees. Fees are only charged on appropriate positive performance. Such performance requires outperformance of the Hurdle Rate and is subject to a high water mark.
- (b) Distributions may be paid annually.
- (c) The Fund endeavours to remain predominantly invested in liquid assets, aiming to ensure that investors can redeem their investment as desired.
- (d) The Fund has experienced managers with almost 50 years of combined investing experience.
- (e) The Fund managers have a proprietary investment selection process that they have used over many years.
- (f) A unique long only investment strategy that seeks to help the Fund remain profitable even in challenging markets.

### 3.2 Risks

Like any investment, there are risks associated with investing in the Fund. By nature, the risks associated with investments in securities cannot be exhaustively listed. Every investment is influenced by many factors that can affect both its value and the income it produces. Each investment can decline as well as increase in value. Many risk factors fall outside our control and cannot be completely mitigated.

The following is a non-exhaustive list of some risks associated with investment in the Fund. You should consider and weigh them up carefully and make your own assessment in respect of them and where necessary seek professional advice.

Investors should be aware that there is no guarantee that the implementation of the investment objective or process will not result in losses to the investors. Income distributions are not guaranteed and neither is the return of capital.

- (a) **Concentration Risk:** The Fund often holds a concentrated portfolio of securities. The relatively small number of investments held at any time means that a significant decline in the price of a security may have a material impact on the unit price of the Fund and therefore the value of Units.

- (b) Changes in domestic or global economic conditions: A downturn or general change in the economy may negatively affect the value of securities held by the Fund and therefore the value of Units.
- (c) Variations in Australian Securities Exchange conditions including the value and demand for listed securities: Any downturn in the securities market in general may affect the resale value of the securities held by the Fund.
- (d) Changes in the law: Changes in government policy and legislation including changes to the taxation systems, securities law or laws relating to the management of managed investment schemes may affect the financial performance of the Fund.
- (e) Inflation and interest rate risk: Fluctuations in inflation and interest rates may affect the income and resale value of the securities held by the Fund and therefore the value of the Fund's investment in those securities.
- (f) Currency exchange risk: Exchange rates between the Australian dollar and foreign currencies change. This can affect the performance of securities and assets held by the Fund. The Fund invests only in securities issued by entities listed on the Australian Securities Exchange. However, these securities may be in companies with significant overseas operations and therefore directly exposed to currency fluctuations.
- (g) Natural disasters, social unrest, pandemics and terrorist attacks within Australia or overseas may affect the income and resale value of the securities held by the Fund and therefore the value of the Fund's investment in those securities.
- (h) Security specific risk: An investment in a company's securities may be affected by unexpected changes in that company's operations (such as changes in management or the loss of a key customer) and change in business environment.
- (i) Small and medium capitalisation company risk: Some of the opportunities the Fund may invest in are smaller listed companies. Securities in these companies may trade less frequently and may experience greater price volatility than larger companies. Smaller capitalisation companies may also have more limited operating histories, markets, product lines or financial resources than larger companies. They may also depend heavily on key personnel.
- (j) Liquidity risk: There is the risk that a security may not easily be convertible into cash without a loss of capital or a significant delay. CSAM does not guarantee that investors will be able to redeem Units in the Fund and may not redeem Units where it deems it necessary and in the best interests of Unitholders and in certain other circumstances.
- (k) Market risk: Investment in a specific group of securities are exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.
- (l) Industry risk: There is a risk that a particular industry in which the Fund has invested may perform poorly or suffer a downturn due to global or local factors or changes to government policy either within Australia or overseas. There can be no guarantee that losses equivalent to or greater than the overall industry will not be incurred as a result of investing in the industry.

- (m) Personnel risk: The risk that people key to the management of the Fund become unable or unavailable to perform their role.
- (n) Taxation of trusts: The Fund is a unit trust. Taxation law is constantly evolving and being amended. Changes to taxation legislation may impact adversely on an investment in the Fund and the ability of the Fund to pass on franking credits to investors. Investors are advised to obtain their own professional taxation advice. While the Fund expects to be treated as a tax flow through entity, there is a risk that it will be taxed as a company. The AMIT regime (see section 7) creates some certainty around this risk.
- (o) Disputes and defaults: The Fund may be involved in disputes and possible litigation with counterparties or services providers. There exists a risk that a material or costly dispute or litigation could affect the amount of expected income of the Fund.
- (p) Counterparty risk: Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because it becomes insolvent or cannot otherwise meet its obligations to the Fund. A party defaulting on its obligations could subject the Fund to substantial losses because the Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.
- (q) Debt instruments: The Fund may invest in debt instruments that are convertible into equity which are issued by listed entities. There can be no guarantee that the issuer of the instrument will be able to pay any or all of the coupon payments or the principal (if the instrument is not converted into equity before its expiry). Further, there is no guarantee that the price at which the shares in the issuer of the instrument trade on the Australian Securities Exchange will be greater than the price at which shares in the entity will be issued to the Fund if an election is made by the Fund to convert the debt instrument into equity.

## 4. Management

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### 4.1 Collins St Asset Management Pty Ltd

Collins St Asset Management Pty Ltd (CSAM) is the trustee of the Fund. CSAM holds Australian Financial Services Licence 468935. The founders of CSAM are Michael Goldberg and Vasilios Piperoglou.

CSAM is a funds management business that places a strong emphasis on identifying value investment opportunities. The directors of CSAM have significant experience in listed securities investment.

### 4.2 Key Executives

**MICHAEL GOLDBERG**

**Managing Director and Investment Manager**

Michael is a Founder, Executive Director and Investment Manager of the Fund.

Prior to founding the Fund Michael was a senior portfolio manager at Leyland Private Asset Management. During Michael's almost 8 years at Leyland he managed portfolios for and advised some of Australia's largest family offices and high net worth individuals.

Investors in the Fund will benefit from Michael's experience and be well served with his attention focused on a single managed fund. The Fund is the realisation of Michael's aim to build a successful fund for his investors.

Michael has a bachelor's degree from Monash University where he studied Banking and Finance and Management. Additionally, Michael is RG146 compliant in superannuation, securities and geared investments.

Michael has previous experience in the service and retail industry, both as an employee of his family business and as the founder of a service business overseas. Michael's experience gives him a unique insight into business and business relationships enabling him to better understand and identify attractive investments.

**VASILIOS PIPEROGLOU**

**Co-Founder**

Prior to founding the Fund Vas managed equity portfolios for wholesale clients at Leyland Private Asset Management where he was a Portfolio Manager from 2010 to 2014. Additionally, Vas has managed a private equity portfolio for over 10 years.

Vas has also managed a number of businesses, including a state wide food and beverage business, a highly profitable publishing company and an enterprise within the hospitality industry.



With a wealth of first-hand experience across several industries, Vas has a unique ability to see through much of the market noise and identify quality investments.

Vas is RG 146 certified in securities and margin lending and is certified to provide financial advice by the Investment Banking Institute.

Having generated a sound investing track record, the creation of the Fund was the next obvious step in Vas' career.

When Vas isn't identifying the next opportunity for his investors, he can be found devouring any number of value investing books written by, or about, the generations' greatest investors.

**ANTON LAWRENCE**  
**Chief Strategy Officer**

Anton has over 30 years' experience as an investment analyst and fund manager.

Specialising in product structuring, due diligence, and regulatory compliance, Anton provides the advice and know how necessary to drive the Funds Compliance and Processes, while also providing invaluable advice on the impact of macroeconomic thematic.

Having been integral in the launch of the Collins St Value Fund, Anton is heavily invested in the Funds success.

Anton is RG146 compliant and is a responsible manager on the Funds AFSL.

**ROBERT HAY**  
**Head of Distribution and Investor Relations**

Rob Hay joined Collins Street Asset Management as the Head of Distribution and Investor Relations in 2019.

Prior to joining Collins Street Asset Management Rob has established a 15 year career in the Financial Services industry where he has held a diverse range of national and state based rolls.

Rob's expertise include distribution, research, and advisory across a wide range of product types with a specific focus on providing services to the Wholesale and High Net Worth communities

Rob has a Master of Business Administration, Juris Doctor, Bachelor of Arts, Graduate Diploma of Financial Planning, is ADA2 qualified and holds a range of industry specific qualifications across equities, margin lending and self-managed superannuation.

As a passionate investor and advocate for investors Rob is well placed to support both existing and prospective investors with any queries or needs that they may have.

## **4.3 Sandhurst Trustees Limited**

CSAM utilises Sandhurst Trustees Limited as the primary custodian for the Fund.

Sandhurst is an experienced provider of custodian services to Australian fund managers. It has provided Trustee services to Australian businesses since 1888. In 1992 The Bendigo and Adelaide Bank (then the Bendigo Building Society) merged with Sandhurst.

Sandhurst is now managed as a division of the Bendigo and Adelaide Bank.

#### **4.3.2 Investment Administration**

Apex Fund Services Ltd provides all investment administration services to the Fund including trade matching, broker liaison, portfolio reconciliation, processing of corporation actions and dividends, portfolio valuations, tax records, post-trade compliance, investment performance and attribution and calculation of management fees.

#### **4.3.3 Unit Pricing and Fund Accounting**

Apex Fund Services Ltd undertakes all unit pricing functions including net asset value and unit price calculations. Apex Fund Services Ltd also prepares and lodges Business and Instalment Activity Statements, calculate distributions, communicate these to investors, prepare half yearly and full year financial statements and liaise with the Fund's auditors.

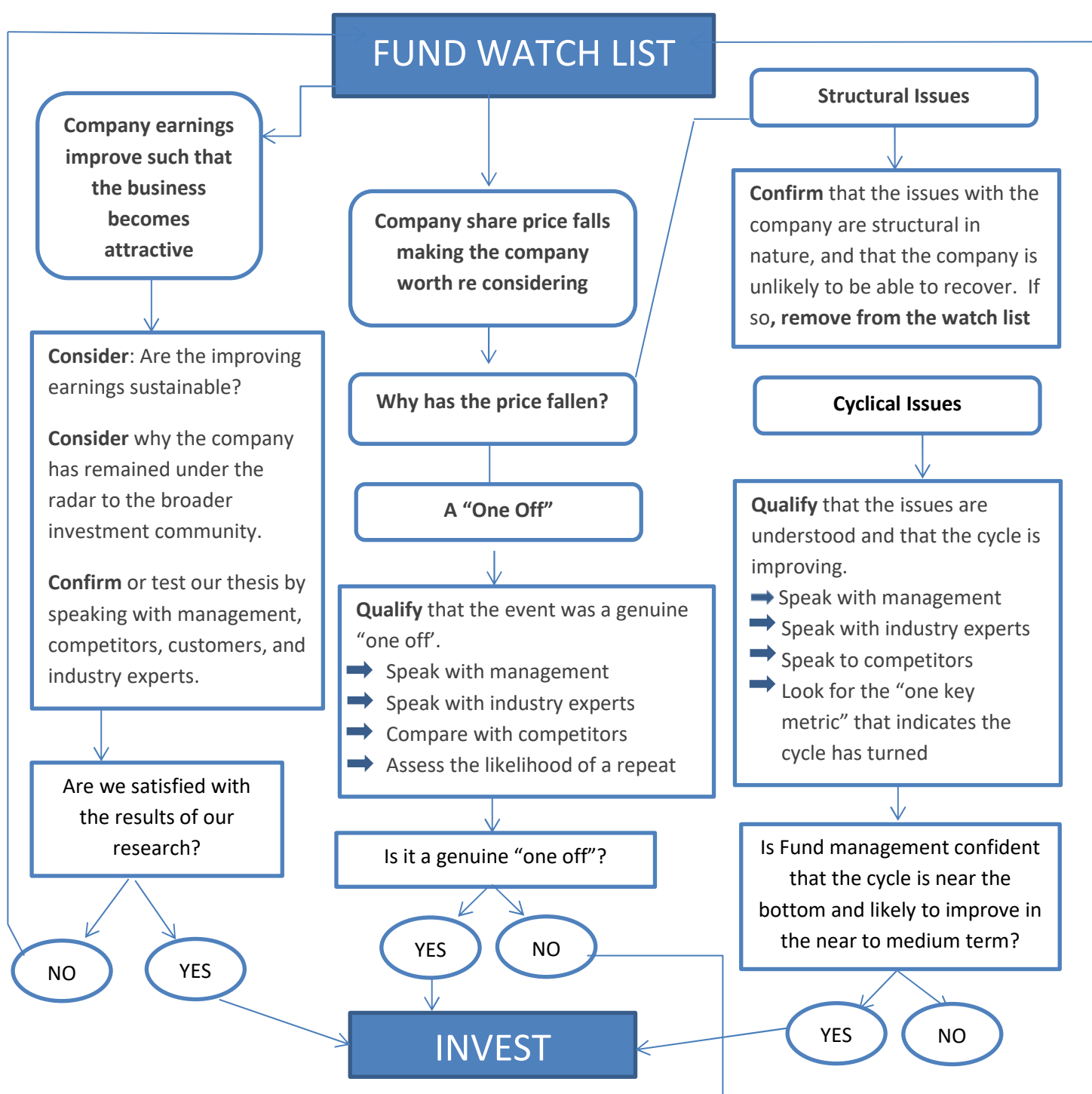
#### **4.3.4 Unit Registry**

Apex Fund Services Ltd provides the Fund with the full range of registry services including processing of applications, redemptions, transfers and a Unitholder reporting. This includes conducting identification checks in line with Australian law, processing distributions, preparation of annual tax and distribution statements, preparation of various compliance related periodic statements and various reports to the Australian Taxation Office.

## 5. Investment Process

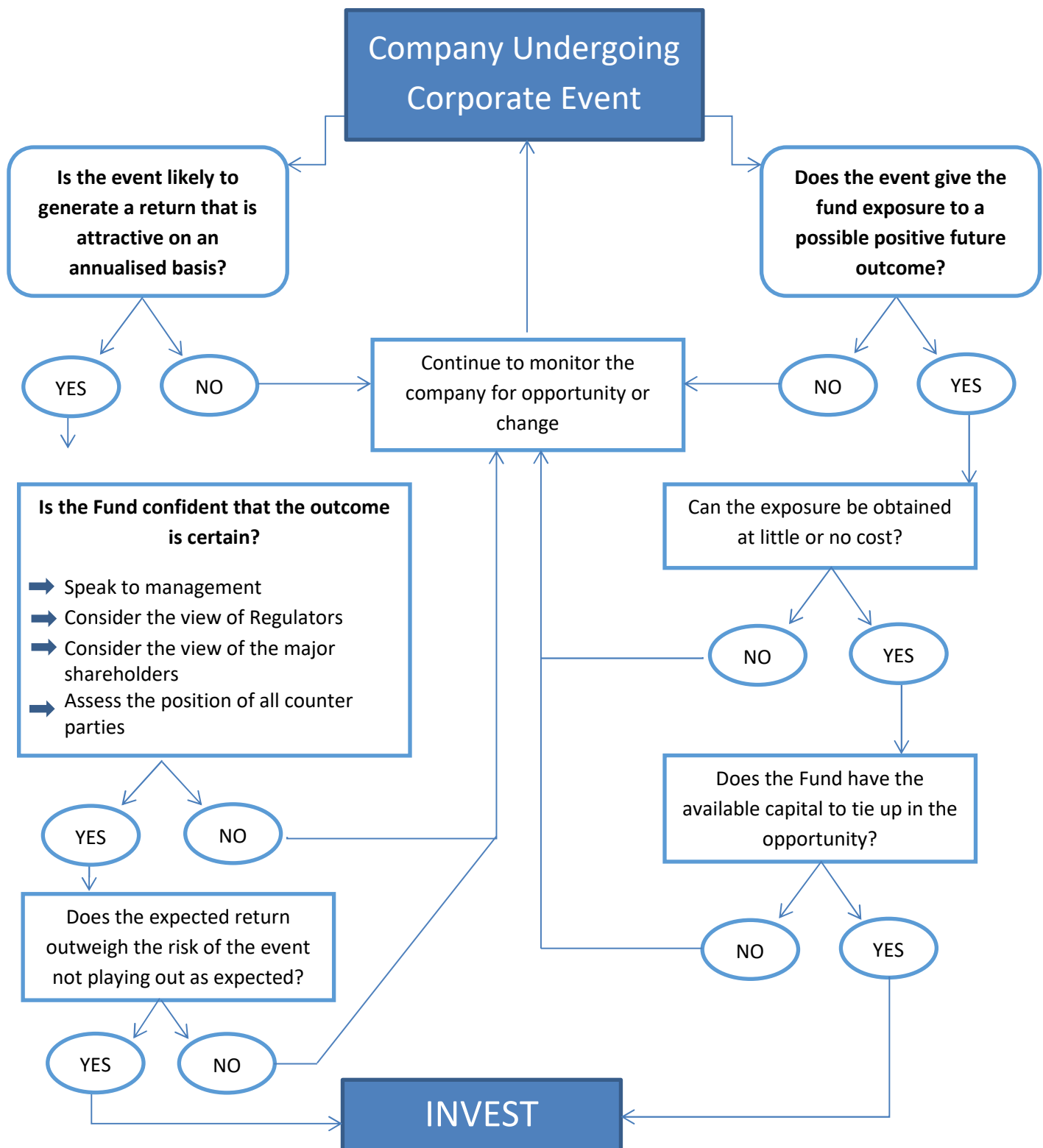
The Fund seeks to invest in businesses that the managers consider to be trading at a discount to their assessment of underlying value. To achieve this goal, the managers have an ever evolving watch list of companies that they consider interesting but overvalued investment grade businesses.

Using the above mentioned watch list as a basis for analysis the managers keep a close watch to determine when those businesses also become, in their view, strong investment prospects.



From time to time the Fund may find special situations that allows the Fund to invest in companies that may provide more certain returns over a short period of time or allow the Fund to gain exposure to a possible future return at little risk to the Fund. These types of situations generally arise out of one off corporate events or restructurings and include: special dividends, cash takeovers, buy backs, capital returns or scrip bids.

Though the net returns on some of these opportunities may be small, the relative certainty of the outcome, and the relatively short time frame involved can make these opportunities an attractive option for the Fund.



## 6. Fees and Costs

### 6.1 Fees and Other Costs

This section outlines the fees and other costs that may be charged to the Fund. You should read all information about fees and costs as it is important to understand their impact on the Fund.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Fees when money moves in or out of the Fund</b>		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed by you	Nil	Not applicable
<i>Exit fee</i> The fee to close your investment	Nil where you are invested in the Fund for 12 months or more. An exit less than 12 months after the initial investment is subject to a 2% exit fee.	Not applicable

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Management costs</b>		
The fees and costs for managing your investment	There is no ongoing management fee.	
	Ongoing administration costs such as (and not limited to) custody, registry, unit pricing, accounting, audit, and investor reporting expenses are payable by the Fund.	Payable when incurred.
	A performance fee of 25% of outperformance of the Hurdle Rate is used to calculate the performance fee. A high water mark applies to the performance fee.	Payable monthly in arrears. The performance fee is calculated and payable monthly.
	Trustee removal fee equivalent to any stated fees that CSAM has deferred over the life of the Fund and an amount equivalent to the performance fee that would have been payable if all assets held by the Fund were sold on the date CSAM ceases to be trustee and/or manager of the Fund.	Any deferred fees payable on removal. No other removal fee applies.

One-off Fees		
<b>Buy / Sell Spread</b> The fees to cover the costs of an application or redemption.	A 0.5% buy spread and a 0.5% sell spread applies.	This is not paid to the trustee. This cost is retained within the Fund to pay costs of entry into and exit from the Fund.

<sup>1</sup> All fees set out in this section are exclusive of Goods and Services Tax.

## 6.2 Additional explanation of fees and costs

### 6.2.1 Ongoing fees and costs

These fees and costs are paid by the Fund and therefore indirectly by Unitholders in proportion to their investment in the Fund. If CSAM or a related party is liable to pay GST on any fees charged to the Fund, CSAM is entitled to be reimbursed by the Fund for the GST liability.

#### Ongoing administration costs

The Fund incurs administration costs such as audit fees, custodial costs, compliance costs, accounting, tax, legal advice, bank charges, printing and stationery costs, and postage and handling fees.

#### Performance fee

CSAM is entitled to be paid a performance fee in respect of each calendar month in which cumulative Fund performance exceeds the cumulative Hurdle Rate. From the date of inception of the Fund and until 30 June 2021, the Hurdle Rate is calculated cumulatively from the date of inception of the Fund. For each subsequent 24 month period, the Hurdle rate is calculated cumulatively from the first 1 July of that period (**Reset Date**). For each such 24 month period, Fund performance is measured against the performance that would have been achieved had the assets of the Fund been invested at the Hurdle Rate on the Reset Date. On the Reset Date, the Hurdle Rate is adjusted to commence at the level of cumulative Fund performance as at the Reset Date. The performance fee is 25% of the amount that cumulative Fund performance (as calculated from the most recent Reset Date) exceeds the cumulative Hurdle Rate (as calculated from the most recent Reset Date). CSAM believes that this performance fee aligns the interests of investors with that of CSAM and is appropriate having regard to the Fund's mandate for capital preservation and growth.

To further benefit investors, a high water mark applies. A high water mark is the highest peak in value, net of fees, that the Units have reached at a point at which the performance fee is calculated. The high water mark ensures that CSAM only receives a performance fee for real outperformance by ensuring that any previous decline in the Fund's value is recouped before any further performance fee is paid. The high water mark does not reset on the Reset Date.

The performance fee is calculated and is payable monthly. The monthly performance fee calculation is undertaken by the Fund's external custody and accounting services providers.

## **Performance fee example**

**This example is provided for information only to illustrate the calculation of the performance fee. It does not take into account all fees. Actual results may vary significantly from this example. Further examples may be obtained from CSAM.**

The Fund had a unit price of \$1.00 on the last day of the previous calendar month. There are 50,000,000 units on issue to investors. Therefore the value of the Fund is \$50,000,000. On the last day of this calendar month the unit price is \$1.012. No new investments have been made in the Fund during the month and no investors have exited the Fund. Therefore, the number of units on issue remains at 50,000,000. As the unit price has increased to \$1.012, the value of the Fund is now \$50,600,000. There were no distributions paid to investors in that month. The Hurdle Rate is 4.80% per annum equating to 0.4% per month. Accordingly, had the \$50,000,000 in the Fund been invested in 10-year Australian Commonwealth Government Bonds it would have earned \$200,000 interest.

Therefore, of the \$600,000 performance, \$200,000 is not subject to a performance fee as it is below the Hurdle Rate. Of the remaining \$400,000, \$100,000 (excluding GST) is paid as a performance fee (25%) and the remaining \$300,000 (75%) stays in the Fund. Accordingly, (pre GST), the Fund retains \$500,000 of the \$600,000 earned in the month. The high water mark after this month is now \$50,500,000 less GST.

## **Termination / Removal fee**

Should investors in the Fund vote to remove CSAM as trustee of the Fund, CSAM will require payment of any fees it has previously deferred and an amount equivalent to the performance fee that would normally have been payable if the assets of the Fund were sold on the date CSAM ceases to be trustee. No other removal or termination fee will be payable.

## **Abnormal expenses**

CSAM is entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of Unitholder meetings, legal costs of any proceedings involving the Fund and terminating the Fund. Whilst it is not possible to estimate such expenses with certainty, CSAM anticipates that the events that give rise to such expenses will rarely occur.

## **Reimbursement of costs**

Under the Fund's trust deed CSAM is entitled to be reimbursed for all expenses and liabilities (which may include the ongoing administration costs and abnormal expenses referred to above) which it may incur in the proper performance of its duties as trustee. These expenses include but are not limited to:

- costs, charges and expenses of establishing the Fund and the trust deed including the preparation, due diligence, registration, promotion and distribution of any disclosure document in respect of the Fund;
- costs, charges and expenses incurred in connection with the acquisition of any assets of the Fund (including any stamp duty payable in accordance with the law);
- costs, charges and expenses of maintaining or improving any assets of the Fund;
- fees and expenses charged by brokers or other participants in the equities market such as prime brokers or other brokers;
- fees and expenses of the auditors;
- fees and expenses of any consultant or other expert employed by the Fund;

- costs of convening and holding any meeting of investors;
- expenses incurred in connection with the keeping and maintaining of accounting and financial records and registers including the register of Unitholders;
- costs, charges and expenses and disbursements paid or payable to the custodian;
- any costs incurred in connection with the issue of Units.

### 6.3 Waiver or Deferral of Fees

CSAM may at its discretion:

- partially or fully waive any fees to which it is entitled: or
- defer its entitlement to fees to which it would otherwise be entitled and may claim these if it is removed as trustee of the Fund.

### 6.4 Other Payments

CSAM or its related entities may pay a fee to third parties who introduce new investors to the Fund. In instances where this occurs, there is no additional cost to investors. Any fee of this type will be paid from CSAM's own funds.

### 6.5 Goods and Services Tax

All the fees in the above table are expressed as excluding GST.

### 6.6 Buy / Sell Spread

A buy / sell spread is an estimate of the transaction costs incurred when buying or selling assets in the Fund to facilitate an investment or withdrawal by an investor.

For the Fund a buy / sell spread of 0.50% either way applies. For example, at a time when the Unit price is \$1.00, investors will pay \$1.005 per Unit. Should they exit the Fund at that time, Units would be redeemed at \$0.995.

Where a distribution is made to the investor which arises resulting from or in relation to the exit then 0.5% of the amount available for distribution will be retained by the Trustee prior to the distribution being made.



## 7. Taxation Information

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Taxation rules are complex and different investors have different circumstances. Therefore, you should seek professional taxation advice prior to making an investment decision. CSAM does not know the individual taxation position of any Unitholders and cannot take any such circumstances into account in making decisions regarding the operation of the Fund and the investments made by CSAM.

The Fund is a trust and is expected to be treated as a flow through vehicle for income tax purposes. Accordingly, Unitholders will be taxable on their proportionate share of the taxable income of the Fund. In some circumstances, you may qualify for a discount on certain taxable capital gains made by the Fund.

If you dispose of your Units (e.g. by way of sale or redemption) you may be required to pay capital gains tax. Depending on your situation you may qualify for a discount on certain taxable capital gains. When you redeem Units, CSAM may make a special distribution to you of some or all of the funds to which you would become entitled in respect of the redemption.

A new attribution managed investment trust (**AMIT**) regime has been introduced. Broadly, the taxation treatment of Unitholders and the Fund would be the same under the AMIT regime as compared to the current income tax regime. However, the AMIT regime has been enacted to provide more certainty regarding the taxation treatment of both the Unitholders and the Fund.

It is at the discretion of trustees of the relevant trust to determine if the AMIT regime should apply. A trustee of a qualifying managed investment trust (**MIT**) for income tax purposes is entitled to elect for the AMIT regime to apply to the MIT where the members of the scheme have clearly defined interests in relation to the income and capital of the MIT.

Under the AMIT regime, a MIT that is entitled to participate in the regime and that has made an election to do so, must attribute the taxable income of the scheme to members on a fair and reasonable basis consistent with their interests in the scheme.

The Trust Deed has been amended to enable the Fund to elect to participate in the AMIT regime. The Trustee expects to make an election to have the AMIT regime apply to the Fund.

## 8. Other Information

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### 8.1 Investor Communication

CSAM reports to Unitholders on at least a quarterly basis. Our reporting comprises the following:

- An investment confirmation upon issuing Units.
- Half yearly and full year income distribution statements detailing your investment and distributions (if any) paid to you.
- Periodic performance update reports.
- An annual tax statement detailing information required for inclusion in your annual income taxation return.

### 8.2 Summary of Material Documents

Applicants should consider whether it is necessary for them to obtain advice on any of the documents.

#### (a) Trust Deed

The trust deed dated 22 January 2016 as amended from time to time establishes the Fund and sets out the rules. Together with this IM and the terms of issue of Units it governs the relationship between Unitholders and CSAM. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each. Each Unitholder shall be bound by the terms of the trust deed as if it was a party to the trust deed.

The trustee has very broad powers, including the power to invest the Fund assets as though it was the absolute owner of the assets acting in its personal capacity.

Subject to the trustee acting in good faith and without gross negligence, the trustee shall not be liable to Unitholders in contract, tort or otherwise for any loss suffered relating to the Fund. The trustee shall be entitled to be indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund.

Under the trust deed, each Unit gives the Unitholder an equal and undivided interest in the Fund. However, a Unit does not give Unitholder an interest in any particular asset of the Fund. Subject to the trust deed, Unitholders have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of investors.
- The right to participate in the proceeds of winding up of the Fund.

The trust deed contains provisions about convening and conducting meetings of Unitholders.

CSAM can amend the trust deed without Unitholders' approval provided CSAM reasonably considers the changes will not adversely affect Unitholders' rights as a whole. The trust deed can also be amended by special resolution passed by investors with a 75% approval by value of Units voted at the meeting.

Under the trust deed, CSAM is able to issue Units in different classes having preferential rights and may vary or cancel the rights and privileges attached to Units in different classes, including by converting or reclassifying Units from one class to another. CSAM may also, in its absolute discretion, cancel Units and issue replacement units of a different class.

The trustee may retire as the trustee of the Fund with 1 months' notice to investors. The trustee may be removed as trustee of the Fund by a resolution passed by at least 90% of votes of all Units.

A copy of the trust deed is available free of charge from CSAM's registered office.

#### **(b) Unit terms**

The Unit terms detail the fees payable in respect of Units. These terms will be provided to investors on request.

#### **(c) Custody Agreement**

This agreement sets out the terms of the relationship between CSAM and Sandhurst Trustees Limited. The general obligations of Sandhurst Trustees Limited within this agreement are to hold the assets of the Fund.

CSAM also has obligations under this document such as placing the Fund assets under the control of Sandhurst Trustees Limited and indemnifying Sandhurst Trustees Limited in respect of any liability Sandhurst Trustees Limited may incur by reason of acting in accordance with CSAM's directions or performing other duties under the agreement as our agent.

Sandhurst Trustees Limited must only carry out instructions in respect of the Fund that are given and authorised by CSAM.

#### **(d) Administrative Services Agreement**

This agreement sets out the terms under which Apex Fund Services Ltd, the registry service provider and Fund administrator appointed by CSAM will carry out its role.

In relation to registration services, the general obligations of Apex Fund Services Ltd within this agreement is to maintain a register of Unitholders interests and provide such services required to facilitate investor services including but not limited to personal details, unit holdings, distribution payments and remittance advice and other communications as deemed necessary by CSAM.

In relation to administration services, the general obligations of Apex Fund Services Ltd within this agreement includes but is not limited to, record investments, undertake cash reconciliation to CSAM, provision of daily valuations to CSAM, portfolio reconciliation, the tracking of various corporate actions and the preparation of the monthly unit price.

### **8.3 Unit Pricing**

The trust deed has a Unit pricing mechanism which explains how CSAM may calculate the price of Units. Units are priced monthly. Monthly Unit prices are placed on CSAM's website at <[www.csvf.com.au](http://www.csvf.com.au)> 12 Business Days following the end of the previous calendar month together with the entry price and the exit price which take into account the buy and sell spread.

## 8.4 No Cooling Off Period

No cooling off period applies to application to invest.

## 8.5 Disclosure of Interests

CSAM is entitled to management, performance and other fees and to be reimbursed out of the Fund for costs and expenses in accordance with the Fund's trust deed.

CSAM and its directors, employees and agents may invest in units in the Fund and any underlying investments.

## 8.6 AML/CTF

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) requires us to verify your identity prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. We will not issue you with Units unless satisfactory identification documents are provided.

## 8.7 Privacy

When you make an application to invest in the Fund we will collect information from you in the Application Form which is classified as 'personal information' under the Privacy Act 1988 (Cth) (Act). We may also collect additional Personal Information from you by other means in the future. Examples of how we may collect additional personal information include (but are not exclusive to) through forms, through our website and by telephone if you access our investor services. We generally collect your personal information directly from you but may also collect it from other sources such as from third parties who have hosted events or marketing promotions in which CSAM has been represented and you have expressed an interest in the Fund. We may be required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and corporate and taxation legislation to collect your personal information.

More information about how we collect your personal information is found in our Privacy Policy, available at [www.csvf.com.au](http://www.csvf.com.au). If you have questions about the personal information we collect you should contact us using the contact information below.

We collect your personal information primarily so we can verify your identity and establish your investment in the Fund. We will also collect and may use and disclose your personal information for the purposes of:

- processing your application and administering your investment;
- complying with our obligations under applicable laws and regulations;
- improving our products and services development;
- ensuring against fraud or any other activity which could result in harm to the products or services provided; and
- to run our business.

We may also use your personal information to gain an understanding of you, your needs and your interaction with us so we can identify and notify you (including by email) of other investment opportunities products and services, which may be of use to you. However, if you so request, no further material of that nature will be sent to you.

We will take reasonable steps to protect your personal information that we collect and ensure that the information is accurate and up-to-date. Unitholder information is held on secure servers or in storage locked in controlled environments. Our employees and services providers are required to maintain the confidentiality of any personal information held by us. We will not disclose your personal information out of Australia.

If you do not provide us with all the personal information we request, we may be unable to establish your investment in the Fund, process your application and administer your investment, or provide you with any, some, or all of the features of our products or services otherwise available to you.

The types of organisations to which we may disclose the personal information provided by you include:

- with your consent, your financial or legal adviser or accountant;
- any third party service provider we may engage to provide custody, registry, auditing, mailing, printing or other services;
- government authorities when, and to the extent required by law; and
- our professional advisers (including legal and accounting firms, auditors, consultants and other advisers).

You can request access to or seek correction of your personal information by notifying us in writing at any time (including by email) or by phone, subject to passing our security checks. Our Privacy Policy contains further details of how to access and seek correction of your personal information. It also provides information about how to submit a complaint if you are concerned that there may have been breach of the Australian Privacy Principles with regard to your information, and how we will deal with such complaints. Our Privacy Policy is available from our website at [www.csvf.com.au](http://www.csvf.com.au)

## 9. Glossary

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<b>Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Business Day</b>	A day that is not a Saturday, Sunday, or any other day which is public holiday or a bank holiday in New South Wales or Victoria.
<b>CSAM</b>	Collins St Asset Management Pty Ltd (ACN 601 897 974)
<b>Fund</b>	Collins St Value Fund (ABN 72 216 927 242)
<b>Hurdle Rate</b>	The Hurdle Rate means, in respect of a month, the “Capital Market Yields - Government Bonds - Monthly - F2.1” Commonwealth Government 10-year Bond Rate in respect of that month published by the Reserve Bank of Australia ( <b>RBA</b> ) or, if that rate ceases to be published by the RBA, the rate which CSAM determines reflects that rate
<b>IM</b>	This Information Memorandum dated 1 January 2021
<b>JP Morgan</b>	JPMORGAN CHASE BANK, N.A ABN 43 074 112 011
<b>Offer</b>	The offer of Units pursuant to this IM
<b>securities</b>	Includes corporate equity, options to purchase equity, corporate bonds and corporate hybrids.
<b>Units</b>	Means “Class A” units in the Fund
<b>Unitholder</b>	A holder of Units

## 10. Corporate Directory

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<b>Trustee</b>	Collins St Asset Management Pty Ltd ACN 601 897 974 AFSL 468935  Suite 903, 365 Little Collins St Melbourne VIC 3000  Director: Michael Goldberg
<b>Custodian</b>	Sandhurst Trustees Limited ABN 16 004 030 737
<b>Registry</b>	Apex Fund Services Ltd
<b>Auditor of the Fund</b>	Pitcher Partners