

6 May 2024

INFORMATION MEMORANDUM

FAIRWAY CAPITAL MANAGEMENT FUND

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IMPORTANT NOTICES

Description of this financial product

This is an offer (**Offer**) to acquire fully paid ordinary units (**Units**) in an unregistered managed investment scheme known as the Fairway Capital Management Fund (**Fund**).

Date of IM

This Information Memorandum (**IM**) is dated 6 May 2024.

Trustee and issuer of this IM

One Fund Services Ltd ACN 615 523 003 (**Trustee**) is the Trustee of the Fund and issuer of this IM. This IM contains general information for prospective investors about the Fund.

Investment Manager

Fairway Capital Management Pty Ltd ACN 667 645 025 ('we', 'us' 'our', 'FCM' or 'Investment Manager') is the investment manager of the Fund appointed by the Trustee. We are a corporate authorised representative (no. 001306029) of Zodiac Securities Pty Ltd ACN 142 982 554 (AFSL 398350).

Availability of Offer

The Offer to subscribe for Units under this IM is only available to persons to whom a Product Disclosure Statement (**PDS**) is not required to be given under Division 2 of Part 7.9 of the Corporations Act and who are considered to be a Wholesale Client within the meaning of s. 761G of the Corporations Act (**Wholesale Client**). The Trustee will not issue Units in the Fund to a person it is not satisfied the person is a Wholesale Client.

No disclosure required and no advice

The Fund is a managed investment scheme that does not have to be registered by reason of section 601ED(2) of the Corporations Act. Therefore the requirements relating to PDSs in the Corporations Act do not apply to this Offer. This IM is not a PDS within the meaning of the Corporations Act and has not been (and is not required to be) lodged with the Australian Securities & Investments Commission (**ASIC**). This IM may not contain the same level of disclosure required for registered managed investment schemes and is prepared on the express basis that it does not purport to contain all of the information that you may require in order to make an informed decision as to whether or not to invest. Nevertheless, this document is an important document and must be read in its entirety before you make an investment decision.

You cannot invest in this Offer unless you complete the online Application Form as displayed on either the Trustee's website, or the Investment Manager's website and include payment in full.

This IM must be read in conjunction with the deed establishing the Fund (**Trust Deed**) for the Fund. Potential investors should read both of these documents for further information regarding their rights and obligations as holders of Units and the rights and obligations of the Trustee. If there are any inconsistencies between this IM and the Trust Deed, the Trust Deed will prevail.

This IM is provided to each prospective investor on the following conditions:

- (1) this IM is strictly confidential and is for the sole use of prospective investors and their advisers.
- (2) it must not be provided to any other party without the written consent of the Trustee, which may be withheld in its absolute discretion;
- (3) the investor will be a Wholesale Client in relation to its investment in Units; and,
- (4) there is no cooling off right for applicants

This IM was prepared based on the factual circumstances and information available to FCM and the Trustee at the time and date of this IM. This also includes access to relevant third-party reports, market conditions and other professional reports that were available at the time of the preparation of this IM.

Applications will only be accepted on the basis of the completed online Application Form which may be accessed on either the Trustee's website, or the Investment Manager's website.

No liability

To the maximum extent permitted by law, the Trustee, the Investment Manager and their associates, related parties, directors, officers, employees, advisers (including financial, accounting and legal advisers) and representatives bear no liability for any loss or damage, howsoever arising and whether foreseeable or not, which results from any person acting in reliance in whole or in part on any information in this IM, or any information provided or made available in connection with any further enquiries.

Electronic information

An electronic copy of this document and updates regarding the Fund may be accessed on either the Trustee's website, or the Investment Manager's website. We will provide you with free paper copies of this document and updates on request.

Definitions

Words used in this document, which are defined in section 11 of this IM have the meanings there set out, unless the context requires otherwise.

Offering restrictions apply

No action has been taken to register or qualify the Units or otherwise to permit a public offering of the Units in any jurisdiction outside of Australia. This IM does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this IM in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this IM who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. In particular, the Units have not been and will not be registered under the US Securities Act of 1933, as amended, (the 'US Securities Act') or the laws of any State of the United States and may not be offered or sold within the United States or to, or for the account or benefit of a US Person (as defined in Regulation S of the US Securities Act) except in a transaction exempt from the registration requirements of the US Securities Act or applicable US State securities laws.

Financial amounts and times

All financial amounts contained in this IM are expressed in Australian currency unless otherwise stated. Some amounts in this document have been rounded and as a result some totals may not add up exactly. A reference to time in this IM is a reference to Sydney, Australia time.

No responsibility for contents of documents

To the maximum extent permitted by law, none of the Trustee, the Investment Manager nor any of their associates, related parties, directors, officers, employees, advisers (including financial, accounting and legal advisers) or representatives make any recommendation in relation to the Fund or investment in its Units, or make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this IM.

This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund. This IM must be read in conjunction with the Fund's Trust Deed. To the extent there are any inconsistencies between the Trust Deed and this IM, the Trust Deed will prevail.

Forecasts or Forward looking statements

This IM includes forecasts and forward looking statements that may contain the words "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this IM are forward looking statements. Forecasts and such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, or achievements to be materially different from future results, performance or achievements expressed or implied by such any forecasts or forward looking statements. These forecasts and forward-looking statements are current only as at the date of this IM. Accordingly, there can be no assurance, and the Trustee and Investment Manager do not warrant or guarantee, that such forecasts, forward-looking statements, estimates or projections will be realised.

Neither the Investment Manager nor the Trustee has an intention to update or revise forward-looking statements, or in the future to publish prospective financial information, regardless of whether new information, future events or any other factors affect the information contained in this IM, except where required by law.

Updating the IM

Information contained in this IM is subject to change from time to time and may be updated by the Trustee. Any updated information (which is not materially adverse to Unit Holders) will be available on either the Trustee's website, or the Investment Manager's website. Where updated information is materially adverse to investors, the Trustee will issue a supplementary IM.

Privacy and Personal Information

The completed Application Form provides personal information about you to the Trustee, the Registrar and the Investment Manager. The Trustee, the Registrar and the Investment Manager collect your personal information to process and administer your investment in Fund and to provide related services to you. If you do not complete the Application Form in full, the Trustee may not accept your Application Form. The Trustee and the Investment Manager may disclose your personal information, for purposes related to your investment, to their agents or service providers, including the Registrar. Further details are available in section 9.4 Additional Information. You can obtain access to personal information that the Trustee holds about you. To make a request for access, please contact the Trustee on (02) 8188 1510 or email fairwaycap@oneinvestment.com.au.

Disclaimer

The information provided in this IM is not investment advice and has been prepared without taking into account your investment objectives, financial circumstances and needs. You should read the whole of this IM and consider all of the risk factors that could affect the performance of the Fund and other information concerning the Units in light of your own particular investment objectives, financial circumstances and particular needs (including financial and taxation issues) before deciding whether to invest in the Fund.

An investment in the Fund is subject to investment risk and other risks, including possible loss of income and principal invested. Neither FCM or the Trustee, nor any other person, gives any guarantee or assurance as to the performance of the Fund or the repayment of capital. Some of the risk factors that should be considered by potential investors are set out in section 5. If you have any questions or are uncertain as to whether the Fund is a suitable investment for you, you should seek professional advice from your stockbroker, accountant, financial adviser or other professional adviser before deciding whether to invest in the Fund.

FCM, the Trustee or their representative associates may invest in, lend or provide other services to the Fund and may be paid fees, including expenses in relation to the Offer and fees in relation to the management of the Fund.

No representations other than this IM

No person is authorised to give any information or to make any representation in connection with the Offer or the Fund which is not contained in this IM. Any information or representation that is not in this IM may not be relied upon as having been authorised by the Trustee or by FCM or any associate of the Trustee or FCM in connection with the Offer.

Except as required by law, and then only to the extent so required, neither the Trustee nor FCM or any other person warrants the future performance of the Fund or any return on any investment made pursuant to this IM.

Please read this document carefully before you make a decision to invest. An investment in the Fund has specific risks (including those set out in the Risks section) which you should consider before making a decision to invest.

1 Investment Overview

This summary is not intended to be exhaustive. For more detailed information, please refer to the relevant section of the IM, noted in the column on the right. Prospective investors should read the entire IM and consult their financial or other professional adviser to make an informed decision about whether to invest.

Feature	Description	Section
Type of investment	The investment objective of the Fund is to provide positive returns to Unit Holders from investments in financial products traded on the ASX and options over those financial products, including securities, exchange traded options (ETOs) and other forms of Derivatives	3.1
Investment Manager	Fairway Capital Management Pty Ltd	7
Minimum investment	\$100,000	2.6
Issue Price	\$1.00 if the Unit is issued during the First Pricing Period (ie, the period ending after the issue of the first Units under this IM) and thereafter the Issue Price of each Unit will be equal to the current Unit Value. Units will only be issued as fully paid units.	2.6
Applications	Applications will be processed Quarterly.	2.6
Redemptions	Subject to liquidity and the provision of at least 45 days' prior written notice redemptions will be processed Quarterly.	2.9
Offer period	Open ended	2.4
Term	It is intended that the Fund be an open ended investment vehicle. Therefore the term is fixed for the perpetuity period of 80 years.	2.4
Investment objective	The investment objective of the Fund will be focused on total returns benchmarked against the S&P/ASX Dividend Opportunities Index. The aim is to provide positive returns to Unit Holders from investments in financial products traded on the ASX and options over those financial products, including securities, ETOs and other forms of Derivatives, with a focus on spreading the risk of investment providing a regular income stream.	3.1
Investment Strategy	<p>The Fund will predominantly invest in listed shares and ETF's with ETO's used to enhance returns. Capital levels will be managed to allow the Fund to take advantage of higher levels of volatility in the market as and when they occur. As there will be zero leveraged exposure, the Fund will at times have up to 95% of its capital utilised but will at no time have exposures above its available capital levels</p> <p>The Trustee has appointed the Investment Manager to devise and implement the Fund's investment strategy.</p>	3.1
Portfolio diversification	It is intended that the Fund will be a diversified portfolio of financial products listed on the ASX and options over those financial products, being mainly ETOs but also including	3.1

Feature	Description	Section
	securities and other forms of Derivatives. Holding size will be capped at 20% of the total fund assets in any one stock with the target to be about 10% per stock. There will be up to 10% in cash.	
Target return	The aim of the Investment Manager is to produce a return to investors, after fees and before tax, that outperforms the S&P/ASX Dividend Opportunities Index on an annual basis. <u>However no rate or return is warranted or guaranteed.</u>	3.7
Distribution Practices	It is intended that all distributions referred to below will be automatically reinvested in the Fund by way of issue of Units at the aggregate Unit Value as at the end of the relevant distribution period, equal to the amount of the distribution unless otherwise notified to investors on 30 days' notice. Subject to the above reinvestment provisions and there being sufficient income derived by the Fund, it is intended to distribute twice in every financial year. Distributions are intended to be paid and reinvested in accordance with the above reinvestment provisions within 30 days after 31 December and 30 June in each financial year.	2.8
Withdrawal rights and exit strategy	Subject to there being sufficient liquid funds available, redemptions may be made at the end of each Quarter by giving not less than 45 days' written notice to the Trustee. Payments of the aggregate Withdrawal Price are proposed to be made within 5 Business Days after the end of that notice period. A fee of 0.4% of the aggregate Withdrawal Price will be payable by the withdrawing investor to the Investment Manager upon the redemption of any units. The minimum redemption is \$25,000. The minimum fund balance following any redemption is \$50,000.	2.9
Fees and costs	All fees and costs which relate to the investment in the Fund are described in section 4.	4
Investment by superannuation funds	Complying and self-managed superannuation funds may invest in the Fund if they qualify as a Wholesale Client. However, superannuation fund trustees should obtain independent advice and should satisfy themselves that the investment is suitable and consistent with their superannuation fund's investment strategy.	-
Risks	The Fund will be subject to general market risk. The use of Derivatives without leverage will serve to reduce equity volatility. Derivative exposure is covered by cash or stock and traded without leverage as per the investment mandate.	5

Feature	Description	Section
Trust borrowings	Nil	2.13 and 9.1
Valuation policy	Marked to market daily. Unit pricing marked at the end of each Quarter.	2.12
Related party transactions	The Trustee has appointed the Administrator, which is an associated company, to provide fund administration services. The Trustee has also appointed the Registrar which is a related party for unit registry services.	2.14
Cooling-off	There is no cooling-off period in relation to Applications. Once an Application Form has been lodged, it cannot be withdrawn.	2.16
Fund communications	<p>The Investment Manager will endeavour to keep investors informed about the performance of the Fund. The Investment Manager will communicate with investors through regular reports by electronic emails. You should check regularly the Fund information and updates on www.Fairwaycap.com.au.</p> <p>Investment updates and Unit pricing performance will be communicated to investors Quarterly.</p> <p>Tax reports will be provided to investors annually.</p>	9.9

No guarantee of your investment is given by any of the parties named in this IM. The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this IM. We look forward to your participation in the Fund.

2 Details of Offer

2.1 The Offer

The Offer is aimed at wholesale investors. The investment is focused on generating income returns to investors.

2.2 Fund Purpose

This Fund aims to generate consistent returns by utilising simple options strategies to complement a disciplined approach to portfolio construction, diversification, and risk management, benchmarked against the S&P/ASX Dividend Opportunities Index, after fees and tax, over rolling 6 month periods.

2.3 Application of Funds Raised

The funds raised are proposed to be applied in acquisition of exchange traded options, ASX Listed Securities and other investment assets of the Fund payment of Offer expenses and Fund working capital, as follows:

Application of Funds	Amount (Estimate only)
Cash	Min: 2% Max: 25%
ASX Listed Securities	Min: 0% Max: 98%
Derivatives (Cash covered sold puts ETOs + stock covered sold call ETOs)	Min: 25% Max 90%
Working Capital	Min: \$200,000
Total	100%

The estimates of expenditure set out above reflect the current intentions. The actual level and break-up of expenditure may differ as a result of and be subject to modification on an ongoing basis.

Pending investment of the funds raised in the manner set out above, excess funds may be invested in liquid assets.

2.4 Term

It is intended that the Fund be an open ended investment vehicle. Therefore the term is fixed for the perpetuity period of 80 years.

2.5 Structure of Fund

The Fund is an unregistered managed investment scheme in the form of a unit trust.

The Fund is divided into Units. A Unit Holder's interest in the Fund is the proportion of the total number of Units held by the Unit Holder in the Fund bears to the total number of Units on issue in the Fund.

The Fund has a Trust Deed, a summary of which is set out in section 9.1. A copy of this Trust Deed is available, free of charge, from the Trustee upon request.

2.6 **Application for Units and Issue Price**

All applications for Units must be made using the Application Form which may be accessed on either the Trustee's website, or the Investment Manager's website.

To make an application, Investors must send a completed Application Form and supporting documentation together with cleared Application Money, as per the instructions on the Application Form. See section 10.2 of this IM for more information. Applications must be a minimum of 100,000 Units of \$1.00 each during the First Pricing Period (\$100,000 in total) and thereafter a minimum of \$100,000. Applications for more than 100,000 Units must be in multiples of 25,000 Units (being \$25,000 during the First Pricing Period). Further information on how to invest can be found in section 10.

Unit prices are calculated in accordance with the Trust Deed and the Fund's unit pricing policy. All units will be issued as fully paid.

Units will be issued at the applicable Unit Price. This is \$1.00 if the Unit is issued during the First Pricing Period (ie, the period ending after the issue of the first Units under this IM). Subsequent issues of Units will be completed at the prevailing Unit Value at the time units are issued, being calculated Quarterly. That is, the issue price is calculated using the following formula:

$$\frac{\text{Net Asset Value} + \text{Adjustments} + \text{Total Unpaid Amount} + \text{Transaction Costs}}{\text{Units in Issue}}$$

Applications received prior to 4:00pm Sydney time on the last Business Day of a Quarter (**Application Time**) will generally be processed using the Unit Value calculated as at the last Business Day of the Quarter in which the application is accepted.

Applications received after 4:00pm Sydney time on the last Business Day of a Quarter will generally be deemed received prior to the next relevant Application Time.

2.7 **Allotment and Allocation of Units**

In relation to Applications for Units, the Trustee reserves the right to allocate to any Applicant a lesser number of Units than that applied for, or to decline any Application at its absolute discretion. Where no allocation is made to a particular Applicant or the number of the Units allocated is less than the number applied for by an Applicant, surplus Application Moneys will be returned to that Applicant. No interest will be paid on refunded Application Moneys. Successful Applicants will be notified in writing of the number of Units allocated to them as soon as possible following the allocation. It is the responsibility of Applicants to confirm the number of Units allocated to them. Any interest earned on Application Moneys pending the acceptance and issue of the Units, will be paid to the Trustee and may be retained by it for its own benefit. Investors may wish to take this into account in deciding when to pay cleared funds into the Fund's application account.

Given interest will not be paid to you on Application monies deposited with the Trustee, you may wish to deposit your funds as close to the next Application Time as possible

2.8 **Income Distributions**

It is intended that all distributions will be automatically reinvested in the Fund by way of issue of Units at the aggregate Unit Value, as at the end of the relevant distribution period, equal to the amount of the distribution unless otherwise notified to investors on 30 days' notice.

Subject to the above reinvestment provisions and there being sufficient income being derived by the Fund, it is intended to make distributions twice in every financial year to be paid or reinvestments processed within 30 days after 31 December and 30 June.

Distribution amounts are at the discretion of the Investment Manager, in consultation with the Trustee, in line with the income focused purpose of the Fund.

However no rate of return is warranted or guaranteed and is subject to the risks disclosed in section 5 of this IM.

2.9 Withdrawal Rights

The Fund will be liquid and withdrawals are intended to be available at the end of each Quarter, after giving not less than 45 days' prior notice as per the Fund's withdrawal rights and exit strategy. All withdrawals will be at the Withdrawal Price applicable as at the end of the relevant Quarter. A fee is payable, as described in section 4.

Investors may, subject to the Trust Deed, sell or transfer the Units to third parties and at the Trustee's discretion.

The Trustee also has the right, but is not obliged, to make redemption offers from time to time. It cannot be known in advance whether the Trustee will make redemption offers. This is likely to depend on there being sufficient liquid funds available to enable the Trustee to make a redemption offer. There is therefore no guarantee or warranty that there will be any redemption offers in the future. Any redemption offer will be made on a pro rata basis.

2.10 Compulsory Withdrawals

The Trustee may redeem the Units of any Unit Holder without the need for a withdrawal request in its absolute discretion, in a number of circumstances described in the Trust Deed. These include, but are not limited to matters such as where redemption is permitted by the terms of issue of the Units, to avoid adverse tax consequences to the Investors or the Trustee, if redemption is required by law or by the courts, where the Unit Holder holds less than the minimum Unit holding or is continued holding would be contrary to law or be to the material disadvantage of the Trust, Unit Holders of a class or to the interests of Unit Holders as a whole.

2.11 Suspension of Withdrawals

The Trustee may also suspend withdrawals for a period of time for a variety of reasons as described in the Trust Deed. These include but are not limited to where it considers that to be in the best interests of the Unit Holders, or where it is impracticable for it to calculate the Net Asset Value, the Issue Price or the Withdrawal Price, in light of market conditions or the law, or if it is not able to realise the relevant Assets at an appropriate price or on adequate terms or otherwise due to one or more circumstances outside of the control of the Trustee needed to satisfy the withdrawal requests within the time required, or the Trustee reasonably estimates that it must sell five percent or more (by value) of all Assets to meet current unsatisfied withdrawal requests, or there have been, or may be, withdrawal requests which involve realising a significant amount of the Assets and the Trustee considers that if those withdrawal requests are all satisfied immediately, then Unit Holders who continue to hold Units may bear stamp duty or a disproportionate burden of capital gains tax or other expenses, or the meeting of those withdrawal requests would otherwise be to the disadvantage of existing Unit Holders, including (but not limited to) a material diminution in the value of the Assets.

2.12 Valuation Policy

Fund marked to market daily and Unit pricing marked Quarterly.

2.13 Trust Borrowing

While the Trustee has power to borrow, there is no present intention that it will do so.

2.14 Related Party Transactions

The Investment Manager may from time to time face conflicts between its duties to the Fund as investment manager, its duties to other funds that it may manage and its own interests. We will manage any conflicts in accordance with the Manager's conflicts of interest policy, ASIC policy and the law.

Similarly, the Trustee may from time to time face conflicts between its duties to the Fund as trustee, its duties to other funds that the Trustee manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Trust Deed, ASIC policy and the law. The Trustee may from time to time enter into transactions with related entities. All transactions will be effected on arm's length terms or at no charge.

The Investment Manager is not a related party of the Trustee within the meaning of 'related party' as defined in the Corporations Act. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length.

The Investment Manager will act in the best interests of the Unit Holders and, if there is a conflict between the Unit Holders' interests and the interests of the Investment Manager, the Investment Manager will give priority to the Unit Holders' interests.

The Trustee has appointed the Administrator, an associated company, pursuant to an administration agreement under which the Administrator provides administration services for the day-to-day operation of the Fund. These services include fund accounting, Unit pricing, reporting and preparation of statutory accounts. The Trustee has also appointed the Registrar, a related party, for Unit registry services in respect of the Fund. The Trustee has appointed these parties in consultation with, and with agreement from, the Investment Manager. Each of these appointments is on arm's-length terms.

2.15 Net Tangible Assets

As at the date of this IM, no ordinary units have been issued by the Fund and there are no assets in the Fund. Accordingly, the scheme does not have a scheme net tangible asset amount per unit.

It is not possible to forecast the NTA after investors have been issued Units in the Fund as this will depend on the Application date and when the units are issued.

2.16 Cooling Off

There are no cooling off rights for Applicants to acquire Units in the Fund.

3 Investment Objectives of the Fund

3.1 Investment Objectives and Strategy

The investment objective of the Fund is to provide positive returns to Unit Holders in all market conditions (not taking into account any form of indexing) from financial products traded on the ASX and options over those financial products. These include Listed Securities, ETOs and other forms of Derivatives. The focus of the Fund is providing income from ETOs and these other financial products.

The Investment Manager and its advisers have over 50 years' combined experience in investing and trading options and Derivatives markets, and utilise a strategy that has been deployed for many years to produce income from the market. The strategy aims to provide positive returns (not taking into account any form of indexing) in all market conditions, in any rolling 12 month period. Investors must be aware that past performance is not indicative of future performance.

The investment strategy of the Fund is subject to change to suit changing investment conditions. We will give Unit Holders written notice of any significant change to the investment strategy. A summary of the investment strategy is as follows:

The strategy is to produce income by trading in a well diversified portfolio of financial products, including ETOs.

While the Fund will trade in various financial products, the Fund's option trading will be predominantly in options on securities in the ASX top 50 listed companies.

It is also intended that the Fund will trade in other ASX listed financial products, including options over indexes, such as options over the S&P™/ASX 200™ Index (ASX code: XJO). The Fund may also trade in OTC options over ASX listed securities.

The Fund will predominantly invest in listed shares and ETF's with ETO's used to enhance returns. Capital levels will be managed to allow the Fund to take advantage of higher levels of volatility in the market as and when they occur. As there will be zero leveraged exposure, the Fund will at times have up to 95% of its capital utilised but will at no time have exposures above its available capital levels

The strategy will maintain a market neutral stance by dynamically managing market movements. In periods where the market provides higher volatility the strategy will take advantage of higher prices in the ETO market, and generally provides higher returns during periods of higher volatility. Investors should expect greater volatility in returns during these times.

The Fund may maintain some general market protections to protect, or hedge, against significant market shocks, such as a market 'crash'. While periods of higher volatility will generally provide higher returns to the strategy over time, a 'one day' market 'crash', remains the most significant risk to the strategy. ETOs, futures and warrants will be used to insure and hedge the Fund from adverse market movements.

3.2 Description of Exchange Traded Options (ETOs)

There are three types of ETOs traded on the ASX. These are:

- (a) Equity Options
- (b) Index Options

- (c) Low exercise price options (LEPOs)

3.3 Equity options

Equity options are options over financial products. The ETOs which are traded on the ASX are options over financial products quoted on ASX such as shares of listed companies or interests in listed managed investment schemes.

There are two types, namely call options and put options.

- (a) Call options give the buyer (taker) the right, but not the obligation, to buy a standard quantity of underlying financial products at a predetermined price on or before a predetermined date. If the buyer (taker) exercises their right to buy, the seller (writer) to which the exercise notice is allocated is required to sell the standard quantity of financial products at the predetermined exercise price.
- (b) Put options give the buyer (taker) the right, but not the obligation, to sell a standard quantity of underlying financial products at a predetermined price on or before a predetermined date. If the buyer (taker) exercises their right to sell, the seller (writer) to which the exercise notice is allocated is required to buy the standard quantity of financial products at the predetermined exercise price.

3.4 Index options

Index options are options over an index, such as the S&P™/ASX 200™ Index (ASX code: XJO). On exercise of an XJO option, the buyer of the option will have the right to receive an amount of money and the writer will have a corresponding obligation to pay that amount. The amount of money will be determined by the difference between the strike price of the option and the Opening Index Price Calculation (OPIC) as calculated by ASX on the expiry date.

Again there are two types of such options namely call options and put options.

- (a) Call options (in the case of index options) give the buyer (taker) the right, but not the obligation to exercise the option. If the closing level of the index exceeds the exercise level of the index option, the taker will, on exercise of the option, have the right to receive an amount of money which is determined by multiplying the difference between the OPIC and the exercise level by the index multiplier specified by ASX. If the taker exercises the option, the seller (writer) to which the exercise notice is allocated is required to pay the corresponding amount.
- (b) Put options (in the case of index options) give the buyer (taker) the right, but not the obligation to exercise the option. If the closing level of the index is less than the exercise level of the index option, the taker will, on exercise of the option, have the right to receive an amount of money which is determined by multiplying the difference between the OPIC and the exercise level by the index multiplier specified by ASX. If the taker exercises the option, the seller (writer) to which the exercise notice is allocated is required to pay the corresponding amount.

3.5 Low Exercise Price Option (LEPOs)

The LEPOs traded on the ASX consist of equity LEPOs and Index LEPOs. The equity LEPOs are options over financial products quoted on ASX, for example shares of listed companies or interests in listed managed investment schemes. The Index LEPOs are options over an index such as the S&P™/ASX 200™ Index.

Unlike equity options and index options, LEPOs are only available for trading as call options. All LEPOs are European style options which means that they can only be exercised on the expiry day and not before.

Equity LEPOs are deliverable on exercise, resulting in the delivery of the underlying financial product. Index LEPOs are cash settled on exercise, resulting in a payment of money between the buyer and the seller.

The terms and specifications of ASX's LEPOs (other than the premium, which is negotiated between the buyer and seller) are determined by ASX in accordance with ASX's operating rules. ASX determines the key contract specifications for each series of LEPOs when it makes the series available for trading.

3.6 Benefits of the Fund

The benefits that you may derive from investing in the Fund include:

- (a) gain access to investment strategy developed by the Investment Manager;
- (b) obtain indirect access to a diversified portfolio of selected assets identified by the Investment Manager; and
- (c) having the Investment Manager bear the establishment costs of the Fund.

3.7 Target Return

The investment strategy and objective is to produce a return on investment that outperforms the total return of the S&P/ASX Dividend Opportunities Index, after fees and before taxes, on an annual basis noting that the average annual compounded rate of return, including reinvestment of dividends, was 9.21% for the calendar years 2021, 2022 and 2023.

This is not a guaranteed return and is subject to the risks disclosed in section 5 of this Information Memorandum.

4 Fees

Explanation and Fees and Costs Template

This document sets out 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 assets as a whole.

Fees and other costs (including taxes) are set out in this section 4 of this document.

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

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the fund		
<i>Contribution fee</i> The fee on each amount contributed to your investment	Scale 50bps (0.5% of the amount invested) (GST inclusive) of the first \$250,000; plus 20bps (0.2% of the amount invested) (GST inclusive) for additional amounts above \$250,000	Deducted by the Trustee from the amount invested by the Investor and payable to the Investment Manager The contribution fee is charged on each investment amount. For example, if there is an initial investment of \$100,000, the contribution fee will be charged on this amount. If there is an additional investment of \$200,000, two years later, another contribution fee will be charged on the \$200,000 amount.
<i>Exit fee</i> The fee to redeem your investment	0.4% of the amount withdrawn (GST inclusive)	Payable to the Investment Manager out of the amount withdrawn
Management costs		
Base Management Fees	1.5% per annum of the gross value of the Fund per annum by monthly instalments	Payable to the Investment Manager from the assets of the Fund monthly in arrears. (Note: The Manager will pay the Trustee's fees out of the amount received by the Investment Manager)

Additional Explanation of Fees and Costs

4.1 Management Fees

The Management Fees referred to above will be applied by the Investment Manager to the day to day running costs of the Fund and the Trustee Fees referred to below. Unit Holders must be aware that in the event that the Investment Manager is unable or fails to meet the day to day expenses from its own resources, they will be met from the assets of the Fund.

4.2 Performance Fee

The Trustee must pay the Investment Manager out of the assets of the Fund a performance fee (Performance Fee) calculated in accordance with the following formula payable within 5 Business Days after the Performance Fee being calculated:

$$PF = 0.2 \times (I - B)$$

Where PF is the performance fee payable;

I is actual Income generated for the Fund for each 12 month period ending on 30 June (adjusted for periods less than or more than 12 months);

B is what "I" would have been if the Income generated for the Fund in the previous year was equal to the change in the S&P/ASX Dividend Opportunities Index over the same period less the fees, costs and expenses payable to the Trustee and Manager.

For example, if the actual Income generated for the Fund in the previous year is \$120 (I) and the return of the S&P/ASX Dividend Opportunities Index over the same period, less fees, costs and expenses payable to the Trustee and Investment Manager is \$110 (B), the PF is \$2.

$$I = 120$$

$$B = 110$$

$$PF = 0.2 \times (120 - 110) = 2$$

4.3 Investment Manager retirement and removal fee

The Investment Manager is entitled to be paid a removal fee if it is removed as manager of the Fund within four years of the issue of the first Unit under this IM, other than if the Trustee terminates the Investment Management Agreement by reason of the Investment Manager being in breach of the Investment Management Agreement or failing to observe or perform any duty, obligation, representation, warranty or undertaking required of it under the Investment Management Agreement that in the opinion of the Trustee adversely affects the rights of Unit Holders, and fails to rectify the breach or failure to the reasonable satisfaction of the Trustee within a reasonable period specified by Trustee in a notice to do so.

The amount of this fee is the amount of management fees that the Investment Manager would have received if it had remained the Investment Manager of the Fund for four years from the issue of the first Unit in the Fund under this IM. It is determined based on the gross value of the Fund's assets at the time that the Investment Manager is removed.

If the Investment Manager removal fee becomes payable then it will be an expense of the Fund and must be paid for out of the Fund's assets.

4.4 Trustee fee

- (a) One Fund Services Ltd (OFSL), as the trustee, is entitled to receive the establishment fee of \$10,000.
- (b) OFSL is entitled to a trustee fee of up to 2% per annum of the gross value of the Fund's assets (including the gross value of the assets of any trust, company or other entity that is established by, managed or controlled by OFSL, or an associate or related body corporate of OFSL, which adjusted, if relevant, is based on the proportional direct or indirect ownership of the Trust in those related entities), calculated as follows:
 - 0.06% per annum on the first \$100 million of the Fund; plus
 - 0.03% per annum of the Fund greater than \$100 million;

subject to a minimum fee of \$2,500 per month (increasing to \$3,000 per month after 6 months from the date of the Trust Deed and increasing to \$3,500 per month after 12 months from the date of the Trust Deed).
- (c) The minimum fee in (b) above is subject to an annual increase on 1 July each year from the commencement of the Trust by the greater of:
 - the relevant fee after being Indexed, or
 - the relevant fee multiplied by 4%.
- (d) This fee is accrued daily from the date the first Unit is issued pursuant to this IM, to the date of the final distribution following a winding up of the Trust. The value of the Fund's assets will be determined as at the most recent time at which OFSL calculates the Net Asset Value. The fee is payable monthly in arrears by the Investment Manager from its own resources, including from the Management Fee it receives out of the Fund's assets. Unit Holders must be aware that in the event that the Investment Manager is unable or fails to meet the Trustee Fee from its own resources, they will be met from the assets of the Fund.

4.5 Trustee retirement or removal fee

If OFSL retires or is removed as the trustee of the Trust, then the following applies:

- (a) In consideration for work done in establishing the Trust and facilitating the orderly replacement of OFSL as trustee of the Trust, One Fund Services Ltd is entitled to a retirement or removal fee (Retirement Fee).
- (b) The Retirement Fee is only payable in the following circumstances:
 - (1) If OFSL is removed as the trustee of the Trust before the fourth anniversary of the date the first Unit is issued pursuant to this IM and provided that OFSL is not removed because of its gross negligence in the management of the Trust or for a material fiduciary breach. A "material fiduciary breach" is a breach by OFSL of a fiduciary duty to Unit Holders which causes them substantial loss.
 - (2) If OFSL retires as the trustee of Trust before the fourth anniversary of the date the first Unit is issued pursuant to this IM, following a request by the Investment Manager under the terms of the Investment Management Agreement.
- (c) The amount of the Retirement Fee is the total amount of the trustee fee that OFSL would have received if it had been the trustee of the Trust until the fourth anniversary of the date the first Unit is issued pursuant to this IM, with such amount being determined on the basis that any future trustee fee

payable to OFSL at the time of calculation of the Retirement Fee is determined on the basis of the gross value of the Assets as at the time of calculation of the Retirement Fee.

- (d) The Retirement Fee becomes due and payable on the day (as applicable):
 - (1) a meeting of Unit Holders is called, requisitioned or convened to:
 - A. propose removing OFSL as trustee of the Trust (and regardless of whether the resolution is contained in the notice or document which is issued, or in any supplementary or subsequent notice or document), or
 - B. propose modifying, repealing or replacing the Trust Deed by modifying, repealing or replacing the retirement or removal fee (and regardless of whether the resolution is contained in the notice or document which is issued, or in any supplementary or subsequent notice or document), or
 - (2) the Investment Manager requests that OFSL retires as trustee of the Trust under the terms of the Investment Management Agreement.
- (e) Any trustee of the Trust that succeeds OFSL is not entitled to any benefit under the Retirement Fee provisions at any time.

4.6 Costs and Disbursements

It is expected that various ongoing expenses will be incurred in relation to the Fund including but not limited to costs associated with valuing, holding or disposing of investments, costs of engaging professional advisors, taxes, costs of establishing and maintaining registers and accounting records, audit fees, costs of convening and holding meetings and costs of preparing legal documentation.

Administrative expenses associated with the Fund (including the monthly management fee) will be payable out of the base management fee. Costs associated with investments (including brokerage, advice and research) will be payable out of the assets of the Fund.

The investor is subject to an entry and exit fee, payable to the Investment Manager out of the amount withdrawn. Costs associated with additional reporting, purchases and disposals of units and valuations will be payable out of the entry and exit fee.

4.7 GST

Unless otherwise stated, all fees quoted in this IM are quoted exclusive of GST. The Fund may not be entitled to claim input tax credits in all instances.

5 Risks

All investments involve varying degrees of risk. While there are many factors that may impact on the performance of any investment, the summary below details some of the major risks that you should be aware of when investing in the Fund.

Returns from investing in the Fund are influenced by a number of risk factors. These risks relate to the nature of the Fund assets, the way the Investment Manager conducts its business and the economy generally.

Individually, or in any combination, these risk factors may affect the operation of the Fund and the ability to repay capital and any income distributions. There is no guarantee that the Fund will achieve any particular return. An investment in the Fund should be considered in light of these risks.

Before deciding to invest in the Fund you should read the entire IM, consider these risk factors, and review how these risk factors may impact on your personal circumstances. Note that neither the Investment Manager nor the Trustee, or any other person, guarantees the repayment of capital or the target return or any particular rate of return. You should seek professional advice from your lawyer, accountant or other professional adviser before deciding whether to invest. While it is not possible to identify every risk factor relevant to investing in the Fund, the Trustee has detailed some of the significant risks in this section.

5.1 Derivatives Risk

Derivatives risks include:

- (a) the value of Derivative positions not moving in line with the movement in the underlying asset;
- (b) the potential illiquidity of the Derivative;
- (c) the Fund being unable to meet payment obligations as they arise; and
- (d) counterparty risk where the counterparty does not meet its obligations.

Although not all risks can be eliminated, the Investment Manager seeks to manage these risks as far as practicable by:

- (a) constant monitoring of the Fund's Derivative exposure;
- (b) making sure that the Fund can pay all of the obligations of these assets from the investments of the Fund;
- (c) not borrowing against Fund assets for the purposes of leveraging the portfolio;
- (d) only investing in Derivatives that the Investment Manager considers to have adequate market depth; and
- (e) using intermediaries the Investment Manager considers reputable.

5.2 Market Risk

The portfolio of the Fund will be financial products traded on the ASX and options over those financial products, including securities, ETOs and other forms of Derivatives.

The market value of ETOs is affected by a range of factors. They may fall in price or become worthless on or before expiry. Changes in the price of the underlying instrument may result in changes to the price of an option, but the change can sometimes be in a different direction or of a different magnitude to the change in the price of the underlying instrument.

Derivatives are leveraged instruments that are used to obtain or reduce market exposures. As the market value of Derivatives is variable, gains or losses can be incurred and can be greater than positions in unleveraged instruments. Therefore both gains and losses made by the Fund may be magnified by trading in these instruments.

The Fund's investments will expose the Fund to movements in the share prices of these investments on the ASX. Factors that drive changes in share prices may include changing profitability of companies and the sectors and markets in which they operate, economic cycles, volume of share issuance, investor demand levels, business confidence and government and central bank policies.

5.3 Liquidity Risk

There may be times when investments may not be readily sold (for example, in a falling market where some traded securities may become less liquid). However, trading volumes of investments are generally sufficient to satisfy liquidity requirements when necessary. The Investment Manager attempts to mitigate the liquidity risk factor by ensuring that the Fund has sufficient cash exposure to meet liquidity requirements. Note that neither the Trustee nor the Investment Manager guarantees the liquidity of the Fund's investments.

5.4 Volatility of Returns

The price of the Fund's investments or the Unit Value of Units in the Fund itself may go up and down by a material amount, even over a short period of time. Recently, markets have generally become more volatile. Investing in such highly volatile conditions implies a greater level of risk for Unit Holders than an investment in a more stable market.

5.5 Investment Manager Investment Strategy Risk

There is a risk that the Fund's investment strategy is not successful resulting in underperformance in the Fund, either in absolute terms, or relative to the market and/or its peers, and/or the benchmark. Furthermore there is a risk that the Investment Manager fails to implement the investment strategy successfully. In either circumstance, this may result in the loss of a significant portion of your investment in the Fund.,

5.6 Risk of the Fund being wound up

The Trustee may take steps to wind up the Fund if it forms the view that the purpose of the Fund has been or cannot be accomplished. This may arise from a number of circumstances including:

- (a) the Investment Manager breaching a material obligation under the Investment Management Agreement for thirty days following receipt of a notice of such breach;
- (b) the Investment Management Agreement is terminated, or the Investment Manager ceasing to provide investment management services to the Fund, for any reason; or
- (c) the Investment Manager being wound up, having a receiver, a receiver and manager, provisional liquidator, or an administrator appointed, or entering into any scheme or arrangement with creditors or the proposal of any resolution which would, if passed, result in the Investment Manager being wound up, whether voluntarily or otherwise.

Some of the above factors are not within the control of the Trustee (in particular the Investment Manager's financial position or its ceasing to provide investment management services to the Fund), and as such depending on the manner in which the Trustee winds up the Fund, this may result in the loss of a significant portion of your investment in the Fund.

5.7 Income Risk

The Fund's capacity to distribute income is determined by the performance of the Fund and general market conditions. As a result, there is no guarantee that you will receive any income. This is not a fixed income product. If during a financial year, the Fund pays out total distribution of net income which exceed the total net taxable income for the particular financial year, the excess you receive may be treated as a return of capital rather than income. It is intended that all distributions are automatically reinvested in the Fund. This will result in tax implications for you as tax is payable on all distributions even if no cash is received by the Applicant.

5.8 Capital Risk

An investment in the Fund is not a guaranteed capital investment. As such, your investment in the Fund may decrease in value, which means you may get back less than you invested if the Fund is wound up or you withdraw your investment. There is a risk that you may lose your total investment in the Fund.

5.9 Leveraging risk

Some investors may borrow against other assets to invest in the Fund. This strategy increases the risk of investing in the Fund. If capital is lost or if we are unable to make distributions of income, or any other returns, then investors who borrow against other assets to invest in the Fund may be left with liabilities under the terms of their borrowings without the capital and returns necessary to extinguish these borrowings.

5.10 Counterparty Risk

The Fund may make investments in derivatives that require the entry of contracts with third parties. A counterparty to one of those contracts may fail to perform their contractual obligations, either in whole or in part. This risk is primarily managed by ensuring counterparties are approved with stringent criteria and ensuring, where possible, transactions are undertaken with a number of counterparties. However, the level of risk faced by the Fund in this regard is higher relative to funds that do not invest in this way.

5.11 Conflict of Interest

If conflicts of interest are not managed, then the interests of investors may be affected by the interests of others overriding their interests. However we have a procedure in place to manage conflicts of interest.

5.11 Uncontrolled Events

It is possible that events beyond the control of a party, including fire, flood, earthquake and other acts of God, terrorist attacks and war may lead to a capital loss or a reduction in income. Other risks may include operational risk, loss of key personnel and cyber risk.

5.12 Legislative Change

Changes in legislation (including Australian Income Tax Legislation changes) may have an impact on returns from the Fund. Unit Holders are advised to form their own view on the likelihood and impact of any legislative change.

5.13 Limited Track Record Risk

The Fund is a newly established managed investment scheme and has no track record or past. However the directors of the Investment Manager have many years of experience in advising on and dealing with financial products of the type to be held by the Fund. Past performance is no guarantee of future performance.

6 Trustee's Profile

The Trustee has extensive experience as a professional trustee.

The Trustee is a member of the One Investment Group (OIG). OIG is an independent Australian funds management business that focuses on providing responsible entity, trustee, custody and other services associated with funds management. OIG operates a number of entities that, pursuant to the Act, are licensed to conduct financial services businesses and to act as responsible entities for registered schemes and as trustees for unregistered schemes.

OIG is responsible for in excess of 300 funds and \$35 billion across a wide range of underlying asset classes, including fixed income, infrastructure, real estate, equities, private equity and fund of funds. OIG's clients include global and Australian listed companies, sovereign wealth funds, banks, insurance companies, pension funds, private equity firms and boutique managers.

One Fund Services Ltd is the holder of AFS licence number 493421.

More information is available at www.oneinvestment.com.au.

7 Investment Manager Profile

7.1 Background

Fairway Capital Management Pty Ltd ACN 667 645 025 is the investment manager appointed by the Trustee. It is a corporate authorised representative (no. 001306029) of Zodiac Securities Pty Ltd ACN 142 982 554 (AFSL No. 398350).

7.2 Role

FCM is responsible for promoting, administering, investing and managing the Fund's assets and providing various services to the Fund, in accordance with the requirements of the Investment Management Agreement.

The Investment Manager is entitled to a management fee and to be reimbursed for expenses incurred in performing its obligations under the Investment Management Agreement, and to a removal fee if the Trustee terminates the Investment Management Agreement in certain circumstances, as outlined in section 4. The key terms of the Investment Management Agreement are summarised in section 9.2.

7.3 Key Personnel

Haydn Froggatt holds the industry position of Master Stockbroker. Haydn has over 30 years of market experience, from working on the Sydney trading floor in the 1990s to establishing and operating two of the largest options desks. Haydn will hold the role of fund manager.

Zac Brabin holds a Bachelor of Commerce (Economics & Finance), along with ADA1, ADA2 and RG146 accreditations. Zac is an accredited derivatives advisor with over 10 years of high-level ETO trading and financial markets experience. Zac will hold the role of assistant fund manager and portfolio manager.

Dylan Stoner holds a Masters in Business Administration, along with ADA1, ADA2 and RG146 accreditations. Dylan is a derivatives and equities advisor with 5 years of experience in advice, and 10 years of market experience. He specialises in working with high-net-worth individuals to manage and maximise returns. Dylan will hold the role of business development manager and assistant portfolio manager.

Each of the above is an executive director of the Investment Manager.

8 Taxation Information

Investing or redeeming investments may have tax implications which can be complex and which may be particular to your circumstances. We strongly recommend that you obtain professional tax advice in relation to your own personal circumstances. This applies whether you are an Australian resident or a non-resident for tax purposes.

The summary below only addresses likely tax implications for Australian resident investors who hold Units in the Trust as capital assets.

The below assumes that the Trust is carrying on an eligible investment business and is therefore not a public trading trust.

The summary also relates to the taxation law as it exists at the date of this Information Memorandum and is subject to any future changes in Australian tax laws and tax office rulings.

The taxation consequences for non resident investors and investors who do not hold their investment on capital account may differ from the treatment outlined below and they should rely upon their own independent legal and taxation advice.

8.1 Income tax where Fund is not an attribution managed investment trust (AMIT)

(a) General

As at the date of this Information Memorandum, the Trustee has not elected for the Trust to be an AMIT for the purposes of income tax. As such taxation will occur in accordance with the general principles for taxation of trusts as summarised in this section 8.1.

The net income of a trust, in general terms, is the total assessable income of the trust calculated as if the trustee was a taxpayer in respect of that income year and was a resident less all allowable deductions (with certain exceptions such as certain trust losses and debt deductions).

The Trustee will not be subject to tax on the Trust's net income unless there is net income derived to which no Unit Holder is presently entitled. The trust deed of the Trust provides that for income tax purposes only, on the last day of each Financial Year, the Unit Holders will be presently entitled to the net income derived during that financial year in proportion to the Units of which they are registered as the holders at such time. This will mean that the Unit Holders in the Trust will collectively be presently entitled to the whole of the net income of the Trust. This includes net capital gains and franked dividends.

Therefore:

- the Trustee will not be subject to any income tax on the net income of the Trust; and
- Unit Holders will include in their assessable income their proportionate share of the net income of the Trust.

However, in the case of Unit Holders who are under a legal disability or who are a non-resident, the Trustee will be liable to pay tax in respect of the relevant Unit Holder with respect to that Unit Holder's share of the net income of the Trust, as is attributable to a period that the Unit Holder was a resident, and so much of the share of the net income, as is attributable to a period when the Unit Holder was not a resident and is also attributable to sources in Australia. Non-resident Unit Holders are also subject to tax on their share of the net income but are entitled to a tax credit for the income tax we have paid on that share of the net income.

(b) Tax Deferred Amounts

A cash distribution may be made to Unit Holders that exceeds their share of the Trust's net income for the particular year. Where that occurs, the excess ("**tax deferred amount**") is not assessable income of the Unit Holder. Instead, the Unit Holder is required to reduce the cost base of their Units by that tax-

deferred amount. The effect is to increase the capital gain (or reduce the capital loss) that would otherwise arise at the time the Unit Holder disposes of their units in the Trust.

If the cost base of a Unit Holder's Units is reduced to "nil" by tax-deferred distributions, further tax deferred distributions received after that time will be assessable as capital gains. The taxable amount of capital gains arising as a result of further tax deferred distributions may qualify for concessional tax treatment as a discount capital gain.

A Unit Holder who has held their Units for at least 12 months, will be entitled to reduce the taxable amount of a capital gain (i.e. the amount of the gain reduced by any capital losses available to the Unit Holder) by:

- 50% in the case of Units held by individuals (i.e. natural persons) or a trust provided that the trust distributes the gain to an individual;
- 33 1/3 % for Unit Holders who are complying superannuation funds.

Unit Holders that are companies are not eligible for the CGT discount.

(c) **Capital gains**

The net income to which a Unit Holder is presently entitled may include a component which is a net capital gain made by the Trust. This net capital gain will be calculated using a 50% discount capital gain. Therefore where a distribution made by the Trust which includes an amount attributable to a discount capital gain, the Unit Holder will be required to gross-up the distribution and then apply any current or prior year capital losses, to arrive at their own net capital gain for the relevant year. Depending upon their individual circumstances, Unit Holders may then be entitled to reduce their net capital gain by the appropriate discount percentage (namely, 50% for individuals or trusts, or 33.33% for complying superannuation entities) to arrive at their assessable net capital gain for that year.

(d) **Franked Distributions**

The net income which a Unit Holder is presently entitled may include a component comprising a franked distribution. The Unit Holder will be required to gross up its share of the franked distribution by the amount of the franking credit but will be entitled to a tax offset for the relevant proportion of the franked distribution.

8.2 **Income Tax if the Trust becomes an AMIT**

The Trustee may choose to be an attribution managed investment trust (**AMIT**) for taxation purposes once it meets the requirements to make that choice. The Trustee cannot revoke that choice once it has been made. When the Trustee has made that choice the taxation treatment is as set out in this section 8.2 rather than in section 8.1. Where the Units are divided into classes, the Trustee may choose for each class of the Units to be treated as a separate AMIT for a particular income year. If the Trustee proposes to make either of these choices, investors will be notified under the continuing disclosure obligations that apply to the Trustee.

An AMIT maintains the principle of "character flow through" that applies to taxation of trusts generally, namely, the income of the trust of a particular character in the hands of the Trustee has the same character in the hands of the beneficiaries. In summary, effectively the AMIT does this in the following manner:

- the Trustee determines the overall amounts of particular characters for the AMIT for an income year and attributes amounts with particular characters for that income year to members on a fair and reasonable basis in accordance with the constituent documents of the trust being based on their membership interests in the AMIT;
- these "determined trust components" then become the "determined members' components" so that if such "determined trust components" have a particular tax character, the member is treated as if those amounts had been derived, received, made by or paid to them directly, rather than through the trust, and in the same circumstances as the Trustee to the extent those circumstances gave rise to the particular character.

Where the determined trust component includes a discount capital gain, the amount reflected in the determined member component will need to be doubled. This ensures that the member may apply any capital losses against that amount and applying the appropriate discount, if applicable, in working out the member's own net capital gain.

Where the determined trust component includes a franked distribution then the determined trust component will include the amount of the franking credit gross up component with respect to that franked distribution.

A trustee of an AMIT is required with respect to each income year to issue to every member of the trust an AMMA statement for that income year. The AMMA statement is required to include information that reflects the amount and character of each member component for that member for the income year and state what the Trustee reasonably estimates to be the AMIT cost base net amount for the income year in respect of the CGT asset that is the member's unit or interest in the AMIT. Each member will be taxable in respect of the attributed amounts as shown in the AMMA statement in the member's own right, rather than as a member of the trust. Effectively the member can be described as "standing in the shoes" of the Trustee.

In addition:

- if the member's entitlements from the AMIT exceeds the amounts of the determined trust components included in the member's assessable income, the cost base and reduced cost base of membership interests held by the member are adjusted downwards (which cannot be below nil);
- if the member's entitlements from the AMIT is less than the amounts of the determined trust components included in the member's assessable income, then the cost base and reduced cost base of membership interests are adjusted upwards.

Where the cost base and reduced cost based of the membership interest is adjusted downwards, this can result in a capital gain arising for a member where the downward adjustment exceeds nil or a greater capital gain, or reduced capital loss, on the disposal of the membership interests because of the reduction in the amount of the cost base and reduced cost based of the membership interest.

Where the cost base and reduced cost based of the membership interest is adjusted upwards this can result in a reduced capital gain, or greater capital loss, on the disposal of the membership interests because of the increase in the amount of the cost base and reduced cost based of the membership interest.

Therefore, Australian resident investors in the Trust will be subject to tax on the income of the Trust which is attributed to them under the above rules which will be set out in the AMMA statement that is issued to them for each income year. The tax payable (if any) depends on the investor's individual tax profile and applicable tax rate.

If an investor disagrees with the Trustee's attribution of income, the investor can object to that attribution and substitute the Trustee's determination with their own attribution. However if you decide to take this course, it is important that you obtain professional tax and legal advice before doing so. You must contact the Trustee before notifying the Commissioner of Taxation of this choice.

8.3 Disposal of Units

Unit Holders may realise a capital gain or loss on the disposal or redemption of their Units in the Trust. A capital gain will arise where the proceeds on disposal or redemption of the Units exceed the Unit Holder's cost base, as determined under the CGT provisions. As noted above, the CGT cost base will be reduced by tax deferred distributions.

8.4 Taxation of financial arrangements (TOFA)

There are special rules relating to the taxation of financial arrangements, for which there are a number of exclusions. Specifically, the TOFA rules do not mandatorily apply to managed investment schemes and superannuation entities with assets of less than \$100 million, or individuals. However, taxpayers may elect to opt into the TOFA regime.

In this case the Trust holds assets exceeding \$100 million so the TOFA rules apply to the Trustee in working out its assessable income.

In broad terms, the TOFA rules may affect the time at which gains and losses from financial arrangements are recognised for income tax purposes, including whether the gains and losses are recognised on an accruals rather than realisation basis or whether the gains and losses are on revenue account. Depending on the types of financial arrangements it holds, the Trustee may be required to recognise gains and losses from these financial arrangements on an accruals basis.

Unit Holders will need to obtain their own independent tax advice as to whether they are directly subject to the TOFA rules in respect of the investment in the Trust and if so the effect on their investment.

8.5 Withholding taxes

For completeness, income derived from foreign sources is subject to foreign withholding taxes in those jurisdictions. Such taxes may be reduced under double tax agreements which may exist between Australia and the respective foreign jurisdiction. The benefit of foreign taxes paid by the Trust will be attributed/ allocated to investors as foreign tax credits to the extent permitted by Australian tax laws.

The Trust will not derive income from foreign sources. Therefore, withholding taxes are not applicable.

8.6 Tax file number (TFN) and Australian business number (ABN)

On your Application Form you may provide us with your TFN or advise us of your TFN exemption. We are authorised to collect your TFN(s) or exemption number(s) which will only be used for tax related purposes in accordance with the Income Tax Assessment Act 1936, Income Tax Assessment Act 1997 and Taxation Administration Act 1974. Alternatively, an ABN may be quoted instead of a TFN where the Units are held as part of a business.

It is not compulsory for you to quote a TFN, TFN exemption or ABN, but if you do not then we are required to deduct tax from any income distribution payable to you at the maximum marginal tax rate plus the Medicare levy and any other applicable government charges. For more information about TFNs and ABNs, please contact the Australian Taxation Office.

The Trustee will store your TFN(s) and exemption number(s) securely and as is reasonable in the circumstances. Access to Unit Holder TFN(s) or exemption number(s) is restricted to authorised employees or agents of the Trustee who require them for legitimate purposes. Unit Holder TFN(s) or exemption number(s) will be securely disposed of when no longer required for administrative or legal purposes.

8.7 Tax position of overseas investors

If you are a non resident, then the Trustee will withhold tax from your distributions where these distributions consist of income and capital gains sourced in Australia, even if this income is reinvested as additional Units in the Trust. Tax will be withheld at the rate applicable to non resident investors and the particular type of income forming part of the distribution. You may be able to claim a credit for this tax in your country of residence.

Individuals either becoming or ceasing to be an Australian resident should seek advice about their particular circumstances.

8.8 Social security

Investing in the Trust may affect social security pension entitlements. The Department of Veteran Affairs (DVA) and Centrelink will classify your investment in the Trust as a financial investment. Therefore it will be included in your income and assets tests. As government policy in this area can change regularly, you should contact your financial adviser, the DVA or Centrelink office for further details on how your investment may affect you.

9 Additional Information

9.1 Summary of Trust Deed for the Fund

The Fund is an unregistered managed investment scheme and is in the form of a unit trust. The terms and conditions of the Fund are set out in the Trust Deed. When you invest in the Fund you become a Unit Holder of the managed investment scheme.

The Trust Deed constitutes a contract between the Trustee and each Unit Holder. It is legally enforceable and sets out the parties' respective rights and responsibilities. A copy of the Trust Deed will be sent to a Unit Holder if the Unit Holder asks the Trustee, in writing, for a copy. This following is a summary only of some of the main provisions.

Consideration Payable by Unit Holder

The consideration payable will be the Issue Price which for Units issued pursuant to this IM is \$1.00 per Unit until the end of the First Pricing Period, and thereafter at the current Unit Value.

Investment Powers

The Trustee has the power to invest as if was the absolute owner of the assets acting in its personal capacity.

Winding up of the Fund

The Trustee may terminate the Fund by notice to Unit Holders. Upon a winding up the Fund assets will be converted into money and after payment of all costs the balance will be paid to each Unit Holder in proportion to their interest in the Fund after deduction of any outstanding amounts owed by that Unit Holder.

Trustee's Right of Indemnity

The Trustee is indemnified only out of the assets for the time being comprising the Fund assets against liabilities incurred by it, except to the extent that, in respect of a liability, the Trustee has acted negligently, fraudulently or with wilful default.

Fees

The fees are set out in section 4 of this IM.

Power to Borrow

The Trustee has the power of a natural person to borrow and may pledge the credit of the Fund or mortgage or charge any fund property in security of Fund borrowings. However, there is no current intention to utilise this power.

Unit Holder' Rights to Withdraw from the Fund

Unit Holders do not have any right to withdraw from the Fund or to require their interests in the Fund to be bought by the Trustee or to have their Units redeemed.

However, subject to there being sufficient liquid funds available, redemptions may be made at the end of each Quarter by giving not less than 45 days' prior written notice to the Trustee. Payments are proposed to be made within 30 days after the end of that notice period.

A fee of 0.4% of the withdrawn amount will be payable to the Investment Manager upon the redemption of any units. The minimum redemption is \$25,000. The minimum fund balance following any redemption is \$50,000.

Amendment of Trust Deed

Under the terms of the Trust Deed, the Trustee is entitled to amend the Trust Deed provided the Trust Deed may not be amended so as to terminate the present right of Investors to a share of income and capital of the Fund, except in certain limited circumstances. There are also other detailed provisions such as appointment of agents, Application procedures, transfer of Units, the Unit Holders' Register, income and expenses, the duties of the Trustee, the retirement and removal of the Trustee, meetings of Unit Holders, financial reports and records. A copy of the Trust Deed and the terms of issue of the Units are each available free of charge by calling the Trustee on +61 2 8188 1510.

9.2 Summary of Investment Management Agreement

The Investment Management Agreement between the Trustee and the Investment Manager sets out the terms under which the Investment Manager provides investment management services to the Fund which include:

- the identification and acquisition of assets consistent with the Fund's investment mandate;
- keeping all assets under review and monitoring their performance; and
- using reasonable endeavours to achieve the investment objectives for the Fund.

The Investment Management Agreement contains provisions dealing with matters such as the duties and powers of the Investment Manager, information and reports to be provided by the Investment Manager, the fee and expenses reimbursement arrangement and termination and indemnification provisions.

9.3 Conflicting Investor Interests

Investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund including conflicts relating to the structuring of acquisitions and disposals of the Fund's assets. Conflicts may arise in connection with decisions we or the Trustee make regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments we and the Trustee may consider the investment and tax objectives of the Fund and Unit Holders as a whole, not the investment, tax, or other objectives of any investor individually.

9.4 Privacy Notification

When you make an Application to invest in the Trust, you are providing the Registrar, the Trustee and the Investment Manager with certain personal details (your name, address, TFN etc). The Registrar and the Trustee will collect personal information about you from your Application Form and may collect additional personal information from you in the future. The Trustee and its service providers will use personal information collected about you to identify you, process your Application and to establish, administer and manage that investment for you and comply with applicable laws and regulations including anti money laundering and counter terrorism laws. The Trustee may also use the information to provide you with details about future investment opportunities.

Under various laws and regulatory requirements, the Trustee may have to pass- on certain information to other organisations, such as the Australian Tax Office (ATO) or the Australian Transaction Reports and Analysis Centre (AUSTRAC).

By submitting the Application Form, you consent and give the Trustee and its service providers permission to pass any personal information it holds about you to third parties which are involved in helping the Trustee administer the Fund or provide services to the Trustee or the Fund (including the Investment Manager, the Registrar and the Fund Administrator), or where required for the purposes of compliance with AML/CTF law (including to pass it on to AUSTRAC and the ATO). The Trustee may also use your information to provide you with details of future investment offers made by the Trustee or the Investment Manager.

If you do not provide your contact details and other information required in the Application Form or by the Trustee or the Investment Manager, or do not give your consent to the use of such information, then the Trustee may not be able to process your Application to invest or establish or administer or manage your investment.

Under the Privacy Act 1988 (Cth) you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date. You can also tell the Trustee at any time not to pass on your personal information by advising it in writing.

9.5 Anti-money laundering law

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and related rules and procedures (AML/CTF law) requires the Trustee to verify your identity (and that of any beneficial owner) prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. The Trustee will not accept your Application or issue you with Units unless satisfactory identification documents are provided and your identity is verified in accordance with AML/CTF law to the satisfaction of the Trustee.

9.6 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a "Foreign Financial institution" under FATCA and it intends to comply with relevant FATCA obligations as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain investors to the Australian Taxation Office.

In order for the Fund to comply with relevant obligations, the Trustee will also request that you provide certain information about yourself, including your US Taxpayer identification Number (TIN). It will only use such information for this purpose from the date the Fund is required to do so.

If the Trustee fails to comply with its FATCA Obligations, then it could result in withholding tax being deducted from the Fund at a rate of 30% on some distributions from the Fund. However, if all relevant information is provided in accordance with the FATCA Obligations, then this withholding should not apply. If an investor fails to provide the Trustee with all necessary information and withholding tax is payable as a result, then the Trustee may seek to recover any tax withheld from the relevant investor.

9.7 Common Reporting Standard (CRS)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee will be a 'Reporting Financial institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

9.8 Ethical considerations, labour standards and environmental impact

Whilst we intend to manage the Fund in an ethical manner, the Fund's investment criteria do not include giving additional weight to labour standards, environmental, social or ethical considerations.

9.9 Reporting

The following reports will be provided electronically to investors:

- a Quarterly performance report (including Unit pricing, NAV and year to date performance) provided by the Investment Manager and available at www.Fairwaycap.com.au. Other periodic reporting may be made and details provided by the executing broker will normally be included;
- an annual taxation statement and audited financial accounts provided by the Trustee which can be accessed on either the Trustee's website, or the Investment Manager's website;
- a distribution statement when applicable provided by the Trustee; and
- a transaction statement from the Registrar and when you make an application to or withdrawal from the Fund.

10 Instructions for Completing the Application Form

10.1 Before completing the Application Form you should read this IM carefully.

Please pay particular attention to all of the risk factors in section 5 of this IM. The risks should be considered in light of your own investment situation. Where appropriate you should also consult a financial, taxation or other professional advisor before deciding whether to invest in the Fund. The Application Form is available on either the Trustee's website, or the Investment Manager's website.

10.2 How to invest

For an Application to be considered, you must complete and return your Application Form (including all supporting documentation as requested by the Trustee and Registrar) and pay the Application Money in accordance with the instructions in the Application Form.

An Application is not considered a valid Application until the Trustee or its registry provider has received the Application Money in cleared funds, a completed Application Form and all information referred to in that Application Form, including information in respect of AML/CTF laws. Failure to provide a valid Application may delay the processing of your Application. Your status as a Wholesale Client will also be checked.

You are requested to provide your Tax File Number (TFN), Australian Business Number (ABN) or exemption code, and failure to quote an ABN or TFN will result in tax being withheld by the Trustee on distributions paid to you at the highest marginal tax rate plus Medicare law. It is not compulsory for you to quote your TFN or ABN.

The Trustee has the sole discretion to determine whether to accept or reject an Application. If your Application is rejected, wholly or in part, then the Trustee will notify you in writing and arrange for return of your Application Money (or part of it if relevant) to you. Interest will not be paid to applicants on Application money. If your Application to invest in the Fund is accepted, then interest earned on your Application Money will be retained by the Trustee. If your Application to invest in the Fund is not accepted then your Application Money will be returned to you (without interest).

By sending a completed Application Form, you are making an irrevocable offer to become an investor in the Fund and you are agreeing to be legally bound by the Trust Deed and the terms of the IM.

10.3 Application Form instructions

Only legal entities are allowed to invest in the Fund. The legal entity must be a Wholesale Client. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Trustee. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title shown below.

The Application Form should be signed by the Applicant. If a joint holding, all Applicants should sign. If signed by the Applicant's attorney, a certified copy of the power of attorney must be attached to the Application Form. If executed by a company, then the form must be executed in accordance with the Applicant's constitution and the Corporations Act.

The table following illustrates how to complete the Application Form.

Type of Investor	Correct Form	Incorrect form
Individual	Mr John David Smith	J D Smith
Company	JDS Pty Ltd	JDS P/L or JDS Co
Self managed superannuation fund	JDS Pty Ltd, as trustee for the Smith Super Fund	Smith Super Fund

11 Definitions & Glossary

Terms and abbreviations used in this IM have the following meaning:

Acquisition Costs Adjustment	Such adjustment (if any) as determined by the Trustee in its discretion, on account of the unamortised amount of any Trust Establishment and Acquisition Expenses as the Trustee determines appropriate. The Trustee may if it considers appropriate determine that the Acquisition Costs Adjustment for any one or more purposes in this Trust Deed to be a lesser sum or zero.
Adjustments	The sum of any Acquisition Costs Adjustments and Indirect Acquisition Costs Adjustments.
Administrator	Unity Fund Services Pty Ltd ACN 146 747 122
Administrator and registrar removal fee	means fee for removal of Administrator and Registrar if their appointments are terminated within four years of the date of their appointment
AFSL	Australian Financial Services Licence
Applicant	a person who submits an Application
Application	an application for Units under this IM
Application Form	an application form in the form attached to or accompanying this IM
Application Money	any form of valuable consideration received by the Trustee for a Unit, but excluding any amount the Trustee and the Applicant agree is to be paid by the Trustee on behalf of the Applicant on account of commissions, service fees or other fees associated with the acquisition of Units
associate	has the meaning given by Division 2 of the Corporations Act, 2001
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Base Management Fee	means 1.5% of the gross value of the Fund per annum payable monthly to the investment manager in arrears
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
CFDs	contracts for difference
Corporations Act	<i>Corporations Act 2001</i> as amended or replaced from time to time
Derivative	a derivative as defined by section 761D of the Corporations Act and includes swaps, futures, forward rate agreements and options but excludes OTC Derivatives.
ETOs	exchange traded options

Exit fee	fee payable to the investment Manager upon redemption of the investment upon withdrawal request
Financial Year	a period of 12 months from 1 July in one calendar year to 30 June in the next calendar year
First Pricing Period	the period determined by the Trustee being the period ending on the date of the issue of the first Units under this IM
Fund	the Fairway Capital Management Fund
ETOs	exchange traded options
IM	this information memorandum as modified or varied by any supplementary IM made by FCM with respect of the Fund (including any electronic copy of this information memorandum and supplementary information memorandum.
Income	means the net income of the Fund.
Indexed	Means adjusted on 1 July, by the aggregate percentage change in the Index Number for the previous four Quarters most recently published prior to 1 July in the relevant year. However, if the Index Number is negative, then the aggregate percentage change in the Index Number will be zero.
Indirect Acquisition Costs Adjustment	Such adjustment (if any) as determined by the Trustee in its discretion, on account of the unamortised amount of any Sub Entity Establishment and Acquisition Expenses as the Trustee determines appropriate. The Trustee may if it considers appropriate determine that the Indirect Acquisition Costs Adjustment for any one or more purposes in this Trust Deed to be a lesser sum or zero.
Investment Management Agreement	the agreement between the Trustee and Investment Manager pursuant to which FCM is appointed to manage the Fund assets.
Investment Manager or FCM	Fairway Capital Management Pty Ltd ACN 667 645 025
Investment Manager Retirement and Removal Fee	fee payable to the Investment Manager if it is removed as manager of the Fund within four years of the issue of the first Unit.
Issue Price	\$1.00 per Unit for the First Pricing Period and thereafter at the current Unit Value
LEPO	low exercise price option
Listed Securities	securities listed on the ASX
managed investment scheme	the same meaning as in section 9 of the Corporations Act
Net Asset Value	the net asset value as determined by the Trustee at any time including more than once on each day in accordance with the provisions of the Trust Deed.
Offer	the offer of Units in the Fund pursuant to and in accordance with this IM
OTC	over the counter
Quarter	each period of three months ending 31 March, 30 June and 30 September

Register	register of Unit Holders
Registrar	One Registry Services Pty Limited ACN 141 757 360
Transaction Costs	the same meaning as in the Trust Deed
Trust Deed	the deed establishing the Fund as amended from time to time
Trustee	One Fund Services Ltd ACN 615 523 003
Unit	an ordinary unit issued in the Fund
Unit Value	the amount calculated using the following formula: <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> $\frac{\text{Net Asset Value} + \text{Adjustments} + \text{Total Unpaid Amount} + \text{Transaction Costs}}{\text{Units in Issue}}$ </div>
Unit Holder	the holder of a Unit in the Fund
Wholesale Client	a wholesale client within the meaning of section 761G of the Corporations Act
Withdrawal Price	the price payable upon redemption of a Unit calculated in accordance with the formula set out in the Trust Deed which is calculated as follows: <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> $\frac{\text{Net Asset Value} + \text{Adjustments} + \text{Total Unpaid Amount} - \text{Transaction Costs}}{\text{Units in Issue}}$ </div>

Directory

Trustee & Issuer of IM One Fund Services Ltd ACN 615 523 003, AFSL 493421 Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 Telephone: +61 2 8277 0000 Website: www.oneinvestment.com.au email: fairwaycap@oneinvestment.com.au	Investment Manager Fairway Capital Management Limited 11 West Street Burleigh Heads QLD 4220
Administrator Unity Fund Services Pty Ltd ACN 146 747 122 Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 Telephone: (02) 8277 0070 Website: www.unityfundservices.com.au Email: enquiries@unityfundservices.com.au	Auditor & Accounting Advisors
Registrar One Registry Services Pty Limited ACN 141 757 360 Level 16 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 Telephone: (02) 8188 1510 Website: www.oneregistryservices.com.au Email: info@oneregistryservices.com.au	Lawyers & Taxation Advisors to the Investment Manager Piper Alderman Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000