

About this Reference Guide

This Reference Guide ("Reference Guide") has been prepared and issued by Equity Trustees Limited ("Equity Trustees"). The information in this document forms part of the VF High Conviction Fund Product Disclosure Statement ("PDS") dated 19 September 2017 in respect of the VF High Conviction Fund ("Fund") and issued by Equity Trustees.

You can request a copy of the PDS and Reference Guide by emailing the Investment Manager at info@viburnumfunds.com.au, by visiting www.viburnumfunds.com.au or calling +618 6430 9850.

The information provided in this Reference Guide is for general information only and does not take into account your individual objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Updated information

Information in the PDS and this Reference Guide is subject to change. Before making an investment in the Fund, you should ensure that you have read the PDS and Reference Guide current as at the date of your investment.

You can request a copy of the PDS and Reference Guide by emailing the Investment Manager at info@viburnumfunds.com.au, by visiting www.viburnumfunds.com.au or calling +618 6430 9850. A paper copy of the updated information may also be provided free of charge on request.

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1. VF High Conviction Fund Investment Approach

The Fund invests in a concentrated portfolio of listed companies (and unlisted companies which Viburnum expects will list within 12 months following the initial investment) that display attractive asymmetric payoff potential (i.e. downside protection and upside optionality). The Fund employs an 8% p.a. absolute return hurdle and invests with the aim of delivering attractive absolute returns through an investment cycle and displaying resilience in down markets.

The Fund's investments typically fit within one of the following investment categories:

Corporate Reset / Restructure

Viburnum believes that change creates opportunity and therefore spend a lot of their research effort focused on change events. Viburnum are looking for fundamentally good companies that are going through a dislocation event (e.g. new board / management, new strategy, change in capital structure). Such periods can often provide a very attractive entry opportunity for new investors.

Structural Growth

Viburnum believes that the compounding effect of companies with structural growth tailwinds can be under-estimated by the market. Most traditional valuations capture a short period of "excess" growth before reverting to a perpetual growth rate in-line with overall economic growth - this approach fails to properly value those companies with a genuine long-term growth runway of 10+ years.

Structural growth companies typically either have industry tailwinds and / or a product or service that is disrupting a large incumbent profit pool.

Cash

Viburnum considers cash to be a genuine asset class that provides optionality during periods of severe market dislocation.

Viburnum's investment process specifically aims to answer the following questions for each investment:

What is the valuation upside and how will it be realised?

This includes assessing upside value options (e.g. new markets or products, market share gains) or hidden balance sheet assets using various valuation approaches (discounted cash flow, market multiples, private market transactions). For Viburnum's valuation to be realised the company will generally need to have positive operating trends or a clearly articulated strategy to realise value (e.g. via selling non-core assets).

Is the business model sustainable?

Characteristics Viburnum seeks out include high switching costs (i.e. incumbency of product or service), economies of scale leading to a sustainable cost advantage over competitors, strong brands or intellectual property and a strong network. Viburnum also focuses on strong earnings quality (i.e. companies that convert the majority of EBITDA into cash and that do not need to spend capital materially above D&A to maintain the current earnings of the business). Viburnum is also attracted to companies that operate in industries with structural tailwinds and no obvious structural threats to the business model.

Why does the opportunity exist?

Viburnum believes that markets tend to be relatively efficient (i.e. it is rare to find a great business trading at a very cheap price). Viburnum believes that there generally needs to be some sort of dislocation event and some pain for pre-existing shareholders to create an opportunity. Viburnum focuses on events, catalysts and resets / restructures including recapitalisations, new management & spin-offs.

Does management understand how to create value and are they aligned?

Viburnum aims to invest in companies run by highly focused management teams who understand how to create value and have incentives aligned with growing shareholder value.

2. Investing in the VF High Conviction Fund

Application cut-off times

If we receive a correctly completed Application Form, acceptable identification documents (if applicable) and cleared application money:

- at least 5 Business Days prior to the last Business Day of a month, the application will ordinarily be processed on and by reference to the Unit price calculated as at the end of that month; and
- application requests received after this time will ordinarily be processed on and by reference to the Unit price calculated as at the end of the following month.

We reserve the right to accept or reject applications in whole or in part at our discretion.

3. Managing your investment

Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details; and
- enquiring and obtaining copies of the status of your investment.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised signatory; and
- you agree that our acting on any instructions received from your authorised signatory shall amount to complete satisfaction of our obligations, even if these instructions were made without your knowledge or authority.

Reports

Investors will be provided with the following reports:

- application and withdrawal confirmation statements;
- transaction statements; and
- (where applicable), distribution and tax statements

The annual audited financial accounts are available on Equity Trustees' website.

4. Withdrawing your investment

Withdrawals cut-off times

Withdrawal requests that are received by the Administrator at least 5 Business Days prior to the last Business Day of a month, will generally be processed on and by reference to the Unit price calculated as at the end of that month. Withdrawal requests received after this time will generally be processed on and by reference to the Unit price calculated as at the end of the following month.

Equity Trustees have the discretion to delay processing withdrawal requests where we believe this to be in the best interest of the Fund's investors.

Please see the PDS for information regarding how to request a withdrawal.

Withdrawal terms

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

We may contact you to check your details before processing your withdrawal request. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.

We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.

When you are withdrawing, you should take note of the following:

- Withdrawals will only be paid to the investor.
- We reserve the right to fully redeem your investment if, as a result of processing your request, your investment balance in the Fund falls below the minimum balance set out in the PDS.
- If we cannot satisfactorily identify you as the withdrawing investor, we may reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post, courier, email or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms you, and any person claiming on your behalf, shall have no claim against us with regards to such payment.

Withdrawal restrictions

Under the Corporations Act, you do not have a right to withdraw from the Fund if the Fund is illiquid. In such circumstances, you will only be able to withdraw your investment if Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

The Fund will be deemed liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, should Equity Trustees be unable to realise sufficient assets to meet withdrawal payments, it may suspend the calculation of the NAV and withhold withdrawal proceeds.

5. Additional Information on Fees and costs

Transactional costs

Other costs of a transactional nature may be incurred in connection with the acquisition and disposal of a Fund's investments. These can arise either as a result of day-to-day trading activity or as a result of applications and redemptions made from a Fund. Where these costs arise from applications and redemptions, they are reimbursed from the Buy/Sell Spread applying to those investor transactions. Alternatively, where they arise from day-to-day trading decisions, these costs are typically included in the cost of purchasing or selling certain securities and are not recovered through the Buy/Sell Spread.

Performance related fee

The performance related fee is 20.50% p.a. of the amount by which the Fund exceeds the benchmark return of 8% p.a. over the relevant period, calculated and paid in arrears at the end of each Financial Year and is calculated based on the beginning net asset value of the Fund over the relevant twelve-month period (with distributions reinvested). The performance fee is subject to a high-watermark (that is, no performance fee is payable until any accrued negative absolute returns (in dollar terms) from prior periods has been made up).

The example below is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

Example of how the performance related fee may affect your investment in the Fund

The following is an example of the calculation of a performance fee expense for a Performance Fee Period. Terms referred to below have the same meaning as detailed in section 6. Fees and costs of the PDS for the Fund.

Assumptions:

- the benchmark return is 8% p.a.
- the Fund's performance hurdle for the Financial Year is hence 8%;
- the Fund's 'investment return' for the Financial Year is 10%;
- the Fund's 'investment return' for the Financial Year is assumed to accrue evenly over the course of the Performance Fee Period;
- the Fund's 'investment return' with reference to which the performance fee is calculated is a return after deduction of the management costs for the Financial Year; and
- there are no negative performance fee amounts for previous Financial Years to be carried forward.

On the basis of the above assumptions and if you had an investment in the Fund of \$50,000 at the beginning of the Financial Year and no withdrawals were effected during the Financial Year, your investment would bear a performance fee expense inclusive of GST net of RITC of approximately \$205 for the Financial Year, and your investment at the end of Financial Year would have increased to \$54,795.

Please note that the 'investment return' specified in this example:

- is only an example to assist investors to understand how the performance fee is calculated and the effect of the performance fee expense on the investment return of the Fund; and
- is **not** a forecast of the expected investment return for the Fund.

6. Other important information

Your privacy

The Privacy Act 1988 (Privacy Act) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

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

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, Custodian and Administrator, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to “opt out” by contacting Equity Trustees.

Equity Trustees’ Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint.

Full details of Equity Trustees’ Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees’ Privacy Officer on +61 3 8623 5000, or email to privacy@eqt.com.au to request a copy.

The Trust Deed

The Fund is governed by a trust deed that sets out the Fund’s operation (the “Trust Deed”). This Trust Deed, together with the Fund’s PDS, this Reference Guide, the Corporations Act and other laws, regulate our legal relationship with investors in the Fund. If you invest in the Fund, you agree to be bound by the terms of the Fund’s PDS, this Reference Guide and the Fund’s Trust Deed. You can request a copy of the Trust Deed free of charge. Please consider these documents before investing in the Fund.

We may amend the Trust Deed from time to time in accordance with the provisions in the Trust Deed and the Corporations Act.

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

Australia’s AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees knows certain information about investors in the Fund.

To meet this legal requirement, we need to collect certain identification information and documentation (“KYC Documents”) from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with AML/CTF laws. Processing of applications will be delayed or refused if investors do not provide the applicable KYC Documents when requested.

Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

The Responsible Entity shall not be liable for any loss you may suffer because of compliance with the AML/CTF laws.

Indirect Investors

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

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

Information on underlying investments

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

Foreign Account Tax Compliance Act (“FATCA”)

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

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

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

Common Reporting Standard (“CRS”)

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

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

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

7. Glossary

Application Form

The application form that accompanies the PDS.

ATO

Australian Tax Office.

AUSTRAC

Australian Transaction Reports and Analysis Centre.

Business Day

A day other than a Saturday or Sunday on which banks are open for general banking business in Sydney, New South Wales.

IDPS

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.

IDPS Operator

The entity responsible for operating an IDPS.

Indirect Investors

Individuals who invest in the Fund through an IDPS.

Net Asset Value or NAV

The value of assets of a Fund, less the value of the liabilities of that Fund.

US Person

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

- (a) any citizen of, or natural person resident in, the US, its territories or possessions; or
- (b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or
- (c) any agency or branch of a foreign entity located in the US; or
- (d) a pension plan primarily for US employees of a US Person; or

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

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

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

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

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

We, us

Refers to Equity Trustees Limited.

Wholesale Client and Retail Client

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