

Huon Australian Share Fund  
ARSN 090 750 253

Huon Value Growth Trust  
ARSN 087 380 765

**HUON**  
CAPITAL

## Product Disclosure Statement

16 December 2009

**Huon Capital Pty Limited**  
ABN 57 138 259 300  
AFSL Corporate Authorised Representative  
Number 340 220 of AFSL 246 621

Responsible Entity  
**Theta Asset Management Limited**  
ABN 37 071 807 684 AFSL 230920



## Important Information

The issuer of this Product Disclosure Statement (**PDS**) is Theta Asset Management Limited (**Theta or us**).

This PDS relates to the Huon Australian Share Fund - ARSN 090 750 253 and the Huon Value Growth Trust - ARSN 087 380 765 and are together referred to as 'the Funds'.

The information contained in this PDS is general information only and does not take into account your individual financial objectives, financial situation or needs. Before making an investment in the Funds, you need to consider whether it is appropriate in light of your own circumstances. We recommend that you speak to a licensed financial adviser if you need help in making an investment decision.

The offer to which this PDS relates is available to persons receiving this PDS (whether in paper or electronic form) within Australia. This PDS does not constitute and should not be construed as an offer, invitation or recommendation by Theta or other persons or other related companies to apply for units in the Funds in any State, Country or jurisdiction where such offer, invitation or recommendation may not be lawfully made.

Theta makes no representation as to the performance of the Funds, the maintenance of capital or any particular rate of return. Neither guarantees the performance of the Funds or the repayment of capital invested.

References to currency are references to Australian dollars.

Units in the Funds can only be issued to you if you complete and return the Application Form attached to a paper or electronic copy of this PDS with full payment. A paper copy of this PDS may be obtained free of charge by contacting Theta or your financial adviser.

Information that is not materially adverse information is subject to change from time to time and may be updated. You can access any such updated information on our website:

**[www.thetaasset.com.au](http://www.thetaasset.com.au)**, at any time, or a paper copy can be provided without charge on request by telephoning FundBPO on **1300 133 451**.

## Index

Directory	4
The Fund at a Glance	5
Huon	6
Theta	6
Investment Objectives	6
Investment Strategies	6
Investment Philosophy	7
Investment Style	7
Investment Process	7
Portfolio Construction	8
Other Considerations	8
Significant Benefits	9
Significant Risks	9
Fees and Other Costs	11
Additional Explanation of Fees and Costs	12
Examples of Annual Fees and Costs	14
How to Invest	15
Cooling-off	15
Making a withdrawal	15
Unit Prices	16
Monitoring your Investment	17
Privacy	18
Taxation	18
About the Funds	19
Making a Complaint	20
How to Complete the Application Form	21
Application Form	23

## Directory

For inquiries on your holding or for any matter relating to applications or redemptions contact the registry:

### FundBPO

PO Box 4968  
Sydney NSW 2001

**Telephone: 1300 133 451**

Email: [registry@fundbpo.com](mailto:registry@fundbpo.com)

### For investment manager inquiries contact:

**Michael Birch**

**Huon Capital Pty Limited**

ABN 57 138 259 300

AFSL Corporate Authorised Representative

Number 340 220 of AFSL 246 621

Level 3, 20 Loftus St

Sydney NSW 2000 Australia

Telephone: +612 9255 9750

Facsimile: +612 9255 9701

Email: [michael@huoncapital.com](mailto:michael@huoncapital.com)

Website: [www.huoncapital.com](http://www.huoncapital.com)

### Responsible Entity Details

**Theta Asset Management Limited**

**ABN 37 071 807 684**

**AFSL 230920**

18 Stirling Highway

Nedlands WA 6009

Telephone: +618 9355 5044

Facsimile: +618 9307 2030

Email: [invest@thetaasset.com.au](mailto:invest@thetaasset.com.au)

Website: [www.thetaasset.com.au](http://www.thetaasset.com.au)

## The Fund at a Glance

Key Facts	Huon Australian Share Fund	Huon Value Growth Trust
<b>Investment Objective</b>	To maximise long term capital appreciation and capital preservation by providing investors with exposure to a portfolio of Australian equities, bonds and cash that aims to achieve a rate of return in excess of the S&P/ASX All Ordinaries Accumulation Index over rolling three year time frames, however this is not guaranteed. <sup>1</sup>	Deliver consistent returns through investing in a concentrated portfolio of Australian equities and cash. Stocks selected in this portfolio will be selected where the investment manager has a high conviction. There will be a fewer number of holdings, and individual stock weights in the portfolio will be higher than in the Huon Australian Share Fund
<b>Investment Strategy</b>	We aim to achieve this objective by selecting stocks after a rigorous research process, which are trading at discounts to fair value, have capital flexibility and good quality management teams. We believe that these companies will outperform over the medium to longer term.	To identify stocks that are trading at a discount to fair value, have capital flexibility and good quality management, with an emphasis on valuation, liquidity and market timing. With the aim of identifying a concentrated portfolio of stocks and cash which will provide positive returns over a specified investment horizon.
<b>Typical Market Cap</b>	The Fund will invest predominantly in stocks that are listed in the top 300 listed companies on the Australian Stock Exchange.	The Fund will invest predominantly in stocks that are listed in the top 300 listed companies on the Australian Stock Exchange.
<b>Performance Benchmark</b>	S&P/ASX All Ordinaries Accumulation Index	15% per annum return, before the deduction of management fees
<b>Typical number of securities in the portfolio</b>	30 to 50	10 to 30
<b>Fund inception date</b>	31 January 2000	20 November 2003
<b>Minimum initial investment</b>	\$5,000. Although this may be less if investing indirectly through a master trust or wrap account.	\$5,000. Although this may be less if investing indirectly through a master trust or wrap account.
<b>Minimum additional investment</b>	\$1,000. Although this may be less if investing indirectly through a master trust or wrap account.	\$1,000. Although this may be less if investing indirectly through a master trust or wrap account.
<b>Minimum withdrawal amount</b>	\$1,000. Although this may be less if investing indirectly through a master trust or wrap account.	\$1,000. Although this may be less if investing indirectly through a master trust or wrap account.
<b>Minimum balance</b>	\$5,000. Although this may be less if investing indirectly through a master trust or wrap account.	\$5,000. Although this may be less if investing indirectly through a master trust or wrap account.
<b>Distribution frequency</b>	Half yearly (June and December)	Quarterly (March, June, Sept, Dec)
<b>Applications/withdrawals</b>	Daily	Weekly
<b>Unit price frequency</b>	Forward pricing, daily	Forward pricing, weekly
<b>Management fee</b>	1.28%	1.54%
<b>Target Asset Allocation</b>	75–100% in equities 0–25% in bonds and cash	50–100% in equities 0–50% in cash

<sup>1</sup> The investment objective is expressed before the deduction of management fees, expense recoveries and taxation, i.e. performance is measured relative to the Fund's benchmark before fees and costs and taxes are deducted. See pages 11-14 for details on fees and costs and pages 18-19 for details on taxation. The investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve over the medium to long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective. Returns are not guaranteed.

## Huon

Huon Capital Pty Limited is the Manager of the Fund.

Huon Capital is based in Sydney, Australia and was founded in 2009 by Michael Birch, previously a portfolio manager at MMC Asset Management.

MMC Contrarian Limited has a 10% interest in Huon Capital.

In addition to managing the Huon Australia Share Fund and the Huon Value Growth Trust, Huon Capital manages private mandates on behalf of institutional investors.

## Theta

Theta Asset Management Limited (Theta) is the responsible entity of the Fund.

## Investment Objectives

Huon Australian Share Fund	Huon Value Growth Trust
To preserve capital. To minimise return volatility. To maximise long term capital appreciation and capital preservation. Aim to achieve a rate of return in excess of the S&P/ASX All Ordinaries Accumulation Index over rolling three year time frames, however this is not guaranteed.	To preserve capital. To minimise return volatility. To deliver consistent returns through investing in a concentrated portfolio of Australian equities, and cash that aims to achieve a positive rate of return, however this is not guaranteed.

## Investment Strategies

Huon Australian Share Fund	Huon Value Growth Trust
Invest in a portfolio of Australian equities, bonds and cash that aims to achieve a rate of return in excess of the S&P/ASX All Ordinaries Accumulation Index over rolling three year time frames, however this is not guaranteed. Take a sensible, risk focussed approach to managing capital to ultimately lead to growth of assets at a reasonable pace over the longer term and, as a result: <ul style="list-style-type: none"> <li>• outperform this index over the long term;</li> <li>• with lower return volatility than a traditional equity fund.</li> </ul>	Invest in concentrated portfolio of Australian equities and cash that aims to achieve a positive rate of return. The performance fee has been set at 15% to incentivise the manager to generate positive returns in rising and falling markets. Invest predominantly in stocks that are listed in the top 300 companies on the Australian Stock Exchange. However the Manager may invest in Companies outside of the ASX300 based on its judgement or opportunities it may identify.

Huon Capital will utilise an identical investment process for the Funds to evaluate stocks for inclusion into the portfolio. The Funds will differ at the portfolio construction phase.

- Huon Australian Share Fund will invest in a more diversified portfolio of stocks (hold more positions), and be less active; and

- Huon Value Growth Trust will be a more concentrated portfolio, and will use greater cash flexibility to preserve capital.

The Funds will invest predominantly in stocks that are listed in the top 300 companies on the Australian Stock Exchange.

Investment horizons are generally three year, however in times of high volatility this may be significantly shorter.

The investment strategy for each of the Funds will be indifferent to commonly used benchmark compositions and weightings, and may hold cash or bonds (in the case of Huon Australian Share Fund) when there are a lack of suitable investments that meet the Funds' strict valuation criteria.

Huon will focus on investments that have strong long-term prospects for earnings growth, purchased at a discount to our assessment of fair value.

Investment horizons are generally three year, however in times of high volatility this may be significantly shorter.

## Investment Philosophy

Huon Capital's investment philosophy is based on the premise that aiming to preserve capital is absolutely paramount for the creation and retention of wealth.

Huon Capital believes in the following principles:

- Over the long term companies with sustainable business models, run by good quality management teams will outperform
- Investing when the price of an asset is sufficiently below its fundamental value will generate superior returns over the long term
- Risk management has to be forward looking, forecasting this is a different skill to stock selection but just as important in managing wealth over a long term horizon; and
- The price of an asset can be volatile and in times of uncertainty companies will become mispriced. A strong understanding of the risks facing companies coupled with a view on the fundamental value of a company will lead to superior investment returns.

The Funds aim to buy into quality companies whose value according to the share market is considerably less than Huon Capital's appraisal of their fair value on a risk adjusted basis.

## Investment Style

The investment style for both Funds is the same, however the funds differ at the portfolio construction phase where;

- Huon Australian Share Fund will invest in a more diversified portfolio of stocks (hold more positions), and be less active; and
- Huon Value Growth Trust will be a more concentrated portfolio, and will use greater cash flexibility to preserve capital.

Huon Capital is an active value manager that operates with a capital preservation mindset.

Huon Capital is an active manager which means that when constructing a portfolio there

is less emphasis on index weightings, and more emphasis on stock selection.

Huon Capital uses a value approach to investing as it places a great deal of weight on valuation when selecting companies to invest in. Huon Capital will, however, assess more than valuation when selecting a company to invest in.

Since capital preservation is a key objective, from time to time when insufficient value is evident in listed equities, the Funds may hold high cash weightings.

## Investment Process

### Overview

Huon Capital considers investment management as a disciplined process and follows four distinct phases in managing capital, each with its own tools and methodologies:

- Idea Generation;
- Fundamental Analysis;
- Investment Discipline; and
- Portfolio Construction.

### Idea Generation

Huon Capital's investment universe comprises primarily Australian equities. In order to narrow the research focus to those companies offering the greatest potential, Huon Capital uses a number of quantitative screening tools which includes valuation screening to assess the value of each Company it covers.

If an idea meets a number of criteria on Huon Capital's quantitative investment screen, and it fits in with the risk management parameters of the portfolio, further valuation work is undertaken.

### Fundamental Analysis

Huon Capital carries out extensive research on companies that pass the idea generation stage and make it to the research stage.

This includes conducting:

- **Competitive Analysis** - identifying the source and sustainability of a company's competitive advantage; and
- **Management assessment** - assessing the quality of management based on their track record, equity at risk in the business and quality of the business plan.
- **Valuation** - Huon Capital has developed a valuation process that all companies are modelled on before being put forward as recommendations.

The valuation tools used by Huon Capital encompass the following:

- **Discounted Cash Flow.**
- **Residual Income.** This is based on the analysis undertaken by Edwards, Bell and Ohlson.

### - Dividend Discount Model.

- **Sum of the Parts.** Huon Capital values each division of a business from a bottom up basis and uses market earnings multiples, which may be adjusted up or down depending on the quality of the Company.

Each of these valuation methodologies is then equally weighted to assess the underlying value of each company in the investment universe.

### In summary the process:

- Uses quantitative techniques to reduce the investment universe to companies with attractive financial attributes, allowing the investment team to focus its qualitative investment efforts; and
- Uses fundamental analysis to identify companies operating in attractive industries with premium positioning and the best management teams; and
- Provides a consistent valuation approach to assess the value of all companies in the investment universe which includes a company's qualitative and strategic value; and
- No investment is made until it has undergone this intensive level of analysis.

The outcome of this process is that a core number of stocks will be identified and it is likely that both Funds will have similar holdings, however the Funds will differ in that:

- Huon Australian Share Fund will invest in a more diversified portfolio of stocks (hold more positions), and be less active;
- Huon Value Growth Trust will be a more concentrated portfolio, and will use greater cash flexibility to preserve capital.

## Investment Discipline

Huon Capital invests in companies that exhibit the following four characteristics:

- A business that we can understand;
- One that can be valued with high conviction;
- Has an identifiable and sustainable competitive advantage; and
- Is trading at a significant discount to their fundamental value.

Once a company has been thoroughly analysed and discussed by the team, buy and sell price levels are agreed upon and, barring any new information, act as the action triggers for the portfolio managers, subject to mandate and risk management restrictions.

We only sell shares in the following circumstances:

- when their price exceeds our estimation of fair value; or
- when another investment offering a better risk reward profile can be purchased; or

- to manage the overall portfolio risk.

The calculation of fair value encapsulates all of our current expectations on industry fundamentals, management strength etc and therefore, should any of these key variables deteriorate we will review our assessment of fair value.

## Portfolio Construction

The objective of portfolio construction is to maximise expected return with an acceptable level of risk.

For Huon Capital, investment risk is primarily managed through in-depth fundamental research and analysis. In the event that option prices below where the investment manager believes is fair value, option strategies may be utilised to provide exposures to specific securities or the ASX 200 Index.

Furthermore, acknowledging that a company's prospects can deteriorate and secondly, that we can make valuation errors, we only invest when there is a sufficient margin of safety between our estimation of fair value and the price at which a security trades. In order for a portfolio to have a significant holding in any company a substantial margin of safety is required.

When a number of investments can be made where the investment manager has a high conviction at discounts to risk adjusted fair value, the portfolios will be concentrated into fewer large positions. Where there are few opportunities in the market that offer a significant risk adjusted fair value, Huon Capital will own more securities and be more diversified.

Portfolio weightings are determined in light of the following five stock attributes:

- Risk adjusted fair value;
- Liquidity;
- Risk management;
- Company quality; and
- Market capitalisation.

## Other Considerations

Decisions about the selection, retention or realisation of the Fund's investments are primarily based on economic factors. Accordingly, Huon Capital will not take into account labour standards, environmental, social or ethical considerations when selecting, retaining or realising investments. However, sometimes these matters will indirectly affect the economic factors upon which decisions are based.

## Significant Benefits

### Professional Investment Management

Your investment will be managed by Huon Capital, whose fund managers employ a rigorous and disciplined investment process in identifying securities that meet our investment criteria and have an appraisal value above the current market price of that security.

In certain circumstances Huon Capital may appoint specialist investment managers to assist with the management of the Funds. Huon Capital will conduct a thorough assessment of any investment manager chosen to ensure that they employ an experienced team of skilled professionals to research, analyse, construct and manage the Funds with the same management philosophy as Huon Capital, that is a value manager that operates with a capital preservation mindset.

### Investor Services

As an investor, you will receive regular reports to assist you in monitoring your investments.

These include a quarterly investment commentary report, which gives you a detailed picture of the Fund's investment performance and a transaction and balance report for any transactions undertaken in the Funds.

In addition, at the end of each financial year, you will receive a distribution statement and a comprehensive tax statement providing you with all the information needed for your annual tax return.

Huon Capital is committed to delivering to you superior client service and administration. To help us achieve this aim, we have a dedicated Investor Relations phone service to provide you with information and help you may need. See the Directory for contact details.

## Significant Risks

Any investment in equity or debt securities has a risk, and an investment in the Funds is no exception.

As a general rule, the higher the potential rate of return for an investment, the higher the risk associated with the investment. These are some of the reasons why you should consider diversifying your investments. The Funds do not diversify across various asset classes to the same extent as, say, a balanced fund would.

**The performance of the Funds or the return of capital is not guaranteed and you may receive back less than you invested.**

The value of your investments will fluctuate, as equity markets are inherently volatile. This may produce significant variations in the application and redemption unit price within relatively short periods of time, notwithstanding the performance of the Funds over the longer term.

As a result, we recommend that you seek financial advice as to whether the Funds are suitable to your long term needs.

To help you consider the risks of investing, the following list describes the significant risks associated with investing in the Funds. If the risks

below eventuate, your distributions may be lower than expected or there may be none at all and/or you may incur capital losses to your investment.

### Market Risk

Factors such as changes in the economic, legislative, technological and political environment in addition to changes in investor sentiment can and do influence investment in growth assets like shares.

Huon Capital seeks to manage this risk by monitoring these influences as part of its investment process.

### Company Risk

The success of individual companies may be affected by changes in factors such as the competitive environment in which they operate.

These risks are sought to be managed through Huon Capital's investment process (see above).

### Concentration Risk

The Funds are less diversified than most other managed investment schemes. In general the Huon Australian Share Fund will hold no more than 50 securities and the Huon Value Growth Trust will hold no more than 30.

In addition, the largest holdings in the portfolio can have a very high relative portfolio weighting.

This structure means the Funds are much more sensitive to movements in the price of individual holdings than many other managed investment schemes.

Huon Capital seeks to manage this risk through its disciplined and rigorous investment process.

### Investment Management Risk

The investment style of an investment manager can have a substantial impact on the investment returns of a Fund. No single investment style performs better than all other investment styles in all market conditions. Investment performance will also depend on the skill of the investment manager in selecting, combining and implementing investment decisions.

These risks are sought to be managed by Huon Capital through its disciplined investment process and prudent use of bonds and cash where markets are excessively expensive.

### Fund Risk

Risks to any fund include the risk that it could be closed, investment professionals or the investment adviser could change or that the fees and expenses could change. There is also a risk that investing in the Funds may give different results from holding the underlying assets directly because of income and capital gains accrued in the Funds and the consequences of investment and withdrawal decisions made by other investors.

Theta, as the responsible entity, in conjunction with Huon Capital, to the extent possible, seeks to manage these risks by continually monitoring the Fund and the environment in which it operates on a continuing basis. This risk management is based on reports it receives from the Fund Administrator.

## Equity Risk

Investors need to be aware that there is a risk that the prices of securities in the portfolio will fall over short or long periods of time. Historically, shares have outperformed other traditional asset classes over the long term. Share markets, however, tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time.

Huon Capital seeks to manage this risk through the strategic use of bonds and cash and selecting investments that meet their strict valuation measures (see above).

## Capitalisation Risk

Smaller companies may be less liquid and their values more volatile and harder to ascertain accurately than larger companies. Company disclosure may also be less transparent and their business models may be less diversified and robust to changes such as in management or operating environment.

Huon Capital seeks to manage this risk by monitoring these influences as part of its investment process (see above).

## Liquidity Risk

As the Funds' underlying investments are in shares that are listed, or are expected to be listed, on various stock exchanges around the world, if there is an interruption of regular trading in the market generally for a particular asset of a Fund (or if official quotation of the stocks to be listed is denied), delays may result in processing withdrawal requests.

Furthermore, where a Fund has exposure to small or mid cap stocks, there is the risk that where a security is not actively traded then it may not be readily bought or sold without some adverse impact on the price paid or obtained.

Huon Capital actively monitors liquidity levels in each Fund to attempt to manage this risk and ensure that there is adequate cash to meet the reasonably anticipated needs of investors.

## Derivatives Risk

Huon Capital may use derivatives to reduce risk or gain exposure to other types of investments. If Derivatives are used, it will primarily be to reduce transaction costs and to help manage investment risks. Derivatives will be appropriately backed by an equivalent value in cash or the underlying asset.

Derivative Risks include:

- The value of the derivative may not move in line with the underlying asset;
- Potential illiquidity of the derivative;
- That the relevant Fund cannot meet payment obligations as they arise; and
- Counterparty risk - where the counterparty does not meet its obligations.

Although not all of these risks can be eliminated, Huon Capital manages these risks as far as practicable by:

- Constant monitoring of each Fund's derivative exposure;
- Making sure that each Fund can pay all of the

obligations of these assets from the Fund;

- Only investing in derivatives that Huon Capital considers have adequate market depth; and
- Using intermediaries that Huon Capital considers reputable.

## Leverage Risk

Leverage via borrowing or indirect leverage via derivatives (such as options) magnifies other portfolio risks.

Companies in which the Funds invest may use such tools.

We generally do not borrow directly, but may borrow in the short term to fund distributions and to manage withdrawals.

## Interest Rate Risk

Changes in interest rates can have a positive or negative impact directly or indirectly on investment values or returns and borrowing costs.

Huon Capital seeks to manage this risk by monitoring these influences as part of its investment process.

## Country Risk

When investing in global markets there is a risk that potential adverse political, economic or social developments can affect the return on an investment in that country.

Examples are political instability, recession and war.

This is particularly the case in emerging markets.

Huon Capital seeks to manage this risk by predominately investing in stocks based in regions that it considers are politically stable and where adequate regulatory oversight exists.

## Currency Risk

There is a risk that fluctuations in exchange rates between the Australian dollar and other currencies may cause the value of the Fund's investments to decline. Huon Capital seeks to manage this risk by monitoring these currency movements as part of its investment process. Generally any foreign currency exposure will be hedged back in to Australian Dollars.

The Fund' invest predominantly in stocks listed in the ASX 300, and there is minimal direct currency exposure.

Some companies that Huon Capital invests in do have currency exposure and Huon Capital is reliant on the individual management teams of those companies to manage underlying currency exposures.

## Fees and Other Costs

### Did you know?

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

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

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

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

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

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

These fees and other costs are inclusive of GST. Taxes are set out on page 18 of this PDS.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Type of Fees or Cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment Fee:</b> The fee to open your investment	Nil	N/A
<b>Contribution Fee:</b> The fee on each amount contributed to your investment	Nil	There is no current intention to charge any entry fee.
<b>Withdrawal Fee:</b> The fee on each amount you take out of your investment	Nil	There is no current intention to charge any withdrawal fee.
<b>Termination Fee:</b> The fee to close your investment	Nil	N/A
<b>Investment Switching Fee:</b> The fee for changing investment options	Nil	N/A
<b>Management Costs</b>		
The fees and costs for managing your investment		
<b>Investment management fee:</b>	Huon Australian Share Fund 1.28% per annum of the Fund's Net Asset Value. Huon Value Growth Trust 1.54% per annum of the Fund's Net Asset Value	The investment management fee and administration costs are accrued daily and paid monthly in arrears out of the Fund's assets. See "Administration costs", "Investment management fee" and "Investment performance fee" in the Additional Explanation of Fees and Costs section below for further details.  The amount of the investment management fee can be negotiated in certain circumstances. See "Differential Pricing" in the Additional Explanation of Fees and Costs section below for further details.

Type of Fees or Cost	Amount	How and when paid
<b>Expense recoveries</b>	Huon Australian Share Fund: Nil Huon Value Growth Trust Nil until 12 months after the date of this Product Disclosure Statement. The Responsible Entity may recover administration costs from the Fund after this date at its discretion as permitted by the Constitution of the Fund. See "Administration costs" in the Additional Explanation of Fees and Costs section below for further details.	See "Administration costs", "Investment management fee" and "Investment performance fee" in the Additional Explanation of Fees and Costs section below for further details.
<b>Investment performance fee:</b> This is the fee charged when we satisfy a certain performance level for the Fund	15% of the Fund's performance over the Fund's Benchmark	The investment performance fee is calculated daily and paid out of the Fund's assets once a year shortly after the end of June. No investment performance fee is payable if the Fund's return [for the relevant year] is negative. See "Investment performance fee" in the Additional Explanation of Fees and Costs section below for further details.

## Additional Explanation of Fees and Costs

### Administration costs

Administration costs are the costs associated with the operation of the Funds.

The administration costs are accrued daily and paid monthly in arrears out of the relevant Funds' assets. Under the Constitution for the Huon Australian Share Fund, the Responsible Entity is entitled to deduct all taxes, bank fees, brokers' fees (and other costs associated with the purchase or sale of securities) and certain legal costs from the Fund.

Under the Constitution for the Huon Value Growth Trust, the Responsible Entity is entitled to deduct all costs, charges and expenses reasonably incurred by the Responsible Entity in connection with the Fund including taxes, bank fees, brokers' fees (and other costs associated with the purchase or sale of securities) and legal costs.

### Investment management fee

The investment management fee is our payment for operating the Funds.

This fee is accrued daily and paid monthly in arrears out of the relevant Fund's assets.

The amount of the investment management fee can be negotiated in certain circumstances. Refer to "Differential Pricing" in the Important Additional Explanation of fees and costs section below.

The constitution for the Huon Australian Share Fund entitles us to an investment management

fee of up to 1.54% per annum of the net value of the assets of the Fund. At present this fee has been set at 1.28%.

The constitution for the Huon Value Growth Trust entitles us to an investment management fee of up to 0.128% per month of the value of the net assets of the Fund. At present this fee has been set at 1.54% per annum.

### Investment performance fee

The investment performance fee is our payment for successfully investing the Funds.

The investment performance fee is payable annually where Huon Capital meets specific investment performance targets, and is a way of providing an incentive for Huon Capital to strive to continually produce above Performance Benchmark results.

The Performance Benchmark for the Huon Australian Share Fund is the S&P/ASX All Ordinaries Accumulation Index.

The performance benchmark for the Huon Value Growth Trust is a return of 15% per annum.

The fee is equal to 15% of the amount by which the accumulated daily investment return over the period exceeds the accumulated Performance Benchmark daily return over the year. Adjustments are made for funds inflows and outflows.

For the Huon Australian Share Fund, the performance fee is payable only where certain other criteria, in addition to exceeding the Performance Benchmark, are met. They are:

- If the accumulated investment return for the Funds during the year is negative, the performance fee will not be paid;

- If the accumulated investment return for the Funds is less than the aggregate return for the Performance Benchmark during the year, then the performance fee will not be paid;
- Any negative balance in accumulated investment return versus aggregate Performance Benchmark will be carried forward to the following year; and
- Any negative balance versus the Performance Benchmark must be extinguished prior to any performance fee commencing to accrue.

#### **Example of calculation of Performance Fee**

If, say:

- your investment balance is \$50,000 at the end of the period;
- the Fund's accumulated net return for the year is +20% per annum; and
- the accumulated Performance Benchmark return for the year at +15% per annum

Then, in this case, the performance fee will be calculated as follows:

$$\begin{aligned} &15\% \text{ performance fee} \times (20\% \text{ return} - 15\% \\ &\text{Performance Benchmark return}) = 0.75\% \\ &= 0.75\% \times \$50,000 \\ &= \$375.00 \text{ performance fee payable per } \$50,000 \\ &\text{invested.} \end{aligned}$$

Note that the fact that this assumption has been made is not in any way intended to be a forecast of the likely returns the Funds might achieve. Returns are not guaranteed.

#### **Buy/Sell spread**

The application price of units may be higher than the withdrawal price of those units.

The difference between the application and withdrawal price represents an allowance for costs, expenses, commissions, brokerage and other fees and costs which would be incurred in buying or selling part or all of those investments to invest application moneys or pay withdrawal requests.

This is commonly referred to as the "buy/sell spread".

Theta applies a buy spread of 0.30% to any investment in the Funds at the time of investing and a sell spread of 0.30% at the time of withdrawing, that is, a buy/sell spread of 0.60%.

This is included in the application and redemption price of units and although is an additional cost to you, it is paid to the relevant Fund not to us.

For example, for an investment of \$25,000 in a Fund, the application moneys will practically be reduced to reflect a buy spread of \$75. In this example, this is charged to cover the costs of investing.

For example, for a withdrawal of \$25,000 from a Fund, the redemption proceeds will practically be reduced to reflect a sell spread of \$75. In this example, this is charged to cover the costs of selling investments.

Theta may change the buy/sell spread from time to time where the relevant underlying costs change.

#### **Differential Pricing**

For investors who are wholesale clients (as defined in the Corporations Act), we may rebate

some of our management fees. The level of any negotiated fee may depend on the amount invested by the client but will generally be for amounts greater than \$500,000. Wholesale clients should contact Theta to discuss rebates that may be available. (See the Directory for contact details.)

#### **Taxes and government charges**

Unless otherwise stated, fees and costs quoted in the PDS are inclusive of GST, less any reduced input tax credits.

In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

For more information on tax, refer to page 18 of this PDS.

#### **Adviser service and other fees**

No service fees or commissions are paid to financial advisers in respect of the Funds at present.

Theta may pay from its own moneys fees to any operator of any intermediary arrangement (such as a master trust or wrap account or other professional investment arrangement) or other person in order for the Fund to be made available through that service or otherwise.

#### **Can fees change?**

We may increase fees at any time without Investor's consent subject to limits in the Fund's constitution. Reasons might include changes in economic conditions or government regulations, or increases in fees charged by suppliers. Other than in relation to changes in the buy/sell spread and government fees and charges, you will be provided with at least 30 days prior written notice of any such increase.

## Examples of Annual Fees and Costs

### Huon Australian Share Fund

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

Example		Balance of \$50,000 with a contribution of \$5000 at the end of the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	1.28%	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$640 each year.
<b>EQUALS</b> Cost of the Fund		If you had an investment of \$25,000 at the beginning of the year and you put in an additional \$5,000 at the end of the year, you would be charged fees of: <b>\$640</b> <b>What it costs you will depend on the fees you negotiate with your fund or financial adviser.</b>

### Huon Value Growth Trust

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

Example		Balance of \$50,000 with a contribution of \$5000 at the end of the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management Costs	1.54%	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$769 each year.
<b>EQUALS</b> Cost of the Fund		If you had an investment of \$25,000 at the beginning of the year and you put in an additional \$5,000 at the end of the year, you would be charged fees of: <b>\$769</b> <b>What it costs you will depend on the fees you negotiate with your fund or financial adviser.</b>

These examples assume that:

- no further contributions are made, no withdrawals are made and the Fund unit price does not change over the course of the year;
- no performance fee is payable (see *Example of calculation of Performance Fees in Additional Explanation of Fees and Costs* above);
- the investment management fee remains capped; and
- no transaction costs or bank or government charges apply.

## How to invest

### Indirect Investors

Investors may invest in the Fund indirectly through an intermediary arrangement, such as a master trust or wrap account or other professional investment arrangement (an "intermediary arrangement").

Theta authorises the use of this PDS as disclosure to clients or prospective clients of an intermediary arrangement ("indirect investors").

An indirect investor does not directly become an investor in the Fund, as the intermediate arrangement operator or custodian acquires the units on behalf of an indirect investor.

Accordingly, an indirect investor will not acquire the rights of an investor in the Fund.

The intermediate arrangement operator or custodian of the intermediate arrangement acquires these rights and may exercise them, or decline to exercise them.

If indirect investors have any questions in relation to the Fund, they should contact their intermediate arrangement operator or their financial adviser.

### Direct Investors

#### Making an Initial Investment

The minimum initial investment amount for each Fund is generally \$5,000.

To make your investment, please complete and sign the Application Form at the back of this PDS and forward it, together with your payment, to our Administrator, at the following address:

**Huon {insert fund name}**  
**C/O Fund BPO**  
PO Box 4968  
Sydney NSW 2001

Payment can be made via Electronic Funds Transfer (EFT) or cheque. Details for payments are found on page 21.

We will confirm with you when we accept your application.

If for any reason, Theta is unable to process your application (for example if your application is incorrectly completed), we may delay your application for up to 30 days in which case your application monies will be held in an interest bearing account.

Any interest earned on the account will be retained by us. If your application is not processed by the end of the 30 day period, your application monies will be returned to you.

Note that we need not accept an application in whole or part and need not give reasons.

#### Making an Additional Investment

Existing investors in a Fund may invest additional amounts - generally \$1,000 or more at any time. To do so, please complete the application form at the back of a current PDS and forward it to us together with your payment.

When you make an additional investment, it will be made on the terms of the then current PDS.

## Cooling-off

### Indirect Investors

If you are an indirect investor you should consult the operator of your intermediary arrangement about any cooling-off rights you may have.

### Direct Investors

If you are a direct investor you have a cooling off right and may return the product to Theta and have the money you paid to acquire the product repaid.

The cooling-off period is 14 calendar days from the earlier of:

- when you receive confirmation of your investment; or
- the end of the fifth day after the day on which your units were issued.

To exercise your cooling-off right, we must receive your written instructions at the address below before the expiry of the cooling off period:

**Huon {insert fund name}**  
**C/O Fund BPO**  
PO Box 4968  
Sydney NSW 2001

Please note that your cooling off right will not apply in certain circumstances, including where you exercise any of your rights as an investor of a Fund, if you are a wholesale client (as that term is defined in the Corporations Act 2001) or if the Fund is illiquid when you invest.

We are allowed to (and generally do) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs (for example, if you invest \$5,000 and the value of the units falls by 1% between the time you invest and the time we receive notification that you wish to withdraw your investment, we may charge you \$50 on account of the reduced unit value and an administration fee of up to \$50).

The repayment of your investment will constitute a disposal for tax purposes, and the amount that is repaid may be adjusted to take into account:

- any increase or decrease in the value of your investment;
- any tax or duty payable by Theta in relation to the issue of your investment; and
- reasonable administration and transaction costs.

If you have any questions in regard to cooling-off, please call Theta on 1300 888 904.

## Making a withdrawal

### Indirect Investors

If you are an indirect investor, you should consult the operator of your intermediary arrangement to make a withdrawal from the Fund.

### Direct Investors

If you are a direct investor, all or part of your investment can be converted into cash by redeeming units.

This can be done at any time by written request and sent by post to:

**Huon {insert fund name}**  
**C/O Fund BPO**  
PO Box 4968  
Sydney NSW 2001

Redemption proceeds will be paid directly to a nominated Australian bank, building society or credit union account provided when you opened your account, or by cheque.

Redemption proceeds will generally be available within 5 working days, although Theta may delay redemption in certain circumstances. See:

- "Liquidity Risk" on page 10; and
- "Delaying Redemption" below.

The minimum redemption amount is generally \$1,000 and you must generally maintain a minimum account balance of \$5,000.

If the amount post your withdrawal falls below the minimum account balance we may redeem your entire investment.

The funds will be sent via an electronic transfer to your nominated Australian bank, building society or credit union account provided when you opened your account, or by cheque.

### **Income Distributions**

The income of the Funds may include dividends, interest and realised gains from the sale of the relevant Fund's investments. Expenses that we may claim, as well as fees are deducted before we calculate each Fund's income, which will be distributed to investors within 30 days after 30 June each year.

The unit price on reinvestment is based on the entry price calculated for the last day of the relevant distribution period. However, in calculating the entry price for this purpose, amounts to be distributed to investors are disregarded (therefore the price is ex-distributions) and no adjustment is made on account of transaction costs (that is, no buy spread is applied).

If a Fund as a whole has realised a net loss at the end of the financial year, no distribution will be possible and we will carry that loss forward. Any losses carried forward will be reflected in the unit price.

Income distributions can be reinvested to purchase additional units in the relevant Fund or deposited directly to your nominated Australian bank, building society or credit union account.

### **Distribution Reinvestment Plan**

Investors may elect to have income distributions automatically reinvested to acquire additional units in the relevant Fund.

In this case:

- Additional units are issued as at 30 June; and
- The application price for additional units is free of buy/sell costs. See "Additional Explanation of Fees and Costs" on page 12 in relation to fees.

### **Delaying Redemption**

Sometimes we can delay your access to your money:

- if we determine that due to circumstances prevailing on the Australian Stock Exchange or affecting any asset it is not practicable to value any asset at any particular time or that any valuation obtained would not properly reflect the realisable value of the assets then we may postpone the valuation or revaluation and the determination of the net asset value, for the period while such circumstances exist - and this will generally result in suspension of redemptions;
- if the Fund becomes illiquid (as defined in the Corporations Act), we may (if the law permits) make some money available. If we do so, we must allocate it on a pro rata basis amongst investors who have requested redemptions;
- we may refuse to redeem units for a period of no more than 60 days where such redemption within that period would result in us or the Fund having insufficient funds or such redemption would otherwise prejudice the interests of the remaining investors.

### **Redemption Without a Request**

Theta may redeem units without a request:

- to satisfy certain types of moneys due to Theta by the investor; or
- where a minimum holding is or will be breached.

### **Deductions**

Theta may deduct from any money payable to an investor any fees or other moneys unpaid by the investor in their capacity as investor to Theta, including tax (for which the investor indemnifies us, and we are entitled to interest on such moneys due).

### **Transferring assets**

Theta can agree to the transfer of assets in place of paying cash but need not do so. Costs associated with this are paid by the Investor, unless we agree otherwise.

### **Transfer of units**

An investor may transfer units in the Funds although we may refuse transfers in whole or part and need not give reasons.

The purchaser of the units must complete a stamped transfer form in a form acceptable to us.

## **Unit Prices**

### **Huon Australian Share Fund**

The market value of the Fund, application and redemption prices and the net asset values are usually calculated as at 4:00PM (AEST) each Sydney business day.

Any applications received after 4:00PM (AEST) on a Sydney business day are deemed to have been received on the next business day.

Units will be issued at the application price applicable for that day – this is the one next calculated after 4:00PM (AEST).

The application and redemption price of the Fund is based on the value of the net assets of the Fund, adjusted for the buy/sell spread (see "Additional Explanation of Fees and Costs" on

page 12) and divided by the number of units on issue. We may also issue fractions of units.

### Huon Value Growth Trust

The market value of the Fund, application and redemption prices and the net asset values are usually calculated weekly as at the close of business each Friday.

Any applications received after 4:00PM (AEST) on a Sydney business day are deemed to have been received on the next business day.

Units will be issued at the application price applicable for that week - this is the one next calculated after 4:00PM (AEST).

Valuations are based on the most recent market values of the underlying assets of the Funds.

For investors electing to have income automatically reinvested, the application price for those additional units is calculated in the same manner as outlined above, although reinvestments will not incur a buy/sell spread.

Indirect investors should contact the operator of your intermediary arrangement to find out the unit price.

Under the terms of the Fund's constitution, Theta has discretion over certain components in the calculation of the unit prices for the Funds.

Theta has a documented unit pricing policy outlining how the unit prices are calculated.

In addition, if pricing has not been undertaken in line with this policy, a separate document outlining this is produced. The unit pricing policy or other documents showing deviations from this policy are available from Theta at no charge. Please contact Theta on 1300 888 904 for a copy of any of these documents.

### Monitoring your Investment

Document	This Information will generally be received
Acknowledgement of applications, redemptions and transfers in the Funds	Within 10 working days of receipt/acceptance of properly completed forms
Income Distribution Statement	<b>Half yearly:</b> within 30 days of 30 June and 31 December each year
Tax Statement	<b>Quarterly:</b> within 30 days of 31 March, 30 June, 30 September and 31 December each year <b>Annually:</b> within 45 days of 30 June each year
Investment commentary report	<b>Quarterly:</b> within 30 days of 31 March, 30 June, 30 September and 31 December
Huon Australian Share Fund daily unit prices	www.huoncapital.com or by calling 1300 133 451
Huon Value Growth Trust weekly unit prices	www.huoncapital.com or by calling 1300 133 451
Update on the value of your investment	Anytime by calling 1300 133 451 between 8:30AM and 5:30PM (AEST) Monday to Friday
Transaction Summary	<b>Annually:</b> generally within 30 days of 30 June
Annual Audited Accounts	<b>Annually:</b> within three months of balance date

Where the Funds are disclosing entities under the Corporations Act, they are subject to regular reporting and continuous disclosure obligations (including lodging annual financial reports). We will satisfy the continuous disclosure obligations by making all material information

available to you on our website at  
[www.huoncapital.com](http://www.huoncapital.com) and  
[www.thetaasset.com.au](http://www.thetaasset.com.au).

## Changes to your Details

Our records about you are important.

Please promptly inform us in writing of any changes to the personal details that you have given us. This may be a new postal address, a change of name or new account details for distribution or redemption payments.

All changes should be sent to the registry. See the Directory for contact details.

When requesting a change of personal details please:

- Quote your Investor number;
- State the full name in which your investment is held;
- Clearly set out the changes you are requesting;
- Provide us with a contact name and daytime telephone number; and
- Ensure the appropriate signatories sign the request.

Please note that we will only change your nominated account with an Australian bank, building society or credit union if we received an original, signed written request.

Some changes may also require additional documentation (such as change of name request).

Remember, changing the name of an account can have tax consequences. If you have any queries in this regard call us on **1300 133 451**.

## Privacy

### Direct Investors

We collect personal information from you in order to process your application and administer your investment. We may disclose this information to companies that provide services on our behalf. We may also collect and disclose your information if the law requires or if you consent.

You may choose not to complete all items on the application form. Depending on the type of information you withhold, we may not be able to provide you with your requested investment, or pay income into your account.

The consequences of not providing your Tax File Number or Australian Business Number (or exemption) are noted under Taxation on page 18.

Under the Privacy Act 1988, you may request access to your personal information that we hold. You can contact us to make such a request or for any other reason relating to the privacy of your personal information by telephoning us on 1300 133 451 or writing to:

**Theta Asset Management Limited**  
**PO Box 1088**  
**Hillarys WA 6923**

Theta's privacy statement and details on how you may access or update your personal information can also be found at [www.thetaasset.com.au](http://www.thetaasset.com.au) or by contacting us directly on **1300 133 451**.

### Indirect Investors

We do not collect or hold personal information of indirect investors.

## Taxation

Below is a general guide to Australia's current taxation legislation as at the date of this PDS as it affects Australian resident investors.

Government taxation and social security policies are subject to change and these changes may affect the taxation treatment of the Funds.

The following tax information should be read with this in mind.

Prospective and current investors should obtain independent advice from their professional adviser so as to take full account of their individual circumstances. Indirect investors should refer to the relevant disclosure document published by the operator of their intermediate investment.

### Tax Position of the Funds

In accordance with current legislation, a Fund generally does not pay Australian income tax provided that it distributes all its net income. We intend to distribute the net income of the Funds.

### Tax on Distributions

It is likely that most, if not all of the distributions made from the Funds, including those reinvested in more units, will be characterised as assessable income for the relevant year for an investor.

However, it is possible that distributions may be made up of a number of different components for taxation purposes and each of these components may be treated differently.

At the end of each financial year, we will send each investor a statement confirming the breakdown of their distributions for that financial year.

Distributions should generally be included as part of an investor's assessable income in the year in which the entitlement arises.

This assessable income includes distributions that an investor is entitled to but has not yet received.

Tax credits (including, where applicable, imputation and foreign tax credits) may help to offset the tax payable by the investor with respect to this income (see below).

### Tax when units are Redeemed or Transferred

If an investor redeems or transfers units, the transaction is treated as a disposal of units and the investor may be liable for tax on any gains. Generally, gains arising from the disposal of units will be subject to capital gains tax where these units are acquired for investment purposes, as they will be held on capital account. Where the Investor is regarded as a trader or institutional Investor such gains may be regarded as ordinary income.

When units are held for more than 12 months by individuals, trusts or complying superannuation entities and disqualifying tests are not triggered, any capital gains realised on disposal will qualify

for discounting. The discount rate is 50% for individuals and trusts and 33.33% for complying superannuation entities.

The taxation treatment of capital gains depends on an Investor's individual circumstances and investors should therefore consult their taxation adviser.

### Goods and Services Tax (GST)

The imposition of the GST means that the Funds will be liable to pay an additional 10% on most goods and services supplied to it. However, the Funds will only be able to recover reduced input tax credits on certain transactions.

Fees and expenses quoted in this PDS include GST unless notified otherwise.

### Imputation Credits

The dividend imputation system gives investors a credit for any tax already paid by an entity. This system means that, where a Fund has received franked dividends in the respective period, distribution of income will carry a tax credit which will be passed on to investors. Any imputation credits received should be included in the investor's assessable income.

Generally, Australian resident investors are entitled to receive a tax credit for the imputation credits.

However, where the investor holds an interest in shares for less than 45 days (or 90 days for preference shares), the investor may not be entitled to any imputation credits. The 45 day holding period rule does not apply to individual investors who receive a total of \$5,000 or less in imputation credits during the year.

The imputation credits may be offset against the Investor's income tax payable on other income. If imputation credits exceed the tax payable, certain Australian resident investors may be entitled to a refund of the excess imputation credits.

### Foreign Income

Distributions may include amounts referable to foreign income. Sometimes tax will have been paid on this income in the foreign country. Where this has happened, you generally need to include in your assessable income the amount distributed as well as the amount of foreign tax that was paid.

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Funds. Investors will normally be entitled to a tax credit in respect of the foreign taxes paid by the Funds.

The foreign investment fund (FIF) rules impose tax on Australian investors who invest in foreign companies and trusts. Broadly, they include in the assessable income each year unrealised gains in the value of an investment in the foreign entity. There are a number of exceptions to the rules. Although mindful of minimising foreign investment fund tax, our investment decisions for the Fund are not driven by this.

### Tax File Numbers (TFN)

Investors can choose to quote their TFN or ABN or claim an exemption. Declining to quote a TFN or ABN is not an offence. However, if a TFN or ABN or exemption details are not supplied, we

are required to withhold tax from income distributions at the highest marginal tax rate plus the Medicare levy. For more information about TFNs and ABNs, investors should seek professional advice.

### Social Security

Investments in the Funds may affect an investor's social security entitlement. Investors should seek professional advice or contact Centrelink at [www.centrelink.gov.au](http://www.centrelink.gov.au) and/or the Veterans' Affairs Office at [www.dva.gov.au](http://www.dva.gov.au) before investing.

### Non-Resident Investors

Investors who give an address outside of Australia are treated as non-residents and distributions of Australian sourced income may be subject to the relevant withholding tax provisions of the Australian income tax laws.

## About the Funds

The Funds are registered with ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.

Theta is the responsible entity of each Fund. Our legal relationship with you is governed by the relevant Fund's constitution (which provides the framework for the operation and management of the Fund and the assets), together with this PDS and certain financial services laws. You can request a copy of a Fund's constitution free of charge.

### Responsible entity

Theta's role as the responsible entity of the Funds includes:

- holding each Fund's property (either directly or through a custodian) on trust for the investors;
- managing and investing each Fund's property; and
- ensuring each Fund's property is managed and dealt with in accordance the Fund's constitution and the Corporations Act.

We may delegate these roles but remain responsible to investors in the Funds when we do so.

### Compliance

We have a compliance plan, lodged with ASIC, which describes key controls and measures designed to ensure that we comply with the Fund's constitutions and the Corporations Act.

We have established a compliance committee for each Fund, which monitors the Fund's operation. The compliance committee is made up of a majority of external members.

### Interests and Rights of Investors

The constitutions provide that the beneficial interest in the assets of each Fund are divided into units and every unit confers upon its holder an equal interest in the Fund. A unit does not, however, confer an interest in any particular part of the assets but only a beneficial interest in the assets as a whole.

The rights of investors include rights to:

- Receive income and other distributions attributable to units held;

- Transfer units (subject to certain restrictions);
- Convene, attend and vote at meetings of investors; and
- Participate in the winding up of the relevant Fund.

Investors' rights may be varied by amendments to the Constitution, the Corporations Act, the Corporations Regulations or decisions made by the courts or at arbitration.

The Constitution states that the potential liability of investors is limited to the value of their units, however, the courts are yet to conclusively determine the effectiveness of provisions of this kind.

### **Theta's Powers, Rights & Duties**

The constitutions confer on Theta broad powers of management of each Fund.

These powers must be exercised in accordance with the certain duties imposed on Theta by law including to act honestly, exercise the degree of care and diligence that a reasonable person would exercise if they were in our position as responsible entity, and to treat investors of the same class equally and investors of different classes fairly.

Some of the provisions of each Fund's constitution are discussed elsewhere in this PDS.

Other provisions relate to:

- the nature of units of the Fund - all are identical;
- Theta's powers and how and when it can exercise them;
- the basis upon which Theta is entitled to charge the fees and expenses as detailed in this PDS;
- the basis on which Theta has the right to be reimbursed from the Fund for expenses incurred by Theta in the proper performance of its duties;
- any investor meetings;
- when the Fund terminates (we can terminate them anytime) or when we retire and what happens if we do (if we terminate the Fund you share the net proceeds from us selling the investments); and
- changing the constitution (we need investor approval for any changes which are adverse to investors' rights).

### **Limits**

The Corporations Act imposes minimum standards on us. The constitution for each Fund is subject to these.

In any event, each constitution contains clauses expressed to limit our liability. Examples of these include:

- we can rely in good faith on advice, documents and signatures, are not liable for taxes paid in good faith even if the payment ought not or need not have been made and are not liable for things we cannot do because laws change; and
- in the absence of fraud or breach of trust we are not responsible for any loss costs damages or inconvenience that may result from the exercise or non-exercise of our powers.

Subject to the Corporations Act, all obligations

imposed on us or on any director which might otherwise be implied or imposed by law or equity are expressly excluded to the extent permitted by law.

### **Retaining your PDS**

You should keep a copy of the current PDS and any other supplementary material updating the PDS for future reference. These documents will assist you in relation to making additional investments and switching. Copies of the current PDS are available free of charge, on request, or from our website.

### **Anti-Money Laundering**

The Anti-Money Laundering/Counter-Terrorism Financing Act (2006) (AML/CTF) became effective on 12 December 2007. In order to meet our obligations under the AML/CTF legislation we are required to collect additional information from investors.

All investors are now required to attach original certified copies of documents that prove your identity to the application form and some types of investors are required to attach a completed "Know Your Customer" (KYC) form. Please refer to the quick reference guide on page 26 to determine if an additional KYC form is required to be attached to your application.

Details of what identification documentation is required and who can certify copies of documents that prove your identity are provided on the application and KYC forms.

### **Making a Complaint**

Please notify us of complaints in writing or by calling us:

#### **Theta Asset Management Limited**

We will acknowledge any written complaint within 10 business days of receiving it and follow certain procedures. In particular, we are required within 30 business days to investigate, properly consider and decide what action (if any) to take or offer, regarding the complaint and communicate our decision to the investor, at the same time informing the investor of any available avenue of appeal against the decision to an external industry complaints tribunal or other body.

If you are not satisfied with how the complaint has been handled, you may contact the Financial Ombudsman Service (FOS), of which we are a member. This is an independent body and is approved by ASIC to consider complaints.

Their contact details are:

#### **Financial Ombudsman Service**

**Tel: 1300 78 08 08**

**Fax: (03) 9613 6399**

**Web: [www.fos.org.au](http://www.fos.org.au)**

**Email: [info@fos.org.au](mailto:info@fos.org.au)**

**Mail: GPO Box 3 Melbourne, VIC 3001**

This service is offered free of charge to investors.

In order for a complaint to be considered by FOS, the claim involved must be under \$150,000 (unless Theta and you agree otherwise in writing).

Please note that indirect investors should direct any queries or complaints to the operator of their intermediate arrangement.

## How to Complete the Application Form

### Before you start

**Do not complete this application form without making an informed investment decision.**

You should read all of the current product disclosure statement (PDS) carefully before you invest. The PDS is an important document and we encourage you to seek professional advice - investing is an important discipline and decisions should be taken wisely.

Paper application forms should always be accompanied by a paper copy of the current PDS. Electronic application forms (such as downloaded and emailed copies) should always be attached to the current PDS (in the same file). If the PDS is missing, do not complete this form. Instead, contact your adviser or us and we will send you the current PDS free. Prior to its completion and signing, this application form must not be handed to any person unless accompanied by the PDS and any supplementary PDS.

### Who can invest in the Funds?

**We can accept applications from:**

- individuals 18 years old and over,
- companies,
- other incorporated bodies (eg. strata bodies corporate, trade unions), and
- trustees (eg. superannuation funds).

**We do not accept applications from:**

- individuals less than 18 years old in their own name - a guardian must be the applicant,
- individuals who are in bankruptcy, or
- unincorporated associations and unincorporated co-operatives - if incorporated, that is fine.

**Other important matters are:**

- If you are making an investment on behalf of a child (i.e. acting as a trustee) you are required to quote a tax file number or exemption reason to prevent tax being deducted from the investment income. Theta will also require a certified copy of the child's birth certificate.
- If you are not an Australian resident you should first confirm with us whether your application will be accepted.
- In any case, we can refuse any application in whole or part and need not give reasons although we do not generally do this.

## Take care

### Print clearly

When you complete this form, please:

- print clearly, using black or blue ink,
- indicate your choice by marking boxes with an (X) where appropriate, and
- if you make a mistake, simply cross it out and initial your change.

If you run out of room, photocopy the page you need, or just attach the information clearly.

For applications with three or more applicants, please complete and attach a copy of the application form with the additional applicants' details.

### Payments

**Australian cheques are acceptable.**

We accept personal and bank cheques from Australian financial institutions like banks, building societies, credit unions and cash management trusts.

Cheques should be crossed "not negotiable" for your own peace of mind, and should be made payable to:

**"Huon Australian Share Fund"**

or

**"Huon Value Growth Trust"**

You will need to give us a separate cheque for each investment.

Electronic funds transfers also work.

We accept electronic funds transfers from Australian accounts only - account details are below.

#### Huon Australian Share Fund

**Bank: National Australia Bank**

**BSB: 082 401**

**Account: 16-256-8483**

**Reference: "[Investor's Surname/company name]"**

#### Huon Value Growth Trust

**Bank: National Australia Bank**

**BSB: 082 080**

**Account: 16-218-4666**

**Reference: "[Investor's Surname/company name]"**

You will need to make a separate funds transfer for each fund investment and complete a new application form.

**Forms of payment we do not accept:**

**We do not accept cash, foreign cheques or money orders. We do not currently accept BPay payments.**

### Where to send your application

Your adviser can look after lodgement of the application and accompanying identification form for you, otherwise you can send it to the registry:

Theta Asset Management Limited

C/O - Unit Registry

PO Box 4968

Sydney NSW 2001

### TFNs and ABNs

Most investors quote their Tax File Number (TFN) or an exemption code.

It is not an offence to choose not to quote your TFN or exemption.

However, if you do not provide your TFN or exemption, this may delay your application and in any case we must withhold an amount at the highest marginal tax rate plus Medicare levy from any distribution to you.

Some people and organisations can claim an exemption from quoting a TFN or ABN even if their investment earns them income more than or equal to the relevant threshold. These include

certain non-residents, pensioners and non-profit organisations. We recommend you ask your accountant if you are unsure.

## **Know Your Customer (KYC) forms**

### **Anti-money laundering and Counter-terrorism requirements**

In order to meet our obligations under anti-money laundering, counter-terrorism legislation or taxation legislation, we may require further information from you as to identity or source of funds. If you do not provide us with this information, we may not be able to process your transactions.

### **Incomplete applications**

There will be delays if for any reason Theta is unable to process your application (for example if your application form is incorrectly completed or we require further information), we may delay your application for up to 30 days, in which case your application monies will be held in an interest bearing account.

Any interest earned on the account will be retained by Theta.

If your application is still unable to be processed by Theta at the end of the 30 day period, your application monies will be returned to you.

Please note that we need not accept your application in whole or part and need not give reasons.

### **Questions with the Application Form ?**

Call your adviser, or contact the unit registry as follows:

FundBPO

**Telephone: 1300 133 451**

Email: registry@fundbpo.com

### **Bank Account Details**

#### **Huon Australian Share Fund**

Bank: National Australia Bank

BSB: 082 401

Account: 16-256-8483

Reference: "[Investor's Surname/company name]"

#### **Huon Value Growth Trust**

Bank: National Australia Bank

BSB: 082 080

Account: 16-218-4666

Reference: "[Investor's Surname/company name]"

# Application Form

Please complete this form clearly. Initial corrections.

Make cheques payable in Australian dollars to “**Huon <Fund Name> - Application Account**” - cross them “**not negotiable**”.

Electronic funds transfers can be made: please send us an original application and details of your funds transfer. Include your investor number in the payment advice. Account details are shown on page 27.

This Application Form accompanies the PDS for the **Huon Australian Share Fund and the Huon Value Growth Trust** issued by Theta Asset Management Limited (ABN 37 071 807 684, AFSL No 230920) dated 16 December. This PDS contains important information about investing in the Funds. You should read this PDS carefully before completing this Application Form. The offer of units is only available to Australian resident investors. If you have received this Application Form in electronic form, you should ensure that you have received a copy of the PDS as well as the Application Form and any supplementary PDS. We will send paper copies of the PDS (including any supplementary PDS) and Application Form, on request and without charge.

Only use this form if you are investing directly into the Fund. Please refer to the PDS if investing through a platform provider.

**Post or deliver it to:**  
**FundBPO Pty Ltd**  
**Huon - Unit Registry**  
**GPO Box 4968**  
**SYDNEY NSW 2001**

**Questions:**  
**Telephone: 1300 133 451**  
**Fax: (02) 9251 3525**  
**or email us: info@fundbpo.com**

I / We apply to invest in the ;

Huon Australian Share Fund (minimum of \$5,000) \$

Huon Value Growth Trust the (minimum of \$5,000) \$

Are you are an existing investor? Yes  No  If yes, what is your investor number?

**Investor/Trustee 1**

Title Mr /Mrs /Miss /Ms /Other:

Given Names

Surname

Date of Birth  /  /

TFN

TFN Exemption

**Investor/Trustee 2**

Title Mr /Mrs /Miss /Ms /Other:

Given Names

Surname

Date of Birth  /  /

TFN

TFN Exemption

**Company/Fund/Superannuation \*\* or other incorporated bodies**

Name

ABN  TFN

**Name of fund if investing as a trustee**

TFN  (if any)

**Contact Details**

Work Phone Number  Home Phone Number

Fax Number  Mobile Number

Email Address

**Residential Address (Compulsory)**

Street  Suburb/City

State  Postcode  Country

**Postal Address (if different)**

Street  Suburb/City

State  Postcode  Country

\*\* Date of Birth required for individual investors as well as for each individual trustee of a self-managed super fund or family trust.

## Declaration

I/we request you to issue the units applied for and authorise you to register the applicant as the holder(s) of the units.

I/we declare that the execution of this Application Form by me/us constitutes a representation by each applicant that:

- this Application was detached from a product disclosure statement for the Huon Australian Share Fund and the Huon Value Growth Trust(Funds);
- I/we read and understood the product disclosure statement for the Funds;
- I/we understand that neither the repayment of capital nor the performance of the Funds is guaranteed by any person, including the underlying fund managers with whom we invest;
- I/we agree to be bound by the terms of the product disclosure statement and the constitution of the Funds, as amended from time to time, and understand that a copy of the constitution has been made available to me for free if I wished;
- the details given in this application are correct;
- I/we will not transfer the units to anyone who does not agree to these things;
- none of the units being applied for will breach or result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable;
- I/we agree to indemnify the responsible entity and any of its related bodies corporate against any loss, liability, damage, claim, cost or expense incurred as a result, directly or indirectly, of any of these declarations proving to be untrue or incorrect;
- The details of my/our investment can be provided to the adviser group or adviser by the means and in the format that they direct;
- In the case of joint applications, the joint applicants agree that unless otherwise expressly indicated on this application form, the units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions, including additional deposits and withdrawals; and
- I/We agree to give further information or personal details to the responsible entity if required to meet its obligations under anti-money laundering, counter-terrorism or taxation legislation.

### Distribution Details

Theta would like to keep in touch with you about future investment opportunities that may be of interest. Please tick the box below if you do NOT wish to be contacted for this purpose.

No thanks, I/we would prefer **NOT** to be contacted by the responsible entity about investment opportunities in the future.

Theta will also send you copies of the Fund Annual Accounts each year if your request them. Please tick the box below if you do NOT wish to receive this information.

No thanks, I/we would prefer **NOT** to receive copies of the Fund's annual accounts. I/We can access the Fund's annual accounts on your website at [www.thetaasset.com.au](http://www.thetaasset.com.au) if I/we choose to.

### Advisor details (if any)

Adviser name

Group name

Reinvest my income Yes  No  **If No please provide bank details below**

Bank/Branch  BSB  Account #

Account Name

### Signature by Individual or Joint Applicant(s)

Signature	<input checked="" type="checkbox"/>	Signature	<input checked="" type="checkbox"/>
Print Name	<input type="text"/>	Print Name	<input type="text"/>
Date	<input type="text"/> / <input type="text"/> / <input type="text"/>	Date	<input type="text"/> / <input type="text"/> / <input type="text"/>

### Signature of Corporate Applicants or Corporate Trustee Applicants

#### Executed by

Company Name

As Trustee For (if applicable)

#### By its directors:

Signature	<input checked="" type="checkbox"/>	Signature	<input checked="" type="checkbox"/>
Print Name	<input type="text"/>	Print Name	<input type="text"/>
Position	Director/Secretary	Position	Director
Date	<input type="text"/> / <input type="text"/> / <input type="text"/>	Date	<input type="text"/> / <input type="text"/> / <input type="text"/>

# Adviser Contact Details

## Adviser

First Name  Surname   
ABN

## Administration Contact

First Name  Surname   
AFSL

## Company

Telephone  Fax   
Email Address

## Office Address

Street  Suburb/City   
State  Postcode  Country

## Postal Address (if different)

Street  Suburb/City   
State  Postcode  Country

## Adviser Signature

Date  /  /

This page has been intentionally left blank.