

# **i Capital International Value Fund**

ARSN 134578180



## **Additional Information Booklet**

Issued by Capital Dynamics (Australia) Ltd ABN 53 129 846 260 AFSL 326283  
**DATED 30 SEPTEMBER 2018**

## Important Information

The information in this document (Additional Information Booklet) forms part of the Product Disclosure Statement (PDS) dated 30 September 2018 for the *i* Capital International Value Fund ARSN 134 578 180 (Fund). You should read this Additional Information Booklet together with the PDS before making a decision to invest in the Fund. The information contained herein may change from time to time without notice, however a current version is always accessible on our website [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au). This additional information booklet is general information only and does not take into account your personal financial situation or needs. Investors should seek independent financial advice tailored to their personal circumstances before making a decision whether to invest in the Fund.

If you have any questions or require further information, you can contact us as follows:

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-  [info@capitaldynamics.com.au](mailto:info@capitaldynamics.com.au)
-  Level 1, 61 York Street,  
Sydney NSW 2000
-  [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au)

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# 1. About Capital Dynamics (Australia) Ltd

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Independence of thought and action comes naturally at Capital Dynamics (Australia) Ltd (CDAL or Responsible Entity). This is because CDAL is not associated with any stock broking companies, commercial and investment banks and government or political organisations, allaying any conflicts of interest. With a clear focus, its efforts are concentrated on providing the best possible investment management services.

CDAL does not act on tips, rumours or hearsay but only on intimate knowledge of investments, based on rational and objective research and analysis. While it sounds abstract, CDAL believes that integrity will in the long run show in the investment returns of the Fund. Anchored on the values of these 3 "i"s, the Capital Dynamics group has gradually and successfully built up its recognition and reputation in the investment industry within the Asia Pacific region.

Capital Dynamics Group also set up Capital Dynamics Asset Management (HK) Pte Ltd (CDHK) as an asset manager. It obtained the Type 9 asset management licence from the Securities and Futures Commission (SFC), Hong Kong in January 2013. Currently, CDHK manages segregated accounts and

SFC authorised retail unit trust fund, *i* Capital China Fund .The first segregated account client was onboarded in October 2015. *i* Capital China Fund was launched in January 2018.

In 2006, the Capital Dynamics group achieved a major milestone when it established Capital Dynamics (S) Pte Ltd (CDPL) in Singapore. As a global fund manager, CDPL has delivered a market beating performance. In July 2007, CDPL launched the *i* Capital Global Fund (ICGF), an open-end global fund that has outperformed the MSCI All Country World Index (MXWD).

As a fund manager, the Capital Dynamics group has since its inception been a firm believer in value investing. For the Malaysia-focused investments, this is done through Capital Dynamics Asset Management Sdn Bhd (CDAM). Licensed as a fund manager since 1997, CDAM has been delivering superior returns to its clients up to 31 December 2017. Up to 31 December 2017, CDAM, in managing the funds of its segregated accounts, has beaten the Kuala Lumpur Composite Index (KLCI) for most years since its inception\*.

Capital Dynamics Sdn Bhd (CDSB) was set up in 1988 to provide investment advisory services through *i* Capital, its flagship publication. As Malaysia's first independent licensed investment adviser, CDSB provides quality, independent, and objective research and analysis and has been continuously involved in the same business since inception, supported by a following of loyal subscribers. Its investment portal, [www.icapital.biz](http://www.icapital.biz), was launched in 2002.

CDAL has outsourced certain aspects of the Fund's operations including the custody of assets, the administration of the Fund, investor related services including the maintenance of the register of Unitholders and the processing of applications, withdrawals and distributions.

\* Past performance is not necessarily a reliable indicator of future performance.

#### DIRECTORS' PROFILES

### Tan Teng Boo

Tan Teng Boo, is the founder and Managing Director of Capital Dynamics (Australia) Limited. He also founded Capital Dynamics Sdn Bhd (CDSB), Capital Dynamics Asset Management Sdn Bhd (CDAM), Capital Dynamics (S) Private Limited (CDPL) and Capital Dynamics Asset Management (HK) Private Limited (CDHK). He is, either directly or indirectly, the controlling shareholder and the director of each of the five companies in the Capital Dynamics group.

CDSB, CDAM, CDPL, CDAL and CDHK under the helm of Tan Teng Boo have attracted both local and foreign investors who have benefited from his experience. He has successfully steered the Capital Dynamics group to become one of the region's leading independent investment adviser and fund manager .

Tan Teng Boo has grown the assets under management of the Capital Dynamics group to a portfolio value of approximately A\$290 million as at 31 December 2017.

All the funds of Capital Dynamics Group are managed by him as the fund manager.

Tan Teng Boo graduated with an honours degree in Economics from Sussex University in 1977.

### Andrew Slattery

Andrew Slattery is a Chartered Accountant. He has worked in Chartered Accounting practices since 1986 and is currently a director of William Buck. Prior to that he was appointed as a director of Elliott House Chartered Accountants since July 2001, a role he maintained until joining William Buck as a director. During that time Andrew has developed a portfolio of clients in various industries. He acts as Director of 11 Australian based Companies.

### Simon Meagher Dorahy

Simon Dorahy has been a Director of William Buck Chartered Accountants since the Merger in February 2018 with Elliott House Chartered Accountants where he was a Partner since April 2000.

He is also a Certified Financial Planner, and has been an Authorised Representative of Securitor from 1999 to 2015, Garvan Wealth Management from 2016 to 2018, and William Buck Wealth Division since 2018. William Buck performs administration duties for around 370 Self Managed Superannuation Funds, with funds of approximately \$550 million as at June 2018.

## 2. About the Fund

The Fund is an unlisted registered managed investment scheme. The Fund is a global equities fund whose main investment objective is to hold its investments for the long term. The investment strategy is to seek capital appreciation while reducing the margin of error. This is achieved with a rigorous, innovative yet well-defined value investing philosophy. This ensures adherence to the main guiding principle of having a margin of safety.

### **INVESTMENT PHILOSOPHY**

There are various investment approaches which are applied by investors worldwide. Nevertheless, the concern of investors is the ability of fund managers to identify or if necessary, modify and adapt a suitable approach/method to suit the investing environment and the needs of their clients. Backed by our innate understanding of the global economy and the various stock markets and our familiarity with the different methods of investment analysis, the Capital Dynamics group has the knowledge and experience in modifying and adapting the various investment methods to suit the investing environment and the investment objectives.

The Fund applies an eclectic value-investing philosophy developed by CDAL and selects companies where there is a disparity between the company's market price and its underlying intrinsic value, with the objective of building in a margin of safety. The Fund seeks long-term capital appreciation while reducing the margin of error when investing, which is achieved with a well-defined value investing approach.

Guided by Benjamin Graham's famous counsel, "Investing is most intelligent when it is most business-like", the vital goal is to determine the company's value and what is driving the valuation. Various valuation methods are used such as discounted cash flow, dividend yield, price-earnings ratio, free cash flow and asset value depending on how appropriately it reflects a company's intrinsic value. Key qualitative factors such as management quality and economics of the business are also taken into consideration. Value investing is neither a one-decision approach nor a buy-and-hold strategy.

A useful way to understand the eclectic value investing philosophy is to use the analogy of the bamboo. The bamboo has tensile strength greater than mild steel and can withstand compression better than concrete. Such attributes of bamboo are essential in keeping the plant, which can grow up to 60 metres in height but is only as wide at the base as the very top, from falling over and making it to be able to bend in the wind without breaking. The bamboo has superb environmental qualities, which are largely based on the sustainability merits of the plant.

CDAL appreciates that conventional value investing may have to be modified in the context of investing in developing economies where established institutions may be lacking and market forces are not significant or are in an embryonic stage. As such, it adapts its value investing approach by considering factors like political and macro-economic structures. Despite being adaptable and flexible in analysing companies with diverse environments, CDAL remains rooted in its value investing approach by drawing on the underlying intrinsic value of a company and the principle of margin of safety as its core investment philosophy.

We believe that incorporating key macro-economic variables and structures into our investment philosophy plays an essential part in our value investing framework. The objective is to obtain a sound investment framework that allows us to have a clear perspective of how economies, markets and sentiment interact and how this interaction influences the Fund's investments. We believe that our "Intelligently Eclectic" value investing philosophy provides us with an edge in identifying investment opportunities for the Fund.

The Fund aims to primarily invest in a managed portfolio of securities, which includes securities, stocks, warrants and bonds, issued by companies listed in a wide range of global stock markets

selected by CDAL in its discretion from time to time. The Fund may also invest in fixed income investments, and cash/cash equivalent products in order to have funds available for general Fund purposes. Actual asset allocation is driven by our eclectic value investing philosophy which is based on the valuation of the listed company AND its market price. Where the market is undervalued and there are many investment opportunities whereby listed companies are trading below their valuation, the Fund may invest as much as 98% in listed securities. Where the market and securities are overvalued, there may be limited investment opportunities, and the Fund may invest as little as 0% in listed securities, with the balance invested in the remaining asset classes.

**Table 1 - The Fund may invest in securities listed on/in the following stock markets/countries:**

Oceania	Asia	Europe
Australia	China	Austria
New Zealand	Hong Kong	Belgium
<b>North America</b>	India	Denmark
Canada	Indonesia	Finland
Mexico	Japan	France
NASDAQ	Korea (South)	Germany
NYSE	Malaysia	Greece
<b>South America</b>	Pakistan	Ireland
Brazil	Philippines	Italy
Chile	Singapore	Luxembourg
<b>Africa</b>	Sri Lanka	Netherlands
South Africa	Taiwan	Norway
	Thailand	Portugal
	Turkey	Russia
	Vietnam	Spain
		Sweden
		Switzerland
		United Kingdom

## INVESTOR SUITABILITY

The Fund suits investors with a medium-high risk tolerance who are seeking capital growth over a long term investment horizon, and can tolerate short term volatility and fluctuations in returns.

You should still ensure you are comfortable with all of the risks and potential losses associated with an investment in the Fund and

how this relates to your investment timeframe.

## ASSET CLASSES IN WHICH THE FUND INVESTS

The investments in the Fund can comprise from 0% up to 98% in securities listed on the Australian Securities Exchange and other global exchanges, 0% to 95% in fixed income securities and 2% to 100% in cash/cash equivalent products.

## 3. How the Fund works

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<b>Minimum Initial Investment</b>	\$20,000
<b>Minimum Additional Investment</b>	\$2,000
<b>Application Deadline</b>	Monthly, 5.00pm Sydney Time, 5 Business Days prior to the last Business Day of a month.
<b>Withdrawal</b>	A withdrawal request may only be made after units have been held for a period of 1 year (365 days) from their date of issue.
<b>Minimum Withdrawal</b>	\$5,000
<b>Minimum Balance</b>	\$20,000
<b>Withdrawal Deadline</b>	Notice of withdrawal must be received 2 months before the end of the calendar quarter.

### MAKING AN INITIAL INVESTMENT

To make an initial investment in the Fund, you must complete the Application Form and submit it to us with your initial investment amount of at least \$20,000, payable in accordance with the methods detailed in Section 9 of this document.

CDAL reserves the right to accept lower investment amounts, and also reserves the right to refuse or reject an application. The number of Units issued to you when you make an investment will be calculated by dividing the amount you invest by the applicable purchase price (NAV per unit) for the month

calculated at the close of business of the last market relevant to the Fund on the last Business Day of the applicable month.

Investment can be made by:

- \* Individuals over 18 years of age;
- \* Companies, businesses, partnerships and incorporated bodies; or
- \* Trustees of other entities.

See also Section 9 'How to apply' for further information about how you can invest in the Fund and completing an Application Form.

Please note that CDAL cannot accept cash.

The current PDS and application form can be obtained from our website at [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au) or by contacting us on 1300 798 655.

#### **ADDITIONAL INVESTMENT**

You can make additional investments of at least \$2,000 at any time. Each time you make an additional investment you will need to complete an 'Additional Investment Form', which is available on our website at [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au) or by contacting us on 1300 798 655. Additional investments are made on the basis of the PDS current at the time of the additional investment.

#### **AUTHORISED AGENT**

You may nominate an authorised agent to operate your investment in the Fund on your behalf. Your nominated authorised agent will be able to exercise the same powers as you under the Fund's Constitution, including transacting on your investment account. However, your nominated authorised agent cannot request a change in records held by the Responsible Entity that relate to your name, address or other particulars.

#### **CONDITIONS**

By nominating an authorised agent, you agree to certain conditions, including indemnifying the Responsible Entity against any liabilities arising out of the nomination of, and any instructions issued by, your authorised agent. If you appoint a company as your authorised agent, any employee of that company that is authorised by the authorised agent can act under your authorised agent's authority.

Similarly, if you appoint a partnership as your authorised agent, any of the partners can act under that authority. The Responsible Entity may vary the powers of your authorised agent or cancel their authority at any time.

You will continue to be liable for the actions of your authorised agent, whether authorised by you or otherwise, until such authorisation has been formally revoked and advised to the Responsible Entity in writing, and receipt of such has been acknowledged to you.

Please contact us on 1300 798 655 if you require further information.

## Withdrawal from the Fund

### WITHDRAWAL PRICE

When you withdraw, your Units are withdrawn at the applicable withdrawal price (NAV per Unit) calculated at the close of business of the last market relevant to the Fund on the last Business Day of the quarter.

In summary, the price per Unit is determined by dividing the total current value of the Fund's assets (after deducting any liabilities) by the number of Units on issue. Withdrawal requests not received prior to two months before the end of the quarter, will not be processed until the end of the following quarter.

### NOMINATED BANK ACCOUNT

As part of the initial application process, you nominate the bank account into which you would like withdrawals to be paid. Withdrawal amounts will only be paid into your current nominated account. If you would like to change your nominated account at any time, please contact us to arrange.

### MINIMUM WITHDRAWAL AMOUNT AND ACCOUNT BALANCE

Unless the Responsible Entity determines otherwise, the minimum withdrawal amount is \$5,000, and a balance of \$20,000 is generally required to keep your investment account open. If your account balance falls below

this level, the Responsible Entity may redeem your investment and pay the proceeds to you. However, the Responsible Entity reserves the right to accept lower account balances.

### WITHDRAWAL RESTRICTIONS

In certain situations, such as when the Responsible Entity suspends withdrawals or where the Fund becomes 'not liquid' (as defined in the Corporations Act), your ability to redeem your investment may be restricted. This may impact on the time taken to pay your withdrawal and the procedures that may apply.

The Fund's Constitution permits the Responsible Entity to suspend withdrawals at any time and for such period as it considers appropriate, in certain circumstances which impact on the effective and efficient operation of a market for assets held by the Fund.

Where the Fund is not liquid, withdrawals from the Fund will only be possible if the Responsible Entity makes a withdrawal offer to you in accordance with the Corporations Act. The Responsible Entity is not obliged to make such offers.

In addition, the Responsible Entity may delay a withdrawal if it receives in a relevant quarter, requests for withdrawals totalling 10% or more of the Units issued in the Fund.

If after taking all reasonable steps, the Responsible Entity is unable to determine a withdrawal price or to realise sufficient

assets to satisfy a withdrawal request due to circumstances beyond its control (such as restricted or suspended trading in a market) or if the Responsible Entity believes it is not in the best interests of Unitholders to sell assets, the period allowed to satisfy withdrawal requests may be extended by the number of quarters during which the circumstances apply.

Where withdrawals are suspended or delayed, your withdrawal request will be deemed to be lodged immediately after the end of the period of suspension or delay. This means the withdrawal price will be determined as at the next time we value the Fund after the suspension or delay is lifted.

#### **UNIT PRICING**

CDAL has a policy for unit pricing discretions it uses in relation to the Fund. You can obtain a copy of our unit pricing policy, free of charge, by contacting us.

## **Distributions**

A distribution is a payment of a Fund's taxable income. The Fund will distribute income (if any) once annually – usually within 45 days of the end of the financial year i.e. by 14 August. There may be times when the Responsible Entity decides not to make a distribution, or otherwise to make a special distribution outside the usual period.

#### **DISTRIBUTION PAYMENTS**

You can choose to receive distributions when they occur by either:

- \* payment to your nominated Australian bank account or payment by cheque; or
- \* reinvestment in the Fund (which is in the form of purchase of additional Units).

You can indicate your preference in the Application Form, or subsequently by contacting us. If no selection is made, distributions will be reinvested.

No buy/sell spread is applied to reinvested distributions. The application price that will apply to Units from such reinvestment will be the 'ex-price' per Unit (ex-distribution) as at the end of the distribution period.

Reinvestment will be effected on the first Business Day after the close of each distribution period.

#### **DISTRIBUTION REPORTS**

The Responsible Entity will provide Unitholders a report shortly after the end of the financial year which includes details relating to the components of all Fund distribution payments made during that year. This includes any tax-free or tax-deferred components, imputation credits or capital gain components.

# 4. Fund features & benefits

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## FUND FEATURES

<b>Investment Objective</b>	The Fund applies a value-investing methodology and aims, after fees and costs and before tax, to provide capital growth over the long term.
<b>Benchmarks</b>	MSCI All Countries World Index.
<b>Fund Assets</b>	The Fund aims to primarily invest in globally listed securities and fixed income securities, which are assessed as having capital growth and long-term value potential, and may also invest in fixed income securities and cash/cash equivalents.
<b>Asset Class Ranges</b>	The Fund may invest from 0% up to 98% in securities listed on Australian and global exchanges, 0% to 95% in fixed income securities, and 2% to 100% in cash/cash equivalents. All assets are held by an independent Custodian and the reporting currency of the Fund is Australian dollars. Derivatives are not used.
<b>Suitability</b>	The Fund suits investors with medium-high risk tolerance who are seeking to access capital growth and income streams over a long term investment horizon, and can tolerate short term volatility and fluctuations in returns.

## General features and benefits of investing in a managed investment scheme

Managed investment scheme investments offer a number of features and benefits which include:

- \* **Greater investment opportunities** – by pooling together investors' money, a managed investment scheme can provide investors with access to a broader range and diversity of investments which may otherwise be too difficult or impractical for an individual investor to obtain;

- \* **Cost-effectiveness** – the larger size of a managed investment scheme generally allows it to buy and sell assets at a lower cost compared to what an individual investor would have to pay if they invested directly; and
- \* **Professional management** – the investment is managed by a team of specialists who apply their experience, resources and insight to manage the returns and related risks of the investment based on the scheme's strategy and objectives.

## 5. Risks of investing in the Fund

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No further information provided.

## 6. Fees and costs

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ASIC class order 14/1252 applies to this PDS.

### SUMMARY OF FEES AND COSTS

The table below shows fees and other costs that you may be charged. These fees and costs may be deducted from the money you invest, from the returns on your investment or from the Fund's assets as a whole. The fees set out in the table below are inclusive of the net effect of GST (i.e., inclusive of 10% GST less any applicable

input tax credits or reduced input tax credits (RITCs) which may be claimed by the Fund). You should read all the information about fees and costs as it is important to understand their impact on your investment. The information in the table may be used to compare costs between different simple managed investment schemes.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
Establishment Fee – to start your investment	Nil	Not applicable
Contribution Fee – on each amount contributed	Nil	Not applicable
Withdrawal Fee – on the amount you withdraw	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
Exit Fee – to close your investment.	Nil	Not applicable
Transactional cost	0.3209%	The cost is incurred and paid as and when it arises.
<b>Management Costs. The fees and costs for managing your investment.</b>		
Administration Expenses	0.8481% p.a. of the NAV	These expenses are paid as and when they occur.
Management Fee	1.5375% p.a. of the NAV of the Fund \$15.375 per \$1,000.	The fee is calculated as a percentage of the Fund's NAV. The fee is accrued monthly and paid to us quarterly in arrears.
Performance Fee	20.5% p.a. of the Fund's return above the Performance Fee Hurdle.	This fee is calculated on the amount by which the Fund's return exceeds its Performance Fee Hurdle. This is calculated, accrued monthly and paid to us annually in arrears.
		Please refer to detailed explanation under "Performance fee" in the Additional Explanation of Fees and Costs section below.

## Additional explanation of fees and costs

### TRANSACTION COSTS

Transaction costs are paid from the assets of the Fund. These charges generally include costs such as brokerage, government or

bank charges etc. They may be incurred by changes in the Fund's investment portfolio or when there are cash flows in or out of the Fund. When the Fund incurs transaction costs from changing its investment portfolio, they are paid out of the assets of the Fund and reflected in the Unit price.

## MANAGEMENT COSTS

The management costs are the total fees and costs incurred in managing the Fund and your investment. They are comprised of two components – a management fee (payable to CDAL as Responsible Entity) and expense recoveries. The management fee accrues monthly and is paid to CDAL quarterly in arrears. The total annual management fee is approximately 1.5375% per annum (inclusive of GST less applicable Reduced Input Tax Credits (RITC)) of the Net Asset Value. Assuming a Net Asset Value of \$10,000,000 the total management fee payable by the Fund would be \$153,750 or 1.5375% per annum (inclusive of GST less applicable RITC). The expense recoveries include costs such as fees payable to the custodian, auditors, PDS costs, legal fees, platform listing fees, stationery, postage, compliance costs and other expenses incurred by the Fund. Expense recoveries are paid from the assets of the Fund as they are incurred. The expense recovery estimate of 1.1691% per annum is an estimate only and the actual expense recovery may be higher or lower than that estimate. Management costs are deducted directly from the Fund assets as a whole. The fees stated in this PDS represent the fee charged plus applicable GST, less any applicable reduced input tax credits that may be claimed by the Fund. The Constitution of the Fund allows CDAL to recover expenses incurred in the proper administration of the Fund. Please note that details of the Fund's Custodian and Administrator, and the Fund's Auditor are provided on our website at [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au).

## PERFORMANCE FEE

The Fund has a performance fee of 20.5% p.a. (inclusive of GST less applicable RITC) of performance above the performance fee hurdle rate of 6% p.a. ("Performance Fee Hurdle"), but the performance fee is only payable if the annualised performance for the month (calculated based on the gross asset value per Unit) is greater than:

- 6% p.a. annual return; and
- 6% p.a. compound return; and
- both the annual and compound returns are still above 6% p.a., net of the Performance Fee.

For example, if the gross asset value per Unit was \$1.00 at the beginning of year 1 and increased to \$1.10 at the end of year 1, both the annual rate of return and the annualised compound rate of return for that year would be 10%, which would exceed the Performance Fee Hurdles of 6% annual return and 6% annual compound return. Hence, a Performance Fee of \$0.0082 per Unit ( $20.5\% \times (4\% \times \$1)$ ) would be payable for that calendar year.

The above example is indicative only to demonstrate how the Performance Fee is calculated and is not a forecast or representation of the actual or expected performance of the Fund.

The Performance Fee is calculated at the end of the last Business Day of each

calendar month, reflected in the Unit price and is payable annually in arrears to CDAL from the Fund. For any calendar year, the Performance Fee may be payable in respect of one or more, but not all, months.

### **MAXIMUM FEES**

The maximum fees that can be charged under the Fund's Constitution are:

- \* **Management Fee:** 1.5375% per annum (inclusive of GST less applicable RITCs) of the value of the gross assets of the Fund. The current Management Fee charged is 1.5375% per annum (inclusive of GST less applicable RITCs).
- \* **Performance Fee:** 20.5% (inclusive of GST less applicable RITCs) of the Fund's outperformance of the Fund's Performance Fee Hurdle. The current Performance Fee that may be charged is 20.5% (inclusive of GST less applicable RITCs) of the Fund's excess return above the Fund's Performance Fee Hurdle (please see the previous section on 'Performance fees').

### **FEE CHANGES**

The Constitution of the Fund sets out the fees and expenses payable to the Fund. The Constitution permits other fees (such as an entry fee, administration fee and exit fee) which are not currently levied. We will give you written notice of any variation of fees and costs charged by the Fund with at least 30 days' notice before the change takes effect.

## **7. Taxation**

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There are tax implications that arise when investing in the Fund, about which we do not provide advice. Due to the complex and fluid nature of the Australian taxation regime, and the potentially complex taxation and/or social security implications of investing, Unitholders should obtain professional advice regarding their own circumstances.

At the end of the Fund's financial year, Unitholders will be provided with details of relevant tax information referable to entitlements from the Fund.

### **TAXATION OF THE FUND**

The Fund is resident in Australia for tax purposes. The Fund itself does not normally pay income tax as all taxable income is distributed to Unitholders in proportion to their unitholding.

The Fund will distribute all net income (including any realised net capital gains) to Unitholders. Please note that the distributable income of the Fund may include non-assessable amounts to Unitholders, receipt of which may have capital gains tax consequences. We will calculate the taxable amount of the distribution (if any) to which you are entitled, and the taxable amount distributed must be included in your assessable income for the year to which the distribution relates.

The Fund is a Managed Investment Trust (MIT) and has made an irrevocable election to apply the capital gains tax (CGT) regime to apply on the disposal of eligible assets. The election applies to treat securities, units and options over securities and units as CGT assets. This election will not apply in any year that the Fund fails to qualify as an eligible MIT.

In the event the Fund incurs a loss in a year for tax purposes, that loss cannot be distributed to Unitholders. Any loss may be taken into account in determining the taxable income of the Fund in a subsequent year, so long as the relevant statutory provisions regarding trust loss rules are satisfied.

### **TAXATION OF RESIDENT UNITHOLDERS**

The tax comments below relate to Unitholders that are Australian residents for Australian income tax purposes and who hold their Units in the Fund on capital account. A resident Unitholder will be assessed on their share of the net taxable income of the Fund to which they are presently entitled for a particular income year (even if the distribution is received after year end or reinvested in additional Units in the Fund).

Distributions from the Fund may include realised capital gains on disposal of investments from the Fund as well as other types of income, for example dividend and interest income. Realised capital gains distributed by the Fund should be included with a Unitholder's other gains and losses. Capital

gains distributed by the Fund to individuals, trusts and complying superannuation funds may benefit from the discount available for assets held for 12 months or more.

A Unitholder's share of taxable income may include certain amounts which are not represented by a cash distribution including franking credits and foreign income tax offsets. A tax offset or credit for these amounts may be available in calculating a Unitholder's tax liability, depending on the Unitholder's specific circumstances.

The disposal of Units, by redeeming or transferring Units, may lead to a CGT liability for the Unitholder on any gain made. If the Units were owned for more than 12 months by an individual, trust or complying superannuation entity, the discount method of calculating the capital gain may be available to the Unitholder. However, if a Unitholder is carrying on a business which involves trading in Units and the Units are not held on capital account they may be liable to pay tax on any gains made on the disposal of Units as ordinary income.

On your Application Form you may choose to quote your Tax File Number (TFN) or Australian Business Number (ABN) or provide exemption details. It is not compulsory to provide your TFN or ABN and it is not an offence if you decline to provide them. However, without your TFN, ABN or appropriate exemption information, we are required to deduct tax from any income distribution payable

to you at the highest marginal personal income tax rate plus the Medicare Levy.

### **TAXATION OF NON-RESIDENT UNITHOLDERS**

Unitholders who identify themselves as Unitholders who identify themselves as non-residents of Australia for Australian income tax purposes on the Application Form are treated as non-residents and distributions may be subject to the relevant withholding tax provisions of the Australian income tax laws. Australian withholding tax will generally not apply to foreign sourced income of the Fund (e.g. income and gains from non-Australian equities). A Unitholder may be subject to tax on distributions in their country of residence, but may be entitled to foreign tax credits in their country of residence for any Australian tax that has been withheld or deducted.

If you are a non-resident investor and hold your Units on capital account, you should not be subject to Australian capital gains tax on the disposal of your Units and distribution of capital gains unless the gains are in relation to "taxable Australian property". "Taxable Australian property" broadly includes the assets of a permanent establishment, real property situated in Australia, and non-portfolio interests (broadly 10% or more holdings) in interposed entities where the value of such interests are wholly or principally attributable to Australian real property. If you hold your Units on revenue account however, any profits on disposal of your Units may

be taxable in Australia as ordinary income, subject to any available treaty relief.

We advise non-resident Unitholders to seek professional tax advice regarding their local, as well as Australian, tax obligations. Tax consequences for non-resident investors will differ from those outlined above in this PDS for resident investors.

### **GOODS AND SERVICES TAX (GST)**

The Fund is registered for GST. The issue or withdrawal of Units in the Fund and receipt of distributions are not subject to GST.

The Fund may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Fund. Currently the GST rate is 10% but this may change in the future. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as an input tax credit or a reduced input tax credit (RITC). This will have the effect of reducing the costs of the fees charged to the Fund. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any RITCs. If the Responsible Entity is unable to claim input tax credits on behalf of the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The net impact of GST payments and credits will be reflected in the Unit Price of the Fund. Unitholders should seek

professional advice with respect to the GST consequences arising from their unitholding.

### **FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

Pursuant to the United States of America, Foreign Account Tax Compliance Act (FATCA) from 1 July 2014, institutions defined as 'foreign financial institutions' (which includes the Fund) are required to comply with certain requirements including the provision of information to the United States of America Internal Revenue Service (IRS).

The information will only relate to investors who we identify as US residents or those whose residency we cannot identify due to insufficient information being provided ('non-compliant account holders'). Non-compliant account holders may be subject to a 30% withholding tax on part or all of the payments received from US sources. The Australian Government has finalised negotiations with the US Government for an intergovernmental agreement (IGA) with the US to minimise the impact of FATCA on Australian stakeholders. Under the terms of the IGA, we will provide the ATO with any required FATCA information which would otherwise be submitted to the IRS, and there will be no obligations for us to withhold tax for FATCA purposes from any payments.

The Application Form contains further information about FATCA and contains specific questions about an investor's status for FATCA purposes.

### **NO TAX ADVICE PROVIDED**

This tax summary is not tax advice. It is provided by us as a general statement relating to high level Australian tax implications for an investor in the Fund. It does not address all tax consequences of an investment in the Fund, or investments by the Fund. Investors should seek their own independent advice as to how an investment in the Fund might affect their personal tax position.

We are not licensed under the tax agent services regime and cannot provide tax advice to investors. This section is intended to be a general guide only and is not intended to be definitive advice, nor relied upon as such.

As the taxation outcomes will depend on individual investors' personal circumstances, it is recommended that all investors consult with their taxation adviser in relation to how these outcomes may apply to them.

### **TAX INDEMNITY**

In the event that the Responsible Entity incurs a liability for any kind of tax or impost on account of a Unitholder, the Responsible Entity has broad powers of recoupment from income due to the Unitholder. In the event that the Responsible Entity is required under any statutory or common law to pay tax in its capacity as Responsible Entity of the Fund, the Responsible Entity is empowered under the Constitution to pay the tax from the assets of the Fund.

# 8. Constitution

The rights and obligations of Unitholders and the Responsible Entity are governed by the Constitution as amended by supplemental deed (collectively referred to as Constitution) and the Corporations Act. As the Fund is a managed investment scheme registered under Chapter 5C of the Corporations Act, the Constitution has been lodged with ASIC. Copies of the Constitution are available free of charge on request from us and may be inspected during normal business hours at our office.

The principal provisions of the Constitution are referred to below. The Constitution may be modified, repealed or replaced by special resolution of Unitholders or by the Responsible Entity if it reasonably considers the change will not adversely affect the rights of the Unitholders.

The Constitution deals with a wide range of matters including:

- \* the powers, duties and obligations of the Responsible Entity;
- \* rights, interest and liabilities of the Unitholders;
- \* investment, valuation and borrowing powers;
- \* remuneration of the Responsible

Entity and expenses that may be paid or reimbursed out of the Fund;

- \* application and withdrawal procedures for Units in the Fund;
- \* income and distributions to Unitholders;
- \* Responsible Entity's liability and its right of indemnity out of the assets of the Fund, which it may exercise when properly performing its duties in relation to the Fund;
- \* how complaints will be dealt with;
- \* Unitholders' meetings; and
- \* the life of the Fund, the time and manner for termination of the Fund or a class of Units and Unitholders' entitlements on winding up.

The Responsible Entity is primarily liable for anything done by it and its agents engaged in connection with the Fund.

## **INTERESTS AND RIGHTS OF UNITHOLDERS**

We may issue Units of different classes and each Unit in a class confers an equal and undivided interest in the assets of the Fund, subject to the rights, restrictions and obligations attaching to that Unit. Unitholders in the Fund have a beneficial interest in the assets of the Fund. However, this does not give a right to control any particular asset or group of assets, nor does it confer any rights over the

management of the Fund. Currently, there is only one class of Units on issue in the Fund.

Each Unitholder in the Fund is, subject to the terms of the Constitution, entitled to:

- \* receive a share of the distributable income of the Fund;
- \* have Units redeemed while the Fund is liquid;
- \* transfer Units;
- \* requisition, attend and vote at meetings of Unitholders;
- \* receive acknowledgment of Units held;
- \* receive the annual audited accounts of the Fund;
- \* inspect the register of Unitholders; and
- \* inspect the Constitution.

### **THE ROLE OF THE RESPONSIBLE ENTITY**

The primary duty of the Responsible Entity is to manage the Fund in a proper and efficient manner. In doing so, it must comply with all of its obligations set out in the Constitution, the Corporations Act and other applicable laws including the fiduciary duties as trustee of the Fund.

We may retire as Responsible Entity in the circumstances set out in the Corporations Act. Unitholders may also remove the

Responsible Entity by following the procedures set out in the Corporations Act.

### **COMPLIANCE PLAN**

The Responsible Entity has prepared and lodged a Compliance Plan with ASIC. The plan describes the key controls and measures designed by the Responsible Entity to ensure that the business activities of the Responsible Entity comply with the Corporations Act and the Constitution. Each year the Compliance Plan is audited and the audit report lodged with ASIC.

To oversee compliance with the Compliance Plan, the Responsible Entity has a majority of independent directors on its Board which is responsible for monitoring the operation of the Fund, compliance with and the adequacy of the Compliance Plan. A copy of the Compliance Plan is available free of charge from the Responsible Entity.

### **UNITHOLDER'S LIABILITY**

The Constitution provides that the liability of each Unitholder is limited to their investment in the Fund. It is therefore expected that Unitholders will not be under any obligation if a deficiency in assets of the Fund was to occur. However, because the efficacy of such a provision is yet to be tested at law, no absolute assurance can be given that Unitholders will be protected from liability to third parties.

### **WINDING UP OF THE FUND**

The Responsible Entity may wind up the Fund or terminate a class of Units in the Fund, in accordance with the Constitution and the

Corporations Act. Upon winding up of the Fund or termination of a class of Units, and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata amongst all Unitholders according to the number of Units in the class that they hold.

## 9. How to apply

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### **RETURNING THE COMPLETED APPLICATION FORM**

Please post the completed Application Form together with a cheque or having sent funds using electronic funds transfer (EFT) to:

**Capital Dynamics (Australia) Limited  
i Capital International Value  
Fund Applications**  
GPO Box 3993  
Sydney NSW 2001  
Australia

### **CHEQUE**

Please make your cheque payable to BNP Paribas Nominees Pty Limited ATF i Capital International Value Fund Application Trust Account.

Your payment cheque must be in Australian dollars, drawn on an Australian branch of a bank in the name of the investor and crossed not negotiable. Please note that we do not accept third party cheques.

### **EFT**

**Account Name:** BNP Paribas Nominees Pty Limited ATF i Capital International Value Fund– Applications Trust Account

**Bank:** Westpac

**BSB:** 032 002

**Account Number:** 672106

**Payment Description/ Reference Field:**  
Please ensure that you include the family name of the investor or the name of the company or trust in this field.

Where you use EFT, as you may incur fees, please ensure that the amount we receive is net of fees and matches the investment amount on the Application Form. Please attach a copy of the EFT receipt to the Application Form.

**Please note:** investment instructions received before 5.00pm Sydney time five Business Days before the end of the relevant month will be processed on the last Business Day of that month (direct credit transfer only). Investment instructions accompanied by a cheque will be deemed to be received when the cheque amount has cleared into the Custodian's bank account.

### **COMPLETING THE APPLICATION FORM**

It is important that you fill out the Application Form correctly and provide all information and documentation as indicated in the form and applicable to your investment. Submitting an incomplete form or providing incomplete or incorrect information or documentation can delay the processing of your application,

and the issuing of Units to you.

We will only ask for information and documentation that we need to set up and administer your investment account, such as bank account details for the payment of distributions, and to comply with legislation relevant to your investment.

The Application Form should only be completed and signed by:

- \* the person(s) who is, or will become, the Unitholder(s);
- \* an authorised signatory(s) if the application is on behalf of a company, trust or superannuation fund; or
- \* a legally appointed agent of the investor.

### **AML/CTF OBLIGATIONS**

To comply with our obligations under anti-money laundering (AML) and counter-terrorism financing (CTF) legislation, we must collect certain information about each investor, supported by relevant identification documents. The documents you will need to provide are listed in the form you complete at the time of applying for an investment in a Fund.

By applying to invest in the Fund you warrant that:

- \* you comply and will continue to comply with applicable anti-money laundering (AML)

and counter-terrorism financing (CTF) Act and Rules, including but not limited to the law and regulations of Australia in force from time to time (AML/CTF Law);

- you are not aware and have no reason to suspect that the moneys used to fund your investment have been or will be derived from any money laundering, terrorism financing or other illegal activities, and that the proceeds of your investment in the Fund will not be used to finance any illegal activities
- you are not a politically exposed person; and (iv) you will provide us with all requested information and assistance to enable our compliance with applicable AML/CTF laws.

By applying to invest in the Fund, you also acknowledge that the Responsible Entity may:

- \* decide to delay or refuse any request or transaction, including suspending the issue or withdrawal of Units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause it to commit or participate in an offence under any AML/CTF Law, and it will incur no liability to you if it were to do so;
- \* take other action it reasonably believes is necessary to comply with AML/CTF Law, including disclosing any information that it holds about you to any

of its related bodies corporate or service providers whether in Australia or outside Australia, or to any relevant Australian or foreign AML or CTF regulator; and

- \* collect additional information about you from time to time, from you or from third parties, for the purposes of satisfying AML/CTF Law obligations, and that it may use and disclose any such information as described in CDAL's privacy statement which is available on the website [www.capitaldynamics.com.au](http://www.capitaldynamics.com.au).

#### **IDPS**

If you are investing via an IDPS, please do not complete the Fund's Application Form. Instead, complete the forms the IDPS operator requires and if you have further enquiries, that operator can help. We authorise the use of the PDS and this Additional Information Booklet as disclosure to investors who invest via an IDPS.

## 10. Additional information

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#### **PRIVACY**

The privacy of your personal information is important to us. We collect personal information directly from you through the Application Form and from third parties who assist us with our business. The purpose of collecting your information on the Application

Form is to process your application and manage your investment in the Fund. If the personal information you provide to us is incomplete or inaccurate, we may not be able to work with you effectively, or at all, and may be delayed in performing our business functions.

If you invest in the Fund on the recommendation of your financial adviser, details of your investment and information about you will be provided to your financial adviser.

From time to time, we may wish to advise you about other services and products which could suit your needs. By making an application, you agree that we may disclose your personal information to other corporations specifically, but not solely, for marketing purposes.

All personal information collected will be collected, used and stored by us in accordance with our privacy policy, a copy of which is available on request or at our website.

However, if you do not want this information to be used for this purpose, you must exercise your right to instruct us not to disclose any information concerning your personal information. Please contact us if you do not wish your details to be used for marketing purposes.

You are entitled to request reasonable access to, and correction of, your personal information. We reserve the

right to charge an administration fee for collating the information requested.

For a copy of our privacy policy and for information about how we deal with personal information, including how you can complain about privacy-related matters and how we respond to complaints, please visit our website ([www.capitaldynamics.com.au](http://www.capitaldynamics.com.au)).

#### **RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

In our position as responsible entity of the Fund, we may from time to time face conflicts between our duties to the Fund as responsible entity, our duties to other portfolios we manage and our own interests. We will manage any conflicts in accordance with our conflicts of interest policy, the Constitution of the Fund, applicable ASIC policy and the law.

#### **IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products. Both the Australian and New Zealand financial market regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay

any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

### **CONSENTS**

The current Registrar of the Fund is Boardroom Pty Limited, and the current auditor of the Fund is Crowe Horwath, Sydney, both of which have provided consent to be named in this document and have not withdrawn that consent prior to the issue of this document.

Neither the Registrar nor the Auditor has been involved in the preparation of this Additional Information Booklet or caused or otherwise authorised the issue of this Additional

Information Booklet. Neither the Registrar nor the Auditor has independently verified the information contained in this Additional Information Booklet and, accordingly, accepts no responsibility for the accuracy or completeness of the information. Neither the Registrar nor the Auditor guarantees the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

Block Legal & Compliance has given, and has not before the issue of this Additional Information Booklet withdrawn, its written consent to be named as the legal advisor in the Directory. Block Legal & Compliance takes no responsibility for any part of this document and has not authorised or caused the issue of this document. Block Legal & Compliance has not verified this document or undertaken any due diligence on the Responsible Entity or Fund.

## 11. Directory

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If you have any questions or would like to request a hard copy of the PDS or Additional Information Booklet please contact us at:

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### **The Responsible Entity**

Capital Dynamics (Australia) Limited  
ABN 53 129 846 260  
AFSL No 326283

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<b>Registered office and investor enquiries</b>	Level 1, 61 York Street Sydney NSW 2000 Australia
<b>Mail</b>	email: <a href="mailto:info@capitaldynamics.com.au">info@capitaldynamics.com.au</a>
<b>Phone</b>	Tel: 1300 798 655 (Australia only) Tel: +61 1300 798 655 (International)
<b>Email</b>	<a href="mailto:info@capitaldynamics.com.au">info@capitaldynamics.com.au</a>
<b>Website</b>	<a href="http://www.capitaldynamics.com.au">www.capitaldynamics.com.au</a>
<b>Auditor of the Fund</b>	Crowe Horwath Sydney ABN 97 895 683 573 Level 15, 1 O' Connell Street Sydney NSW 2000 Australia
<b>Custodian &amp; Administrator of Fund Assets</b>	BNP Paribas Securities Services ARBN 149 440 291 Level 6, BNP Paribas Centre 60 Castlereagh Street Sydney NSW 2000 Australia
<b>Registrar</b>	Boardroom Pty Limited ABN 14 003 209 836 Level 12, 225 George Street Sydney NSW 2000 Australia
<b>Solicitor</b>	Block Legal & Compliance ABN 61 102 277 092 Level 4, 16 O'Connell Street Sydney NSW 2000 Australia







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BY Capital Dynamics

INDEPENDENCE \* INTELLIGENCE \* INTEGRITY

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