

# SOLARIS

investment management

## **Solaris Australian Equity Long Short Fund**

ARSN 618 962 995 APIR WHT3859AU ISIN AU60WHT38592

**Product Disclosure Statement** 30 June 2025

Issued by: Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371

## **Important Information**

This Product Disclosure Statement ('PDS') provides a summary of significant information you need in order to make a decision about the Solaris Australian Equity Long Short Fund ARSN 618 962 995 ('Fund'). The PDS should be considered before making a decision to invest in the Fund. You can access the PDS on the internet from the Fund's webpage at [www.solariswealth.com.au](http://www.solariswealth.com.au)/or you can request a paper copy free of charge by contacting us using the contact details provided.

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 is the Responsible Entity ('Responsible Entity', 'RE', 'we', 'our', 'us') of the Fund.

We have appointed Solaris Investment Management Limited ABN 72 128 512 621 AFSL 330505 ('Solaris' or 'Investment Manager') as the investment manager of the Fund.

Neither the Responsible Entity nor Solaris guarantees the performance of the Fund or the return of capital or income. Your investment in the Fund is subject to investment risk. This could involve delays in repayment and loss of income or the principal invested.

The information in this PDS is general information only. To the extent the information in this PDS constitutes financial product advice, such advice is general advice only and has been prepared without taking into account your individual objectives, personal financial situation or needs. Before investing, you should consider the appropriateness of the advice in light of your own objectives, financial situation and needs. We strongly recommend that you consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances. You should also read this PDS before making any decision about whether to acquire units in the Fund.

The investment offered in this PDS is available only to persons receiving this PDS (electronically or in hard copy) within Australia or New Zealand and does not constitute an offer or recommendation in any other jurisdiction or to any person to whom it would be unlawful to make such an offer. Units in the Fund may not be offered or sold within the US, or sold to, or for the account or benefit of, any 'US Persons' (as defined in Regulation S of the US Securities Act 1933, as amended).

All monetary amounts referred to in this PDS are given in Australian dollars and all telephone/fax numbers are to telephone/fax numbers in Australia (unless otherwise stated). All calculation examples shown are rounded to the nearest whole dollar.

A reference to a 'Business Day' is a reference to a day which is not a Saturday, Sunday or public holiday in New South Wales, Australia.

## **Updated information**

The information in this PDS may change over time. We may update this information where this does not involve a material adverse change and make it available to you, where permitted by law, via the Fund's webpage. You can also obtain updated information by contacting us. A paper copy of any updated information is available free on request. By acquiring a unit, you agree to receive certain communications and disclosures in relation to the Fund and units in digital form.

## **Contact details**

If you have a query in relation to the Fund, please contact us at:

Telephone: 1300 010 311

Address: PO Box R1313, Royal Exchange NSW 1240

Email: [service@pinnacleinvestment.com](mailto:service@pinnacleinvestment.com)

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

# Contents

1. Key features of the Fund	2
2. About Pinnacle Fund Services Limited and Key Service Providers	3
3. Benefits of investing in the Fund	5
4. How we invest your money	6
5. ASIC Benchmarks and Disclosure Principles	8
6. Risks	22
7. How the Fund Works	27
8. Investing in the Fund	29
9. How we keep you informed	35
10. Fees and other costs	37
11. Taxation	44
12. Privacy	49
13. Additional Information	51
14. Defined terms	53

# 1. Key features of the Fund

For more information on each of the features, please refer to the relevant sections below.

Feature	Summary	Section
<b>Responsible Entity</b>	Pinnacle Fund Services Limited	2
<b>Investment Manager</b>	Solaris Investment Management Limited	2
<b>Administrator</b>	Citigroup Pty Limited	2
<b>Custodian</b>	Citigroup Pty Limited	2
<b>Auditor</b>	PricewaterhouseCoopers	2
<b>Investment Objective<sup>1</sup></b>	The Fund aims outperform the S&P/ASX200 Accumulation Index by taking both long and short positions in selected shares listed on a recognised Australian exchange.	4
<b>Benchmark</b>	S&P/ASX 200 Accumulation Index	4
<b>Minimum suggested investment timeframe</b>	7 years or more	4
<b>Risk level</b>	Very high <sup>2</sup>	4
<b>Minimum initial investment<sup>3</sup></b>	\$30,000	8
<b>Minimum additional investments<sup>3</sup></b>	\$5,000	8
<b>Minimum investment balance<sup>3</sup></b>	\$5,000	8
<b>Minimum withdrawal amount<sup>3</sup></b>	\$5,000	8
<b>Transaction cut-off time</b>	12pm (Sydney time) on a Business Day	8
<b>Fees and expenses<sup>4,5</sup></b>	<b>Management fee:</b> 0.99% p.a. on the Net Asset Value of the Fund. <b>Performance fee:</b> 15% of the difference in the Fund's return (net of management fees) relative to its Benchmark return multiplied by the Net Asset Value of the Fund.	10
<b>Buy/Sell spread</b>	0.30% / -0.30%	10
<b>Distribution frequency</b>	Distributions are payable half-yearly, subject to the Fund having sufficient distributable income.	7

1. The investment objective is expressed after the deduction of management fees, expense recoveries and taxation, i.e. the investment objective is measured relative to the Fund's Benchmark, after fees and other costs and taxes are deducted from the Fund's performance. Refer to Sections 10 and 11 for further information on Fees and other costs and Taxation. The investment objective is not intended to be a forecast; it is only an indication of what the investment strategy aims to achieve over the medium to long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns are not guaranteed.
2. The risk level is not a complete assessment of all types of investment risk. It does not address the potential size of a negative return nor the possibility that a positive return may be less than the return expected or required by an investor's objective and is based on the Australian Prudential Regulation Authority Guidance Standard Risk Measure and the historic variation of Fund returns.
3. Or less at the discretion of the Responsible Entity. The minimum initial investment amount does not apply to investments through an IDPS (as defined below).
4. Fees and costs may be negotiated for certain investors such as wholesale clients (as defined in the Corporations Act), depending on factors such as the amount invested. See 'Differential fee arrangements' below for further information about negotiable fees.
5. Fees are inclusive of GST and net of any applicable Reduced Input Tax Credits ('RITC').

## 2. About Pinnacle Fund Services Limited and Key Service Providers

### Pinnacle Fund Services Limited

Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371 is the Responsible Entity ('Responsible Entity', 'we', 'our', 'us') of the Solaris Australian Equity Long Short Fund ARSN 618 962 995 ('Fund').

Pinnacle Fund Services Limited is wholly owned by Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140 ('Pinnacle'). Pinnacle supports the development of high-quality investment management businesses and is the distributor of the Fund.

### Solaris Investment Management Limited

We have appointed Solaris Investment Management Limited ABN 72 128 512 621 AFSL 330505 ('Solaris' or 'Investment Manager') as the investment manager of the Fund.

Solaris' investment team believes there are opportunities in both value and growth stocks. Solaris has no consistent bias towards either value or growth stocks. Therefore, their style can be described as 'style neutral' or 'style agnostic'.

Stock selection is Solaris' main area of expertise. Using fundamental analysis, Solaris selects stocks to exploit market inefficiencies in forecasts and valuations. Investment decisions are supported by detailed analysis of the securities and key financial markets with an eye on global perspectives. Solaris applies strict risk controls to minimise the downside risk.

#### **Solaris' competitive advantage**

The Solaris investment team is a stable, experienced team comprised of 10 experienced investment professionals who have an average investment experience of 20 years and have, on average, been with the team for 15 years. Solaris' analysts are the portfolio managers. In other words, if an analyst decides a stock should go into the portfolio, that analyst becomes responsible for the performance of that investment.

Fundamental analysis is optimised by analysts being empowered and rewarded as portfolio managers. Analyst management of the portfolio is the most efficient way to capture identified market inefficiencies because the Solaris analyst is the person most familiar with the stock.

The investors' interests are aligned with the investment manager's interests. Solaris team members are remunerated according to individual and team performance. The majority of the investment team are investors in Solaris products and owners of Solaris.

Neither the Responsible Entity nor the Investment Manager guarantees the performance of the Fund or the return of capital or income. Your investment in the Fund is subject to investment risk. This could involve delays in repayment and loss of income or the principal invested.

### Administrator and Custodian

Citigroup Pty Limited ABN 88 004 325 080 ('Citi') has been appointed as the Administrator and Custodian for the Fund. Citi as the Fund's Administrator, is responsible for the day to day administration of the Fund, and as Custodian, is responsible for the day to day custody of the Fund's assets.

Citi has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in accordance with the investment administration agreement. Citi

was not involved in preparing, nor takes any responsibility for, this PDS and makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

The Responsible Entity may replace Citi or any of its other service providers and appoint new service providers without notice to investors.

## Auditor

PricewaterhouseCoopers ('PwC') has been appointed as the auditor of the Fund. The auditor's role is limited to expressing an opinion on the fairness with which the financial statements present, in all material respects, the Fund's financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles.

PwC has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to you for any act done or omission made in accordance with the auditor agreements. PwC was not involved in preparing, nor takes any responsibility for, this PDS and makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

The Responsible Entity may replace PwC or any of its other service providers and appoint new service providers without notice to investors.

### 3. Benefits of investing in the Fund

The Fund aims to provide investors with long and short exposure to an actively managed, diversified portfolio of listed Australian securities. The Fund will maintain a net exposure of between 70% - 100%, with a maximum of 40% of short positions.

#### Significant features and benefits

**Management expertise** | The investment and management expertise of Solaris, a boutique Australian owned equities fund manager providing access to investment opportunities and markets that individual investors usually cannot achieve on their own.

**Diversification** | The Fund's investments will be spread across a carefully researched and actively managed portfolio of up to 70 different company stocks. This diversification of investments can help reduce overall investment risk.

**Investment approach** | Solaris selects a diversified portfolio of securities using fundamental analysis to exploit market inefficiencies in forecasts and valuations. Solaris' investment approach involves a detailed analysis of the securities and key financial markets, with an eye on global perspectives.

**Investment opportunities** | Access to wholesale investment opportunities that may not generally be available to private investors.

**Resources** | Access to full-time research resources, a rigorous investment process, highly developed risk management expertise, and advanced trading systems and technology.

## 4. How we invest your money

### How the Fund operates

In exchange for your invested money, you are issued with interests in the Fund called 'units'. Each unit in the Fund gives the unitholder a beneficial interest in the Fund as a whole, but not in any particular asset of the Fund. Your units are your proportionate share of the Fund and reflect the value of your investment, which will change over time as the market value of the assets of the Fund rise and fall.

### About the Solaris Australian Equity Long Short Fund

Solaris Australian Equity Long Short Fund		
<b>Investment objective<sup>1</sup></b>	The Fund aims outperform the S&P/ASX200 Accumulation Index by taking both long and short positions in selected shares listed on a recognised Australian exchange.	
<b>Benchmark</b>	S&P/ASX 200 Accumulation Index	
<b>Suggested minimum investment period</b>	7 years or more	
<b>Risk profile</b>	Very high <sup>2</sup>	
<b>Investment guidelines</b>	<p>The Fund can invest in listed Australian securities, as well as in securities expected to be listed on an Australian exchange.</p> <p>The Fund will maintain a net exposure of 70% - 100%, with the proceeds from shorting (40% maximum) reinvested in preferred long positions in order to enhance returns. The portfolio will typically consist of 40 – 70 long ideas and 20 – 30 short ideas.</p> <p>The Fund's typical net market exposure is between 70% - 100%. The maximum long exposure is 140% and short exposure is -40%, therefore the Fund's maximum gross exposure is 180%.</p> <p>Other investment restrictions include:</p> <ul style="list-style-type: none"> <li>• Maximum equity position of 7.5% relative to the benchmark weight: and</li> <li>• Maximum sector limit of 12.5% relative to the benchmark weight.</li> </ul>	
<b>Net portfolio allocation</b>	<b>Asset Class</b> Australian equities (including derivatives) Cash and cash equivalents Derivatives <sup>4</sup>	<b>Typical Allocation Range<sup>3</sup></b> 70-100% 0-30% 0-30%
<b>Labour standards or environmental, social or ethical considerations</b>	Solaris applies environmental, social (including labour standards) and ethical (incorporating corporate governance) ('ESG') considerations when selecting, retaining or realising the investments of the Fund in addition to other methods in assessing company value. These ESG considerations are generally only taken into account by Solaris to the extent that they may financially affect the investment. It should be noted that Solaris does not have a fixed methodology or weightings for taking into account these ESG risks and each investment opportunity is assessed on a case-by-case basis. Additionally, Solaris may exclude certain securities or sectors based on ESG factors.	

1. The investment objective is expressed after the deduction of management fees, expense recoveries and taxation, i.e. the investment objective is measured relative to the Fund's Benchmark, after fees and other costs and taxes are deducted from the Fund's performance. Refer to Section 10 for details on Fees and other costs and Section 11 for details on Taxation. The investment objective is not intended to be a forecast; it is only an indication of what the investment strategy aims to achieve over the long term, assuming financial markets remain relatively stable during that time. The Fund may not achieve its investment objective and returns are not guaranteed.
2. The risk level is not a complete assessment of all types of investment risk. It does not address the potential size of a negative return nor the possibility that a positive return may be less than the return expected or required by an investor's objective and is based on the Australian Prudential Regulation Authority Guidance Standard Risk Measure and the historic variation of Fund returns.
3. The above ranges are indicative only. The Fund will be rebalanced within a reasonable period of time should the exposure move outside of the above ranges.
4. Derivatives will not be used to leverage the Fund.

If for reasons beyond the control of the Investment Manager such as market movements or unit holder transactions, the Fund's investments do not comply with the investment guidelines detailed above, the Investment Manager will remedy the situation as soon as practicable.



**Direct and indirect investments**

In addition to holding direct assets, the Fund may also make investments indirectly, for example by investing in other managed funds where these are aligned with the Fund's investment strategy.

Any costs associated with these investments are outlined in Section 10 'Fees and other costs'.

**Changes to Fund details**

We have the right to change the Fund's asset classes, asset allocation ranges, investment strategy and investment return objectives without prior notice. We will inform investors of any material change to the Fund's details via the Fund's webpage or as otherwise required by law.

## 5. ASIC Benchmarks and Disclosure Principles

Hedge funds can pose more complex risks for investors than traditional managed investment schemes, because of their diverse investment strategies. The ASIC Benchmarks and Disclosure Principles are designed to improve disclosure to assist investors in making more informed decisions about investing in products of this kind, and to make comparisons between the products and business models of different funds more straightforward.

Benchmarks		
<b>Benchmark 1: Valuation of assets</b>		<p>The Responsible Entity has implemented a policy that requires valuations of the Fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider.</p> <p>The Fund meets this benchmark. For further information on the Fund's valuation policy, please contact us.</p>
<b>Benchmark 2: Periodic Reporting</b>		<p>The Responsible Entity has implemented a policy to provide periodic reports on certain key information on an annual and monthly basis.</p> <p>The Fund meets this benchmark.</p> <p>The Responsible Entity provides monthly and annual reports for the Fund that are available on the Fund's webpage. For information on the reports and information available, please refer to Section 9.</p>

Principles		
<b>Disclosure Principle 1: Investment strategy</b>		<p>The Fund aims to provide investors with long and short exposure to an actively managed, diversified portfolio of listed Australian securities. The Fund will maintain a net exposure of between 70% - 100%, with a maximum of 40% of short positions. The proceeds from shorting will be reinvested in preferred long positions in order to enhance returns.</p> <p>The portfolio will typically consist of 40 – 70 long ideas and 20 – 30 short ideas.</p>
<b>Disclosure Principle 2: Investment Manager</b>		<p>The Responsible Entity employs the investment management expertise of Solaris to manage the Fund.</p>
<b>Disclosure Principle 3: Fund Structure</b>		<p>The Fund is an Australian registered managed investment scheme. Besides Solaris, another key service provider for the Fund is Citi. The Responsible Entity has appointed Citi as administrator to provide fund accounting, investor registry services, unit pricing services custodian services.</p> <p>Solaris and Citi are located in Australia.</p> <p>The Responsible Entity has a framework and systems in place to monitor its key service providers' performance and compliance with their service agreement obligations.</p>
<b>Disclosure Principle 4: Valuation, location and custody of assets</b>		<p>The assets of the Fund are generally valued daily by the Custodian in accordance with the constitution of the Fund. The Custodian values the Fund's assets in accordance with standard market practice. Market prices are generally sourced electronically from third party vendors.</p>
<b>Disclosure Principle 5: Liquidity</b>		<p>As at the date of this PDS, the Responsible Entity reasonably expects that it will be able to realise at least 80% of the Fund's assets, at the value ascribed to those assets in calculating the Fund's most recent NAV, within 10 days.</p>
<b>Disclosure Principle 6: Leverage</b>		<p>The Fund's maximum allowable gross exposure (sum of long and short positions) is 180% of its net asset value ('NAV'). However, the anticipated gross exposure will generally be between 150% and 170% of NAV. The Fund's maximum allowable net equity exposure (long minus short positions) is 100% of NAV.</p> <p>The use of borrowings to take advantage of particular investment opportunities is authorised under the Fund's constitution.</p>

<b>Disclosure Derivatives</b>	<b>Principle 7:</b>	Solaris may use exchange traded derivatives to more efficiently manage the Fund's portfolio and its risks. The use of derivatives may be a more cost-effective way of gaining exposure to a particular asset class or sector as compared to holding a physical asset.  Derivatives used will be covered by cash, physical securities or a combination of both. Derivatives will not be used to leverage the Fund.
<b>Disclosure Short selling</b>	<b>Principle 8:</b>	The Fund uses short selling as an investment technique as part of the its investment strategy. Short positions are taken on particular stocks where Solaris believes a security is overvalued and it is expected that these stocks will fall in price and underperform the market.  In creating a short position, the Fund will borrow a security from a securities lender and sell it with the intention of repurchasing the security when the price of the security falls.  Short selling may expose the Fund to risks such as short position risk, liquidity risk, and counterparty risk.
<b>Disclosure Withdrawals</b>	<b>Principle 9:</b>	When you withdraw, your units will be redeemed based on the exit price for the Business Day on which your withdrawal request is processed.  There may be circumstances where your ability to withdraw from the Fund is restricted. We may suspend withdrawals if we determine that this is in the best interests of all unitholders. If the Fund ceases to be liquid, you will only be able to withdraw if the Responsible Entity makes a withdrawal offer. We are not obliged to make such an offer.

## Disclosure Principle 1: Investment strategy

### Investment Philosophy

Solaris is a bottom up style neutral Australian equity manager. Solaris believes there are opportunities in both value and growth stocks, therefore their style can be described as 'style neutral' or 'style agnostic'.

### Investment strategy

The Fund aims to provide investors with long and short exposure to an actively managed, diversified portfolio of listed Australian securities. The Fund will maintain a net exposure of between 70% - 100%, with a maximum of 40% of short positions.

The Fund will maintain a net exposure of 70% - 100%, with the proceeds from shorting reinvested in preferred long positions in order to enhance returns. The portfolio will typically consist of 40 – 70 long ideas and 20 – 30 short ideas.

The Fund may be suitable for investors with an investment horizon of 7 years or longer and seek capital growth and income via exposure to Australian stocks and are willing to accept the shorter-term fluctuations in price typically associated with such investments.

### Investment Process

Solaris use fundamental analysis to pick stocks and exploit market inefficiencies in forecasts and valuations. To optimise the conversion of fundamental research into investment portfolios, they empower analysts by combining their analytical role with that of the portfolio manager. This combination ensures the portfolio is constructed purely from the ground up using the knowledge and skill of the people at the analytical 'coal face'. The use of multi portfolio manager/analyst approach also diversifies the decision-making process delivering more consistent out performance together with lower key person risk.

Solaris' style neutral strategy means that there are fewer natural, pre-determined biases. The portfolio is built from the ground up by the analysts who conduct the fundamental research. The result of giving the analysts the empowerment to build the portfolio is a Fund with a diversified decision-making base.

To allow analysts to construct a portfolio in a coordinated way, each analyst inputs forecasts of their companies' total returns (capital plus yield returns) into a centralised database of company's expected

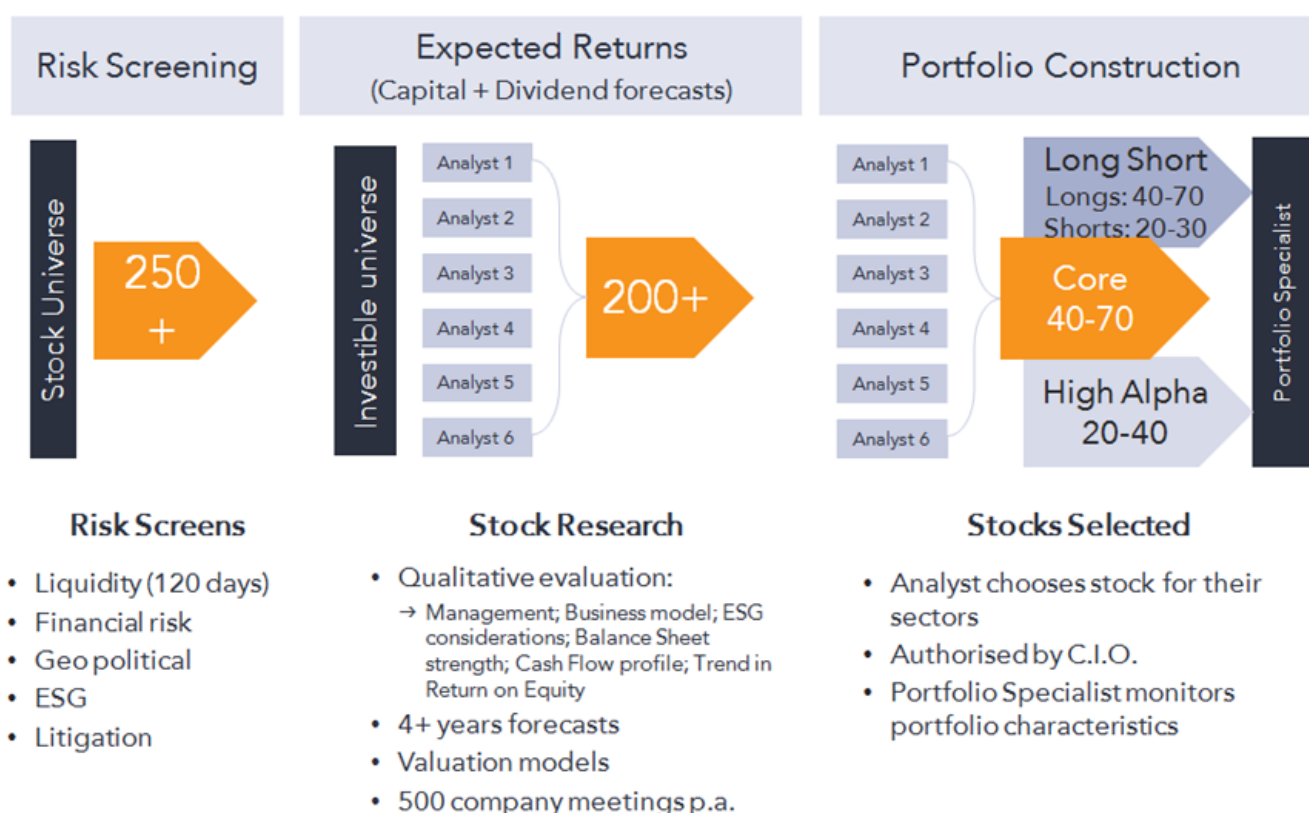
returns. Using the market average of these returns as a benchmark, analysts rank and build active company positions based upon each company's relative return ('Excess Return'). The Excess Return is used for portfolio construction purposes, for example determining inclusions, exclusions, or shorts in the portfolio and the portfolio's position size.

Any biases that arise out of the portfolio construction process are monitored closely by the Solaris' Chief Investment Officer and Portfolio Specialists to ensure that they are consistent with the desired risk and return objectives of the Fund.

### Stock selection process

The Solaris investment process is broken down into three areas:

- Risk screening
- Company research (Expected Returns generation); and
- Portfolio construction



### Risk Screening

The authorised universe of investable securities comprises any companies listed on a recognised Australian stock exchange, essentially starting with the top 300+ companies.

To ensure suitable quality of the companies that Solaris invests in, each analyst initially screens the available investment universe to ascertain its suitability for portfolio inclusion. Companies excluded as long candidates at this stage are considered poor quality due to:

- Liquidity issues
- Financial risk
- Geo-Political risk
- ESG considerations

- Litigation risks

Some companies that are excluded as long investments may still be considered as short candidates. About 250 companies make it through the screening process with approximately 210 researched and modelled in detail by the analysts of Solaris.

### Company Research (Expected return generation)

Once past initial risk screening, companies are subject to both qualitative and quantitative assessment. The qualitative assessment forms a key part of the fundamental company research process and is focused on the following areas:

- Management – relevant experience and track record. Solaris is looking for the management history to use as a guide to forecasting their success in this company.
- Business Model – Solaris looks at the ‘franchise strength’ of the business to assess the sustainability and volatility of future earnings, etc.
- Balance Sheet – this provides an important snapshot of the business as it currently exists, plus an insight into how it is positioned for the future.
- ESG – Solaris looks at any Environmental, Social or Governance issues that may represent opportunities for outperformance or whether any unsustainable practices could result in underperformance. Solaris also employs an ESG Analyst who provides the analyst with additional information and research capacity where required.
- Cash flow profile – monitors the cash flows of stocks going forward, removing the effect of accounting / timing issues from forecasts plus provides inputs into a standardised Discounted Cash Flow (‘DCF’) valuation.
- Trend in Return on Equity – this is an important quality to monitor within stocks (i.e. what is the marginal return being generated by each new dollar of capital invested?)

The conclusions drawn by analysts from their qualitative assessment feeds into each company’s valuation in a variety of ways including:

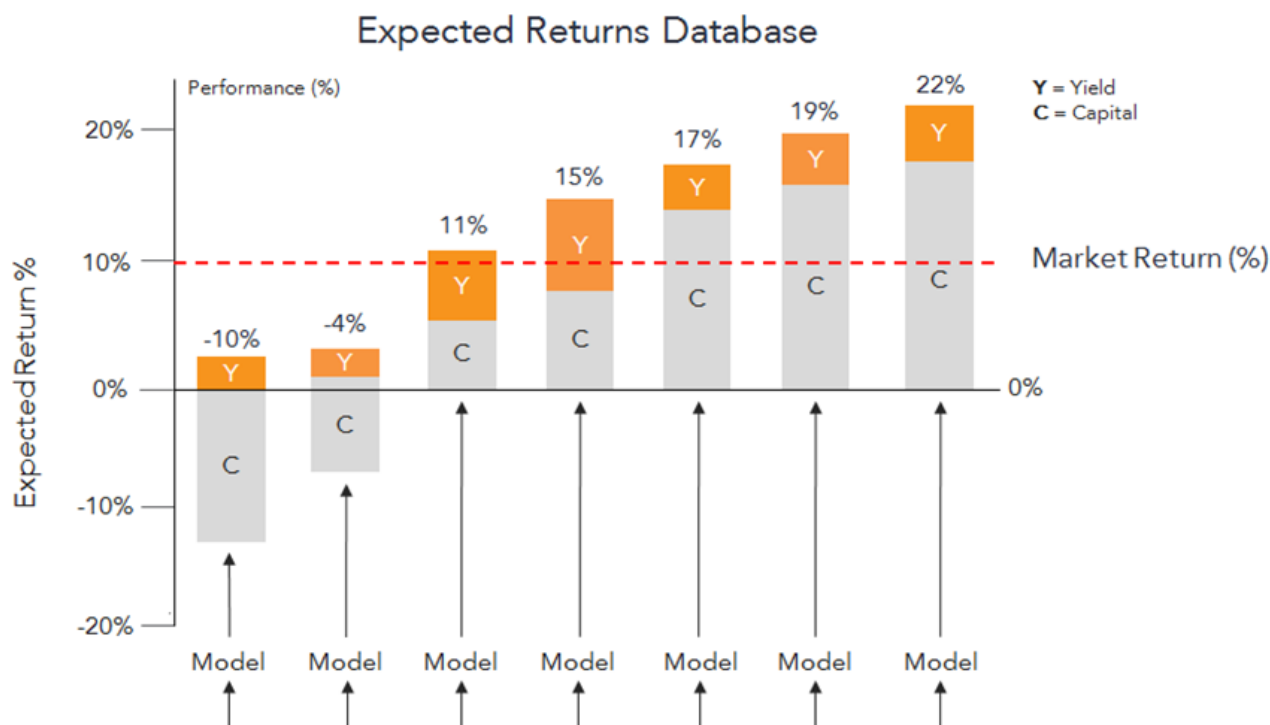
- Forecast earnings and cashflow implications;
- Multiple based valuations adjusting the multiple (e.g., Price to Earnings ratio (‘PE’) and Enterprise Value Multiple (‘EVM’));
- DCF method valuations, adjustments to the beta applied; and
- A discount to valuation excluding the issue.

Analysts have access to a standard company model and DCF valuation package. Analysts are empowered to use whichever analysis and valuation methodologies they find most effective for the companies and sectors they manage. As a minimum, analysts are required to forecast four years of earnings and cash flow for each company.

While each analyst is empowered to be innovative in using company specific assumptions when assessing each company, it is essential that any assumptions common to different company valuations are the same. To this end, all models draw their common assumptions (i.e. interest rates, currencies, etc.) from a shared database of assumptions. To avoid top-down overlays influencing the bottom-up portfolio construction process, these assumptions generally reflect market consensus forecasts.

With each company valuation that is generated, a target price and dividend yield one year forward is derived. The difference between the target price and the current share price is called the capital return (%). The sum of the capital return and the expected dividend yield for the next 12 months is used to calculate the Expected Total Return (ETR %) of each stock. The ETRs of all companies are collated in

the Expected Returns Database (ERD) and a market-capitalisation weighted-average Market Return (MR) is derived. All analysts' overweight, underweight or short decisions are subsequently guided by each stock's relative return (ETR-MR) called the Excess Return.



### Other considerations

Solaris have an extensive database of historical and forecast company and commodity data sourced from brokers.

The data is used for:

- comparing Solaris' forecasts of earnings and cash flow to the wider market; and
- providing quantitative research ideas to the analysts.

### Portfolio Construction

The main portfolio construction technique that Solaris uses is based on Excess Return. Simply put, if a company has a high excess return, that company will, prima facie, be included in the portfolio and equally a low or negative excess return will see a company excluded from, or shorted, in the portfolio. As a rule of thumb, a +/-10% excess return indicates that a +/-1% over/under weight position should be taken in the relevant company. Subsequent over/under weight sector positions are purely the result of the over/under weight positions of companies within that sector. The analyst is accountable for both the company and sector performance contribution. Specific risk limits govern active position sizes at both the company and sector levels. Orders are initiated and signed off by the responsible analysts before being presented to the CIO (or his delegate) for authorisation.

Ultimately, this creates an extremely disciplined buy/sell regime, whereby as the excess return of a company begins to dissipate, the analyst will reduce the position and vice versa. This way, Solaris can be assured their analysts don't become attached to the investment and remain objective.

### Portfolio Risk Management

Portfolio biases including size, sector, or style are formed as a result of the multi analyst/portfolio manager approach. Management of the overall portfolio of the Fund is the responsibility of the CIO

assisted by the Portfolio Specialists. A portfolio analytics process monitors biases and risk factors in the portfolio. Given the multi analyst/portfolio manager approach to selecting companies for the portfolio, risk management becomes extremely important.

Risk is an important component to generating a desirable return outcome. Understanding the amount of risk or lack thereof, where it is, and taking appropriate steps where necessary, is a critical part of the investment process.

Portfolio risk factors measured and analysed include tracking error (+ multi period), active share, sector risk, liquidity, volatility, momentum, Beta, stock risk, style risk (cyclical, defensive, growth, value), size and AUD.

Portfolio fundamentals measured and analysed include:

- Value factors – Price Earnings Ratio, Price to Cash flow, Dividend Yield;
- Growth factors – Earnings growth, Cash flow growth, Dividend Yield growth;
- Other factors – Franking, Interest Cover, Debt/Equity, ROE, ROA.

Portfolio biases and risk factors are calculated and monitored daily by Solaris with a formal meeting to discuss the results scheduled monthly.

Additional risk considerations when implementing a short position is the borrow availability, recall risk, level of short interest and days to cover. These risk factors are calculated and monitored daily.

### **Labour standards and environmental, social and ethical considerations**

ESG risks are ordinarily considered by Solaris as part of the Fund's investment process. Examples of ESG factors which may be considered by Solaris include workplace health and safety, carbon emissions, environmental impacts, data security and corporate governance. Solaris' ESG risk integration approach is primarily focused on assessing and managing the potential financial impact (e.g. adjusted future cashflows and earnings, or adjusted multiples (e.g. PE, EVM), or adjusted beta applied or a discount to a valuation excluding the ESG issue) resulting from ESG risks and/or opportunities on investment assets.

If Solaris determines, in its discretion, that a company has a poor ESG outlook or certain ESG risks, Solaris may discount its valuation of that company, thereby making it less likely that the company will form part of the portfolio. Conversely, if Solaris determines, in its discretion, that a company has a positive ESG outlook or has reduced ESG risks, Solaris may increase its valuation of that company, thereby making it more likely that the

company will form part of the portfolio.

In terms of the extent to which the ESG considerations are taken into account, Solaris does not use a weighting system to apply a weight to the standards and considerations. Additionally, Solaris does not have a set time for monitoring or reviewing investments. As such, Solaris has no predetermined view about how far ESG considerations are taken into account. Where Solaris determines that an investment is no longer suitable due to ESG considerations, Solaris may elect to divest such investment.

For more information on how Solaris excludes securities and sectors, as well as reporting and other ESG related measures which have been adopted by Solaris, please visit <https://solariswealth.com.au/about-solaris/sustainability/>

### **Other investment information**

You should note that there are risks associated with the Fund's investments, investment strategy and structure.

Refer to Section 6 of this PDS for those risks.



## Disclosure Principle 2: Investment Manager

Name and Role	Qualifications	Experience (years)
Michael Bell CIO; Analyst	B. Bus., Grad. Dip. App. Fin.	30
Charles Casey Analyst	B. Com., B. Econ., CFA, Dip. Fin. Services	17
Lisa Domagala ESG Analyst	B. Com.	34
Will Earnshaw Managing Director; Analyst	B. Com., B. Econ., CFA, Grad. Dip. App. Fin., ACA	28
Damien Keune Analyst	B. Bus., Grad. Dip. App. Fin.	23
Bernard Machen Analyst	B. Bus. (Computing), Grad. Dip. App. Fin.	31
Andrew McLennan Analyst	B. Com., B Econ. (Hnrs 1)	23
Ryan Porter Dealer	B. Eng, B Sc., Grad. Dip. App. Fin.	5
Gus Roberts Head of Dealing	B. Com., Grad. Dip. App. Fin.	19
Charles Story Analyst	B. Bus., M. App. Fin.	19

The Solaris investment team is a stable, experienced team comprised of 10 experienced investment professionals who have an average investment experience of 20 years and have, on average, been with the team for 15 years.

Solaris' analysts are the portfolio managers. In other words, if an analyst decides a stock should go into the portfolio, that analyst becomes responsible for the performance of that investment. Fundamental analysis is optimised by analysts being empowered and rewarded as portfolio managers. Analyst management of the portfolio is the most efficient way to capture identified market inefficiencies because the Solaris analyst is the person most familiar with the stock.

The analysts spend 90% of their time analysing companies that are eligible for inclusion in the Fund.

Management of the overall portfolio of the Fund is the responsibility of the CIO assisted by the Portfolio Specialists. They spend 50% of their time in this capacity.

As at the date of this PDS, there have been no significant adverse regulatory findings against the Investment Manager, the Responsible Entity or the key individuals involved in the investment decisions of the Fund.

The Responsible Entity may, under the terms of the Investment Management Agreement with Solaris, terminate the agreement with immediate effect at any time by written notice to Solaris if:

- a) a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of Solaris;
- b) Solaris:
  - i. goes into liquidation;
  - ii. ceases to carry on business in relation to its activities as an investment manager;



- iii. breaches any provision of the agreement, or fails to observe or perform any representation, warranty or undertaking given by Solaris under the agreement and Solaris fails to correct such breach or failure within 20 business days of receiving notice in writing from the Responsible Entity specifying such breach or failure;
- c) Solaris sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Solaris or of a beneficial interest therein;
- d) the Responsible Entity is removed as trustee of the Fund; or
- e) the members of the Fund resolve that Solaris be replaced.

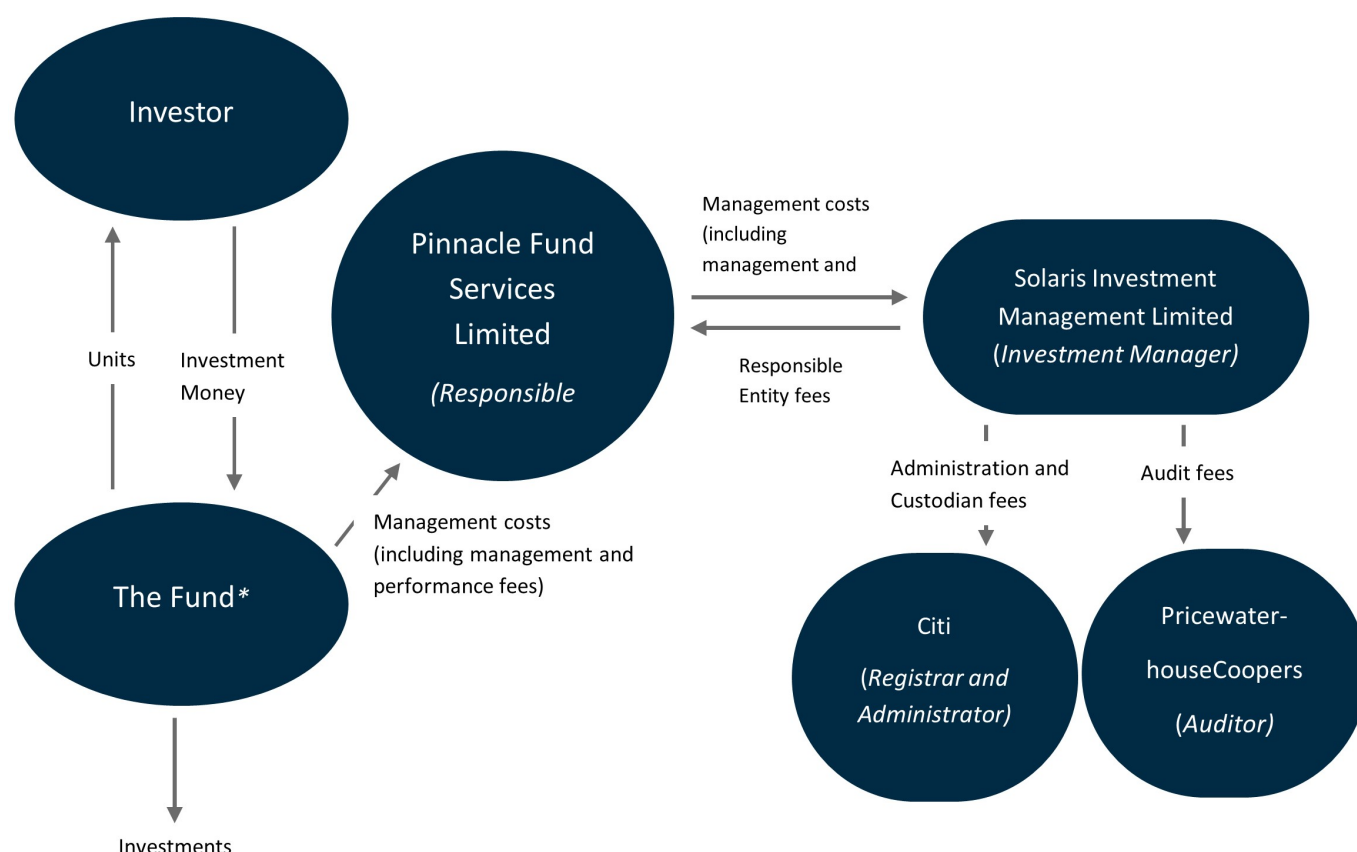
The Investment Management Agreement will also automatically terminate in respect of the Fund if the Fund is wound up.

The Responsible Entity must pay Solaris all fees payable under the Investment Management Agreement up until the date of termination.

### Disclosure Principle 3: Fund structure

The Fund is a registered managed investment scheme. When you invest in the Fund, your money will be pooled with that of other investors and you will be issued 'units'. Each unit held in the Fund gives the unit holder a beneficial interest in the Fund as a whole, but not in any particular asset of the Fund. Holding units in the Fund does not give a unit holder the right to participate in the management or operation of the Fund.

Each unit in the Fund offered or issued under this PDS is of equal value and identical rights are attached to all such units. The Fund has other classes of units on issue with different rights to the class offered under this PDS. We are required by the Corporations Act to treat all investors within a class of units equally and investors in different classes fairly. Refer to the diagram below for the flow of investment money through the fund structure.



\*Fund monies are held in the Custodian's account.

## Fund key service providers

Role	Service provider	Jurisdiction
Investment Manager	Solaris Investment Management Limited ABN 72 128 512 621 AFSL 330505	Australia
Administrator	Citigroup Pty Limited	Australia
Auditor	PricewaterhouseCoopers	Australia

There are no related party relationships between the Responsible Entity and its key service providers. All material arrangements in connection with the Fund are entered into on arm's length terms. The Responsible Entity regularly monitors each key service provider's performance against agreed service standards, as set out in a services agreement.

The Responsible Entity has appointed PwC as the auditor of the Fund.

Fund assets are held in custody by Citi.

All investments are clearly identified as belonging to the Fund or the Responsible Entity and except where permitted by ASIC relief, are segregated from the assets of Citi and the counterparty.

## Disclosure Principle 4: Valuation, location and custody of assets

The assets of the Fund are valued by Citi and the Fund's NAV is calculated in accordance with the Constitution of the Fund. The value of the Fund will be decreased by the amount of any liability owing by the Fund, such as distributions to investors, the management costs payable to the Investment Manager, provisions and contingent liabilities.

Citi values Fund assets in accordance with standard market practice and market prices are generally electronically sourced from third party vendors. Where no independent pricing source is available to value an asset, Citi and the Responsible Entity will liaise with each other to determine the value of the asset in accordance with acceptable industry standards.

The custody agreement between the Responsible Entity and Citi sets out (among other things) the nature of the engagement and Citi's obligations (and liability for any breach thereof) including the requirement to exercise reasonable care in carrying out its duties. It also prescribes how instructions will be given, how records are to be kept, notification and reporting requirements, and Citi's obligation to give reasonable access and assistance to PwC and the standards by which Citi's performance will be assessed.

As is standard practice for global investment dealings, Citi may engage third party sub-custodians around the world to transact and hold assets located outside of Australia for the Fund. In this respect, the sub-custodians are not required to comply with Australian laws. Citi monitors its sub-custodians and requires them to exercise reasonable care in carrying out the terms specified in their sub-custodial agreements with Citi.

The following types of assets are held in the Fund within a range of up to 100% of the NAV:

- Securities (including unit trusts) listed or expected to be listed on the Australian Securities Exchange (ASX) or any recognised Australian exchange. In the case of a security expected to be listed, an investment in an entity (for example, a company or trust) which may not be the final entity whose securities become listed but is the vehicle through which there will become an entitlement to the securities expected to be listed;
- Australian cash investments; and,
- Exchange-traded derivatives.

## Disclosure Principle 5: Liquidity

As at the date of this PDS, the Responsible Entity reasonably expects that it will be able to realise at least 80% of the Fund's assets, at the value ascribed to those assets in calculating the Fund's most recent NAV, within 10 days (subject to any relevant transaction costs).

You should note that there are risks associated with liquidity. Refer to Section 6 of this PDS for those risks.

## Disclosure Principle 6: Leverage

The Fund will borrow stock to enable short positions as part of the investment strategy. The Fund will not borrow cash.

Solaris is required to enter into an Australian Master Securities Lending Agreement to borrow stock from security lenders to enable short positions. The security lenders will be either prudentially regulated, a local branch of a global investment bank, or both. Under the agreement, security lenders require collateral equal to the value of all stock borrowed (plus a margin of 10% if using stock). For example, if the Fund borrowed securities worth 40% of the Fund's NAV, it would be required to post stock collateral to the lender worth 44% of the Fund's NAV ( $40\% \times 110\%$ ).

The Responsible Entity may remove a securities lender or appoint another securities lender in its place at any time without notice to investors. The maximum counterparty exposure in the event of security lender insolvency is 4% of the NAV.

The net exposure to Australian equities will range between 70% - 100% and cash (and equivalents) 0% - 30%. This can be achieved via a maximum long exposure of 140% and a maximum short exposure of 40%, resulting in a maximum gross exposure of 180%.

The maximum net exposure is 100% to Australian equities and cash equivalents.

### Example of impact of maximum allowable level of leverage on investment returns and losses

The example below is provided for illustrative purposes only to show the impact that leverage may have on an investment. It does not represent any actual or prospective level of leverage and is not reflective of the expected return outcome of the Fund. The worked example excludes transaction costs and fees.

If every investment held long and short increases in value by 10% the investment is now worth \$110.

\$100 x	140% =	\$140 x	10% =	\$154	
\$100 x	-40% =	-\$40 x	10% =	-\$44	
				<u>\$110</u>	= 10% return

If every investment held long and short decreases in value by 10% the investment is now worth \$90.

\$100 x	140% =	\$140 x	-10% =	\$126	
\$100 x	-40% =	-\$40 x	-10% =	-\$36	
				<u>\$90</u>	= 10% loss

If every investment held long increases in value by 10% and every investment held short decreases in value by 10% the investment is now worth \$118

\$100 x	140% =	\$140 x	10% =	\$154	
\$100 x	-40% =	-\$40 x	-10% =	-\$36	
				<u>\$118</u>	= 18% return

If every investment held long decreases in value by 10% and every investment held short increases in value by 10% the investment is now worth \$82

\$100 x	140% =	\$140 x	-10% =	\$126	
\$100 x	-40% =	-\$40 x	10% =	-\$44	
				<u>\$82</u>	= 18% loss

You should note that there are risks associated with the use of leverage. Refer to Section 6 of this PDS for those risks.

## Disclosure Principle 7: Derivatives

Solaris uses derivatives to manage the cash and company exposure in the portfolio. Derivatives used will be covered by cash (delta adjusted), physical securities or a combination of both. Derivatives will not be used to leverage the Fund. For example, futures and forwards may be used to gain exposure when they offer better opportunities to access the underlying security. These, and other derivatives, can be used to implement investment decisions, as a risk management tool (such as managing the effect of interest rates or foreign currency exposure), or to gain, or avoid, exposure to a particular market rather than purchasing physical assets.

The dealing desk is responsible for monitoring exposure and execution of derivatives and all dealing is subject to pre-trade compliance. The dealers are appropriately trained and experienced in the use and execution of derivatives.

Derivatives counterparties are selected based on the following criteria:

- a) an assessment of the background of the counterparty;
- a) where applicable, the counterparty's credit rating; and
- b) any other criteria the Responsible Entity or the Investment Manager deems relevant in the context of the particular counterparty and market conditions.

Any exposures to counterparties generated by over-the-counter derivatives are managed in accordance with internal guidelines and any relevant regulation. Counterparty risk is generally less for exchange-traded derivatives than for over-the-counter derivatives, though it is still present. If a counterparty defaults, then the Fund could face the risks of having limited recourse to its assets, missing an investment opportunity, or being unable to buy or sell an asset. Solaris evaluates the creditworthiness of its counterparties prior to the Fund entering into a transaction. The counterparties to over-the-counter derivatives will be global investment banks.

Refer to Section 6 for further details on counterparty risks.

## Disclosure Principle 8: Short selling

The Fund is a fundamental style neutral Australian equity long short product. The Fund will maintain a net exposure of 70% - 100%, with the proceeds from shorting (40% maximum) reinvested in preferred long positions in order to enhance returns.

There is a higher risk in creating a short position than creating a long position in relation to a security. In creating a short position, the Fund will borrow a security from a securities lender and sell it with the intention of repurchasing the security when the price of the security falls. If the price of the security rises, a loss is incurred which can be much greater than the price of the security at which it was sold. There is also the risk that the securities lender may recall a security that the Fund has borrowed at any time which means that the Fund may have to buy the security at an unfavourable price to meet its obligations.

Solaris aims to manage short position risk by having strict controls and risk management processes in place as outlined below.

The Fund is restricted to holding no more than 40% of the Fund's NAV in short positions. The purchase of additional shares using proceeds from short selling is limited to a further 40% of the Fund's NAV. This means the total gross exposure is limited to 180% of the Fund's NAV.

When a short position is initiated, it is classified by the analyst into one of three categories: Outright, Funding and Pair. Categorising shorts helps manage portfolio biases. It also assists analysts, the CIO, and Portfolio Specialists maintain a strong buy/ sell discipline as the investment horizon may differ for different categories.

- Outright shorts are expected to fall in price outright. These securities will likely fail the Financial, Geo-political, ESG or Litigation screens. Solaris also believes that they have earnings risk or are simply over valued based on their qualitative evaluation. There is also typically an event that an investment manager is waiting for to close out the short. The investment horizon for outright shorts is much shorter.
- Funding shorts are expected to underperform the conviction longs. These securities may go up in price but not as much as the preferred longs. Solaris believes that they are simply over valued based on their qualitative evaluation and the capital generated from the short can generate better returns in their conviction longs. The investment horizon for funding shorts is much longer.
- Pair shorts are expected to underperform the pair long. These securities are generally in the same industry, usually homogenous and become mispriced relative to each other. Solaris believes that they are simply over/ under-valued relative to each other based on their qualitative evaluation. The investment horizon for pairs can vary.

Risk is managed with the following 4 factors in mind: borrow availability, recall risk, level of short interest and days to cover.

Short position sizes are adjusted according to the level of risk associated with each factor in an individual security. In the most extreme example, if a security has limited borrow availability, the lender has classified the stock as high recall risk, it already has a large short interest on the register and would take a considerable amount of time to cover, the short investment will be deemed too risky and not initiated. These risk factors are calculated and monitored daily.

### **Example of short selling in investment returns**

Below is a hypothetical example showing the potential gains and losses from short selling. It does not take into account transaction costs or any other expenses associated with stock trading.

An investor believes that the price of XYZ stock is due to fall, so decides to sell short 100 shares of the company with the aim of benefiting from the price fall. XYZ's current price is \$25.

The investor executes the short-sell order for 100 shares and borrows the shares from a stock lender to immediately sell them on the market. The investor receives a cash inflow of \$2,500 from this transaction.

Two weeks later, the price of XYZ has dropped to \$20. The investor now buys the shares on the market and returns them to the stock lender. In this transaction, the investor has spent \$2,000 to repurchase the shares.

The investor has received \$2,500 and spent only \$2,000, so the profit on the trade is \$500. Alternatively, if, after two weeks, the price of XYZ had risen to \$30, the investor would have had to buy the shares back on the market for a cost of \$3,000 to be able to return them to the lender. In this situation, the investor would have received \$2,500, but spent \$3,000, leaving the investor with a loss of \$500.

## **Disclosure Principle 9: Withdrawals**

When you withdraw, your units will be redeemed based on the exit price for the Business Day on which your withdrawal request is processed. As part of the withdrawal proceeds, unitholders will receive their share of any net income attributable to the units of the Fund for the period of time during which their units were on issue in the relevant distribution period. These proceeds are included in the unit price. Unitholders will also receive their share of the capital value attributable to the units of the Fund on withdrawal

Withdrawal requests can be made daily and must be received by Citi, prior to 12pm (Sydney time) on a Business Day. Withdrawal requests received after that time, or on a non-Business Day, will be treated as being received on the next Business Day.

There is a minimum withdrawal amount of \$5,000. In addition, if your withdrawal request would result in your investment balance being less than \$5,000, we may treat your withdrawal request as being for your entire investment. We will provide investors with advance notice of any compulsory redemption. The minimum balance does not apply to investments through an IDPS.

Electronic transfer of the redemption proceeds can take up to five Business Days, however it is often completed in a shorter period of time.

There may be circumstances where your ability to withdraw from the Fund is restricted. We will notify unitholders of any material changes to your withdrawal rights (such as a suspension of withdrawal rights). In certain circumstances we may suspend withdrawals if we believe this is in the best interests of unitholders. These circumstances include for example, where it is impractical to value the Fund because of an emergency or trading restriction in a country that the Fund invests in, or if the stock exchange on which the investment of the Fund is listed closes.

Under the Corporations Act, the Fund is Illiquid if it has less than 80% liquid assets (generally cash and marketable securities). We will not satisfy a withdrawal request (including switches) if the Fund becomes illiquid (as defined under the Corporations Act). If the Fund is Illiquid, withdrawals from that Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy withdrawal requests, the requests will be satisfied proportionately amongst those unitholders wishing to withdraw from the Fund.

For information on withdrawal restrictions, refer to 'Delays to withdrawal payments' in Section 8.



# 6. Risks

## Risks of Managed Investment Schemes

**All investments carry risk.** All managed investment schemes carry different types of risk which can have varying impacts on returns. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of risk.

Due to uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives. The value of your units at any point in time may be worth less than your original investment even after taking into account the reinvestment of Fund distributions. Future returns may differ from past returns and past performance is not a reliable guide to future performance. Returns are not guaranteed, and you may lose some or all of your money.

Neither the Responsible Entity, Pinnacle, nor the Investment Manager, their directors, associates, nor any of their related bodies corporate (as defined in the Corporations Act) guarantee the success of the Fund, the repayment of capital, or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by the Responsible Entity, Pinnacle, the Investment Manager, or any other person or party, and you may lose some or all of your investment.

Risks can be managed but cannot be completely eliminated. It is important to understand that:

- the value of your investment may go up and down;
- investment returns may vary, and future returns may be different from past returns;
- returns are not guaranteed and there is always the chance that you may lose money on any investment you make; and
- laws affecting your investment may change over time, which may impact the value and returns of your investment.

Some of the key risks that may impact the value of your investment in the Fund are outlined below. You need to consider the level of risk that you are comfortable with, taking into account factors such as your objectives, financial situation and needs.

It is recommended that investors obtain professional advice before making any investment decision. The information provided in this document is only a guide to help investors understand the risks of investing in the Fund. It is recommended investors speak with an adviser to decide on an investment strategy that is best suited for them.

The Fund will be exposed to risks directly as a managed investment scheme, and indirectly through its investment in the underlying assets. The significant risks for the Fund are:

### **Collateral risk**

The risk of loss arising from collateral that is pledged as security to a counterparty. Risks include the security being forfeited in the event of a default event of an agreement, or the credit risk of the counterparty. In the event the counterparty or clearer becomes insolvent at a time it holds collateral posted by the Fund, the Fund will be an unsecured creditor and will rank behind preferred creditors.

### **Counterparty risk**

The Fund relies on external service providers in its normal operations and investment activities. There is a risk with external counterparty and service provider arrangements that the party to a contract (such as a derivatives contract, physical security trade or foreign exchange contract) defaults on, or fails to



perform, its contractual obligations (either in whole or in part). This may result in a loss for the Fund or the investment activities of the Fund being adversely affected.

### **Cyber security risk**

As the use of technology has become more prevalent in the course of business, the Responsible Entity has become potentially more susceptible to operational risks through breaches of cyber security. A breach of cyber security refers to both intentional and unintentional events that may cause the Responsible Entity to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Responsible Entity to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss.

### **Derivative risk**

The Fund may invest in derivatives as part of its investment strategy. A derivative is an instrument whose value is linked to the value of an underlying asset and can be a highly volatile investment instrument. The derivative itself is a contract between two or more parties based upon the asset or assets. In addition to managing exposure of the Fund, the use of derivatives offers the opportunity for higher gains and can also magnify losses of the Fund.

Risks associated with using derivatives might include the risks associated with the derivative's counterparty, the value of the derivative failing to move in line with expectations or with the value of the underlying asset, potential illiquidity of the derivative, or the derivative's expiration.

Additionally, the use of derivatives may expose the Fund to risks including counterparty default, legal and documentation risk, and the risk of increased sensitivity of the Fund's unit price to underlying market variables through leverage.

### **Equity security risk**

The Fund primarily invests in equity securities issued by listed entities. An equity security represents an ownership interest in an entity (a company, partnership or trust), realised in the form of shares of capital stock, which includes shares of both common and preferred stock.

A security's price can rise and fall as a consequence of many factors including, but not limited to, economic conditions, changes in interest rates or currency rates, adverse investor sentiment, management performance, financial leverage, reduced demand for the company's products and services, or factors that affect the company's industry, including changes in regulation or taxation, as well as competitive conditions within the industry. This may result in a loss of value in the portfolio of the Fund and a change in value of your investment.

Equity securities may make payments (regular or irregular) as dividends, and these may fluctuate significantly in their market value with the ups and downs in the economic cycle and the fortunes of the issuing firm.

### **Gearing and leverage risk**

Leverage arises when the Fund takes on long and short positions that are greater in size than the NAV of the Fund's assets. It involves the use of borrowed funds in the purchase of an asset, to increase the potential return of the investment in the asset, with the expectation that the income from the asset and the asset price appreciation will exceed the borrowing cost.

The Fund will take leveraged positions through the use of derivatives with the aim of increasing returns, however this can also lead to magnifying any losses. While this process forms a key part of the investment strategy, it may mean that gains and losses may be significantly greater than those in a fund that is not leveraged.

## **Income risk**

The Fund may make payments (regular or irregular) as distributions, depending on the income the Fund receives from underlying assets. These may fluctuate significantly in their value with the ups and downs in the economic cycle and the fortunes of the issuing firms. Additionally, the aggregate effect of holding all assets simultaneously may result in risk due to losses from other assets.

## **Investment strategy risk**

The success of the Fund depends upon the Investment Manager's ability to develop and implement investment processes and identify investment opportunities for the Fund that achieve the investment objectives. Matters such as the loss of key staff, the Investment Manager's replacement as investment manager of the Fund or the Investment Manager's failure to perform as expected may negatively impact on returns, risks and/or liquidity.

Additionally, the Fund may fail to perform as expected or may not be able to achieve its stated objectives thereby reducing the value of your investment and leading to loss.

## **Investment structure risk**

There are risks associated with investing in a managed investment scheme, such as the Fund. These may involve risks of the Fund's termination, changes to investment strategy or conditions, changes to fees or expenses, or changes to the Fund's operating rules (such as payments or reinvestments of distributions, or additional investments). An investment in the Fund is governed by the terms of the latest Constitution and the PDS of the Fund, the Corporations Act, and other laws (such as regulatory updates, government policies, or taxation rules). Investing in the Fund can result in different performance from holding the underlying assets of the Fund directly, for example because of the aggregate effect of holding all assets simultaneously, or the impact of other investor's transactions.

The Fund may also invest in other managed investment schemes or collective investment vehicles ('Underlying Fund'). In addition to the risks for the Fund, these also apply to the Underlying Fund. The Fund may also experience risks the Underlying Fund will face transaction restrictions or liquidity constraints.

## **Large transaction risk**

If a unitholder has significant holdings in the Fund, the Fund is subject to the risk that such large unitholder may request a significant purchase or redemption of units of the Fund. Large purchases and redemptions may result in: (a) the Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g. brokerage); and/or (d) capital gains being realised which may increase taxable distributions to investors. If this should occur, the returns of investors (including other funds) that invest in the Fund may be adversely affected.

## **Liquidity risk**

Under extreme market conditions there is a risk that investments cannot be readily converted into cash or converted at an appropriate price. This may be due to the absence of an established market or as a result of a shortage of buyers. This may result in the Fund being unable to liquidate sufficient assets to meet its obligations (for example payment of withdrawals) within required timeframes, or the Fund being required to sell assets at a substantial loss in order to do so.

Additionally, different securities may be less liquid than other securities or pose a higher risk of becoming illiquid during times of market stress. The less liquid the security, the less likely the Fund will be able to transact quickly, and the more difficult it may be to sell the security when the Investment Manager wishes to do so. Therefore, it may become more challenging to realise the Investment Manager's perception of fair value.

## **Market risk**

The Fund has exposure to different financial markets. The risk of an investment in the Fund is higher than an investment in a typical bank account investment and the Fund is not expected to behave like a cash investment. Amounts distributed to unitholders may fluctuate, as may the Fund's unit price.

The Fund may be materially affected by market, economic, social and/or political conditions globally and in the jurisdictions and sectors in which it invests or operates. This includes conditions affecting interest rates, the availability of credit, currency exchange and trade barriers. These conditions are outside the control of the Fund and could adversely affect the liquidity and value of the Fund's investments and may reduce the ability of the Fund to liquidate its positions or make attractive new investments.

The unit price may vary by material amounts, even over short periods of time, including during the period between a withdrawal request or application for units being made and the time the withdrawal unit price or application unit price is calculated. The Fund's net exposure to share markets may vary through the use of derivatives. This means the value of the Fund could fall materially in a short period of time and you could lose some or all of your investment.

## **Regulatory risk**

The value of some investments may be adversely affected by changes in Australian government policies, regulations and laws, including tax laws and laws affecting registered managed investment schemes. Changes to regulations can affect the Fund's operation (for example changes to taxation rules can affect the Fund's income payments), disclosure (for example new regulations may require different information be reported or disclosed compared to current information), or investment activities (for example new regulations or tax rules may prohibit or restrict practices or activities the Fund relies on).

## **Risks related to alternative investment strategies**

The investment process for the Fund can be categorised as an 'alternative investment strategy'. Alternative investment strategies may be exposed to additional risks when compared to traditional investment strategies, such as long-only equity and fixed income strategies, for example they may:

- display performance characteristics that are not normally associated with more traditional investment strategies;
- display more pronounced reactions to events such as macroeconomic shocks;
- be influenced by events that do not affect more traditional asset classes.
- fail to generate performance in a consistent manner;
- fail to recover at all, or to the same extent as traditional investment strategies, after periods of poor performance; or,
- cease to perform temporarily, or permanently, resulting in an inability to generate positive returns, or to recover prior losses.

## **Securities borrowing risk**

Securities borrowing is the act of borrowing a stock, derivative or other security by the Fund from an investor or firm. Securities borrowing requires the borrower (the Fund) to put up collateral (for example cash, security or a letter of credit). When a security is loaned, the title and the ownership are also transferred to the borrower. In addition to standard equity securities risks, securities borrowing involves the potential for collateral margin calls and increased costs from market volatility.

Securities borrowing is important to short selling and allows the Fund to benefit from holding a security without purchasing it.

### **Short selling risk**

There is a higher risk in creating a short position than creating a long position in relation to a security. In creating a short position, the Fund will borrow a security from a securities lender and sell it with the intention of repurchasing the security when the price of the security falls.

If the price of the security rises, a loss is incurred which can be much greater than the price at which the security was sold.

There is also the risk that the securities lender may recall a security that the Fund has borrowed at any time which means that the Fund may have to buy the security at an unfavourable price to meet its obligations.

### **Unlisted security risk**

Unlike listed equity securities, an unlisted security is a stock or other financial instrument that is not traded on a formal exchange. As they are not exchange traded, unlisted securities can be less liquid than listed securities as there may not be an established market or market participants may not be as accessible. These also may be less transparent than listed securities as they are not regulated by an established exchange.

### **Withdrawal risk**

There may be circumstances where your ability to withdraw from the Fund is restricted. These circumstances may include (but are not limited to):

- market events that affect the liquidity or marketability of the Fund's assets;
- the Fund no longer being Liquid or able to meet its liquidity requirements; or
- investor activity has affected the Fund's ability to realise assets at an acceptable price.

If we, as Responsible Entity, determine that it is in the best interests of all unitholders, we may suspend or delay withdrawals and these payments may take longer than the typical timeframe. The timeframe in which we have to meet a withdrawal request is set out in the Constitution of the Fund and outlined in Section 8 'Investing in the Fund'.

Where the Fund is not liquid, you may only withdraw when we make an offer to withdraw to all investors, as required by the Corporations Act. For information on withdrawal restrictions, refer to 'Delays to withdrawal payments' in Section 8.

# 7. How the Fund Works

## How the Fund is valued

The Gross Asset Value ('GAV') of the Fund equals the market value of the assets. The Net Asset Value ('NAV') of the Fund attributable to the units is obtained by deducting any liabilities (for example fees and costs) from the GAV attributable to the units.

All assets within the Fund are usually valued every Business Day. More frequent valuations are permitted under the Constitution and we may revalue the Fund's assets more or less frequently if it is considered appropriate or in certain circumstances.

The Responsible Entity uses independent pricing services provided by the Fund's Administrator, Citi, for the valuation of the Fund's assets, which is generally calculated on a daily basis, using security prices as at the close of trading in each relevant market (or any such time determined by the Responsible Entity). Listed investments are marked to market. The value of unlisted investments is determined by the Responsible Entity after consideration of the recommendations from the Fund's Investment Manager or the valuation method adopted by an independent third party. Unit prices may be viewed on the Investment Manager's website.

## Unit prices

Units offered under this PDS are Class A units of the Fund. A unit price is calculated for every Business Day, which is equal to the value of the Fund's net assets attributable to the Class A units divided by the number of Class A units. Generally, the unit price changes daily as the market value of the Fund's assets rises or falls.

Unit prices are based on the NAV of the Fund including provision for income and expenses, which have accrued, and an adjustment for a transaction cost factor (see 'Buy/Sell Spread' in Section 10 'Fees and other costs').

### Unit pricing policy

The Responsible Entity complies with ASIC Corporations (Discretions for Setting the Issue Price and Withdrawal Price of Interests in Managed Investment Schemes) Instrument 2023/693 as it relates to unit pricing requirements and has adopted a compliant policy for unit pricing discretions it uses in relation to the Fund ('Unit Pricing Policy'). Additional documents may be prepared for this purpose from time to time. This document may be revised or updated to reflect changes in the Fund Constitution or the pricing policies of the Responsible Entity. The Unit Pricing Policy and discretions exercised by the Responsible Entity are available from us, at no charge, upon request.

### Impact of investing just before the end of a distribution period

After a distribution is paid, the unit price usually falls by an amount similar to that of the distribution per unit. This means that if you invest just before a distribution, the unit price may already include income that you would be entitled to receive at the distribution date. Consequently, by investing just before a distribution, you may have some of your capital returned as income through the distribution payment.

This could affect your taxation position and we recommend you seek professional taxation advice.

## Income distributions

### How you receive income from your investment

Income (such as interest, dividends and realised capital gains) from investments in the Fund will be paid to you via income distributions. Distributions are payable half-yearly, subject to the Fund having sufficient distributable income.

Distributable income takes into account income received from the investment activities of the Fund less any expenses charged to the Fund, as well as net capital gains made due to trading in the assets of the Fund. Revenue losses are not able to be distributed.

Capital gains are generally not distributed until the end (or shortly thereafter) of the period ending 30 June each year. Any net capital losses are carried forward to be offset against capital gains in future income periods.

### **Distribution reinvestment**

Distributions will be automatically re-invested unless you advise otherwise.

The distribution reinvestment price is the unit price at the end of the distribution period (without the applicable buy spread) less the distribution per unit payable. All units allotted as part of the distribution reinvestment will rank equally in all respects with existing units in the same class. At the time the distribution reinvestment price is set, all information that would, or would be likely to, have a material adverse effect on the authorized price of the units will be publicly available.

Investors may elect to have their distributions paid as cash any time by notifying us or the Fund's Unit Registry. The change will apply from the date of receipt, as long as it is at least 10 days prior to a distribution date, or such future date as nominated by you.

The Responsible Entity may cancel or suspend distribution reinvestments or modify the terms by which distribution reinvestments are permitted.

Distribution reinvestment will only apply in respect of unitholders who are resident in Australia or New Zealand. Investors who are not resident in Australia or New Zealand will have their distribution paid as cash.

## **Different classes**

As permitted under the Constitution, we may issue more than one class of units in the Fund, with different applicable fees and other different conditions of issue. This PDS applies to Class A units. For information relating to other unit classes, please contact us.

## **Operational governance**

The Fund's operation is governed by its Constitution and the Corporations Act, with other Relevant Laws.

### **Constitution**

The Constitution contains the rules relating to a number of operational issues and practices, including rights, responsibilities and duties of the Responsible Entity and unitholders in the Fund, some of which are outlined in further detail in this document.

Copies of the Fund's Constitution can be provided on request.

### **Compliance Plan**

The Fund's Compliance Plan outlines how we aim to ensure compliance with the Fund's Constitution, the Corporations Act and other Relevant Laws.

The Fund's Compliance Plan has been lodged with ASIC.

## 8. Investing in the Fund

### Applications

#### **Making an application**

##### **Direct investors**

You can apply online by completing an online application which is available on the Investment Manager's website at [www.solariswealth.com.au](http://www.solariswealth.com.au).

To invest through a paper-based application, complete the Application Form (including the provision of other documentation required for identification purposes) and return it, via post, with your initial investment to the Unit Registry.

Applications received, verified and accepted by the Unit Registry prior to 12pm (Sydney time) on a Business Day will generally be processed using the unit price for that day. For applications accepted after 12pm (Sydney time) or on a non-Business Day, generally the next Business Day's unit price will apply.

We reserve the right not to accept (wholly or in part) any application for any reason or without reason. If we refuse to accept an application, any monies received from you will be returned to you without interest.

##### **Indirect investors**

Investors and prospective investors may also access the Fund indirectly. This PDS has been authorised for use by operators through an Investor Directed Portfolio Service ('IDPS') or master trust. An IDPS is an investment and reporting service offered by an operator.

People who invest through an IDPS, master trust or wrap account are indirect investors. Such indirect investors do not acquire the rights of a unitholder of the Fund. Rather, it is the operator or custodian of the IDPS or master trust that acquires those rights. Therefore, indirect investors do not receive income distributions or reports directly from us, do not have the right to attend meetings of unitholders and do not have cooling off rights. Different investment, balance, and withdrawal minimums may also apply. Indirect investors should not complete the Fund's Application Form. The rights of indirect investors are set out in the disclosure document for the IDPS or master trust. If you are investing through an IDPS or a master trust, enquiries should be made directly to the IDPS operator or the trustee of the master trust. Any changes to investor details must also be made through the IDPS operator.

All changes to an account for an indirect investor, including but not limited to switches, changes of details, additional investment and redemption requests must be processed through the IDPS, master trust or wrap account provider.

#### **Additional information about investing**

For an application to be valid, the Application Form must be completed correctly and be appropriately signed by the applicant(s). We will not be able to process your application if the Application Form is incomplete or incorrectly completed, or we are not satisfied that we have received the necessary proof of identification requirements to meet our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and associated rules and regulations ('AML/CTF Law'), or we have not yet received your relevant FATCA/CRS declaration.

#### **Incomplete applications**

If, for any reason, we are unable to process your application, the application monies will be held by us in a non-interest-bearing trust account for up to 30 days (while we endeavour to verify your identification information or obtain any necessary outstanding information) after which we will return the application

monies to you. No interest is received on application monies, including monies for additional investments, and no interest will be paid to you if for any reason your application cannot be accepted.

### **Effect of the Application Form**

In addition to the acknowledgments contained in the declaration on the Application Form, by completing and signing the Application Form, the investor:

- a. agrees to be bound by the provisions of the Fund's Constitution;
- b. acknowledges having read and understood the PDS located at the Fund's webpage;
- c. authorises the provision of information relating to the investor's account to the named financial adviser, and any other authorised person by that adviser, from time to time;
- d. authorises the use of the TFN information provided on the Application Form in respect of the investor's Fund account;
- e. acknowledges that neither the Responsible Entity, its respective holding companies and officers, nor the Investment Manager and its respective officers and holding companies, guarantees the capital invested by investors or the performance of the specific investments of the Fund;
- f. acknowledges that the provision of the product available through the PDS should not be taken as the giving of investment advice by the Investment Manager or the Responsible Entity, as they are not aware of the investor's investment objectives, financial position or particular needs;
- g. acknowledges that the investor is responsible for ensuring that the information on the Application Form is complete and correct;
- h. acknowledges that neither the Responsible Entity nor its agents are responsible where a loss may be suffered as a result of the investor providing incorrect or incomplete information;
- i. agrees that the Responsible Entity may:
  - i. require the investor to provide any additional documentation or other information and perform any acts to enable compliance with the AML/CTF Law, FATCA, CRS or any other law;
  - ii. at its absolute discretion and without notice to the investor, take any action it considers appropriate including blocking or delaying transactions on the investor's account or refuse to provide services to the investor to comply with the AML/CTF Law or any other law; and
  - iii. in its absolute discretion and without notice to the investor report any, or any proposed, transaction or activity to anybody authorised to accept such reports relating to actual or suspected contraventions of the AML/CTF Law or any other law; and
- j. acknowledges that the Responsible Entity is required to collect the investor's personal information under the Corporations Act and the AML/CTF Law and agrees that information provided may be used as detailed in the PDS and the Responsible Entity's Privacy Policy.

### **Electronic offer document**

The Application Form may only be distributed when accompanied by a complete and unaltered copy of the PDS. The Application Form contains a declaration that the investor has personally received the complete and unaltered PDS prior to completing the Application Form.

The Responsible Entity will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete paper copy or electronic copy of the PDS or if it has reason to believe the Application Form or electronic copy of the PDS has been altered or tampered with in any way. Whilst the Responsible Entity believes that it is extremely unlikely that, during the period of the



PDS, the electronic version of the PDS will be tampered with or altered in any way, the Responsible Entity cannot give any absolute assurance that this will not occur.

Any investor who is concerned with the validity or integrity of an electronic copy of the PDS should immediately request a paper copy of the PDS directly from the Responsible Entity.

## Withdrawals

### Making a withdrawal

You can decrease your investment in the Fund by redeeming units at any time. The Responsible Entity endeavours to effect payment of withdrawals within five Business Days of processing your withdrawal request, however, this timeframe is not guaranteed and there may be occasions when timeframes are significantly longer. Under the Fund's Constitution, we have 21 days to satisfy a redemption request.

In addition to their share of the capital value of the Fund, and as part of the withdrawal proceeds, unitholders will receive their share of any net income of the Fund (corresponding to the unit class, the period of time during which their units were on issue, and the relevant distribution period). These proceeds are included in the applicable withdrawal unit price and will be treated as capital.

### Direct investors

Direct withdrawal requests can be made daily, and must be received, verified and accepted by the Unit Registry prior to 12pm (Sydney time) on a Business Day. Withdrawal requests received after that time, or on a non-Business Day, will generally be treated as being received on the next Business Day. Electronic transfer of the withdrawal proceeds can take up to five Business Days, however it will often be completed in a shorter period of time.

There is a minimum withdrawal amount of \$5,000 or less at the discretion of the Responsible Entity. In addition, if your withdrawal request would result in your investment balance being less than \$5,000, we may treat your withdrawal request as being for your entire investment. We will provide investors with advance notice of any compulsory withdrawals. Alternatively, we may return your withdrawal request to you unprocessed.

Please note that we only make payments to your nominated bank or financial institution account. No third-party payments will be allowed. There may be circumstances, as permitted under the Fund Constitution and Corporations Act, where your ability to withdraw from the Fund is restricted.

### Indirect investors

Indirect investors should not complete the Fund's withdrawal form. If you are investing through an IDPS or a master trust, enquiries relating to your account should be made directly to the IDPS operator or the trustee of the master trust. The minimum investment balance does not apply to investments through an IDPS.

### Delays to withdrawal payments

Under the Fund's Constitution, the Responsible Entity may suspend withdrawal payments under certain circumstances for such a period as it considers appropriate. This is likely to not exceed more than 30 days. These circumstances include, but are not limited to:

- we reasonably estimate that we must sell 5% or more of all the Fund's assets to meet outstanding withdrawal requests;
- total outstanding withdrawal requests require us to realise a significant amount of the Fund's assets, which may affect remaining unitholders (for example by creating an expense or tax burden);
-

- we reasonably consider it to be in the interests of unitholders to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period where withdrawals have been suspended, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

### **If the Fund becomes Illiquid**

We may delay or suspend a withdrawal request where we are unable to realise certain assets due to circumstances outside our control, such as when there is restricted or suspended trading in assets held by the Fund, or where the Fund becomes Illiquid as defined by the Corporations Act.

The Fund will be Illiquid under the Corporations Act if it has less than 80% of liquid assets (generally cash and marketable securities). If the Fund is Illiquid, withdrawals from the Fund may only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do you will only be able to withdraw your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy all withdrawal requests, the requests will be satisfied proportionately among those unitholders wishing to withdraw from the Fund.

## **Other transactions**

### **Switches**

Direct investors may switch from the Fund to another fund managed by the Investment Manager and operated by us through the same Unit Registry at any time. A switch operates as a withdrawal of units in one fund and the investment of units in the other fund and therefore may have taxation implications. Please contact a licensed financial or taxation adviser for further information.

There is no switching fee applicable as at the date of this document. However, a buy and/or sell spread or a contribution fee may apply (where applicable) to the relevant fund(s) at the time of the switch. Before making a decision to switch, you should read the relevant PDS located at the Investment Manager's website.

### **Transferring ownership**

You can generally transfer some or all of your investment to another person, although we are not obliged to process a transfer that does not meet prescribed criteria. Transfers may be subject to tax or other relevant regulations, and we recommend you acquire financial advice before making a decision regarding transferring your units.

### **Changes and delays to permitted transactions**

We can vary the minimum investment amounts for the Fund at any time and can also change the transaction cut-off time. The Responsible Entity has the right to refuse applications or withdrawals for any reason.

Where we consider it to be in the interests of unitholders, we may suspend application or withdrawal requests. Any application or withdrawal request received during a period where transactions have been suspended, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

## **Cooling-off**

If you are a retail client (as defined in the Corporations Act) investing directly in the Fund, a cooling-off period is permitted for a period of time following a purchase, when the purchaser may choose to cancel a purchase, for any reason, and obtain a full refund.

If you wish to exercise the cooling off rights, investors have a 14-day cooling-off period in which to decide if the investment is right for you. The 14-day cooling-off period commences on the earlier of the end of the fifth Business Day after we issue the units to you or from the date you receive confirmation of your application.

If you exercise your cooling-off rights, we will return your money to you and no fees will apply. However, the repayment of your investment under the cooling-off right is subject to market adjustment (both positive or negative) during the period in which the investment has been held. Where appropriate, administration costs may also be deducted. Therefore, there may be tax implications for you.

Cooling-off rights do not apply:

- to wholesale clients (as defined in the Corporations Act);
- to the operator of an IDPS or trustee of a master trust. Indirect investors do not have cooling off rights in respect of any units held in the Fund. Speak with the IDPS operator or trustee of a master trust to determine whether any cooling off rights are available to you through the service; or
- where units have been issued as a result of an additional investment, switch or distribution reinvestment plan.

## Complaints

The Responsible Entity has in place a procedure for handling all complaints. All complaints should be made by contacting us:

### **Complaints Resolution Officer**

Pinnacle Fund Services Limited

PO Box R1313

Royal Exchange NSW 1225

Email: [complaints@pinnacleinvestment.com](mailto:complaints@pinnacleinvestment.com)

Telephone: 1300 360 306

Please include the following information in your correspondence:

- your investor number;
- your preferred contact details; and
- a brief description of your complaint and/or matters that you would like addressed.

All complaints received will be acknowledged in writing within one Business Day or as soon as practicable after receiving the complaint. The Responsible Entity will act in good faith to ensure your complaint is investigated and resolved. If your issue has not been satisfactorily resolved within 30 calendar days, you can lodge a complaint with the Australian Financial Complaints Authority ('AFCA'). AFCA provides fair and independent financial services complaint resolution that is free to consumers. You can contact AFCA at:

Telephone: 1800 931 678 (free call)

Website: [www.afca.org.au](http://www.afca.org.au)

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

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

Please quote the Responsible Entity's membership number 10252 in communications with AFCA.

The dispute resolution process described in this PDS is only available in Australia.

If you are an indirect investor, you may either contact your IDPS operator or us with complaints relating to the Fund. Complaints regarding the operation of your account with the IDPS should be directed to the IDPS operator. If you have first raised a complaint with your IDPS operator and are not happy with how the complaint has been handled, you should raise that with the IDPS operator or the IDPS operator's external dispute resolution service.

## 9. How we keep you informed

### Statements and reports

For the most up to date information on your investment visit the Investment Manager's website.

At the Investment Manager's website, you can:

- access the PDS documents and the annual financial reports for the Fund;
- download Fund forms which includes the Application Form and other standard administration forms;
- monitor unit prices, investment performance and changes to the Fund (including changes to the Fund's risk profile, Fund's strategy, key service providers and key investment personnel); and
- read the latest views and opinions of the Investment Manager's investment team.

Annually updated information includes the Fund's:

- actual allocation by asset type;
- liquidity profile of portfolio assets;
- maturity profile of the portfolio liabilities (if applicable);
- leverage ratio;
- derivative counterparties engaged;
- monthly or annual investment returns over at least a 5-year period (or since inception); and,
- changes to key service providers (and related party status), if applicable.

By making an application to acquire a unit, you agree to receive certain communications and disclosures in relation to the Fund and units in digital form.

#### **Confirmation statement**

A statement of confirmation will be sent to you for your initial investment, as well as any additional investments and withdrawals within three Business Days of processing via your preferred method of communication.

#### **Transaction statement**

You will be sent a transaction statement on a quarterly basis via your preferred method of communication. The transaction statement will provide you with the total value of your investment as at the end of that period, including any switches, withdrawals, investments and distributions received.

#### **Annual taxation statement**

After making any distribution for the final distribution period (ending 30 June) each year, an annual taxation statement will be sent to you via your preferred method of communication.

#### **Distribution statement**

A distribution statement will be sent to you via your preferred method of communication in the month following the end of a distribution period, detailing your income distribution and current balance.

## **Financial report**

The annual financial report for the Fund you are invested in, detailing the financial performance of the Fund for the financial year ending 30 June, can be downloaded from [www.pinnacleinvestment.com](http://www.pinnacleinvestment.com) and will be available by 30 September each year.

## **Continuous disclosure**

The Responsible Entity will comply with the continuous disclosure requirements for disclosing entities under the Corporations Act where the Fund is a disclosing entity.

This means that the Fund will be subject to regular reporting and disclosure obligations and copies of documents the Responsible Entity lodges with ASIC for the Fund may be obtained from or inspected at an ASIC office.

Upon request, and at no charge, the Responsible Entity will also send you copies of:

- the most recent annual financial report for the Fund lodged with ASIC;
- any half year financial reports for the Fund lodged with ASIC after the lodgment of the most recent annual financial report and before the date of the relevant PDS; and
- any continuous disclosure notices given by the Fund after the lodgment of that annual report and before the date of the PDS.

Also, we will comply with our continuous disclosure obligations for the Fund by publishing material information on the Fund's website.

## 10. Fees and other costs

### DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

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

This section shows the fees and other costs you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole. Taxes are set out in Section 11 of this PDS.

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

**WARNING:** Additional fees and costs may be paid to a financial adviser if a financial adviser is consulted. The details of these fees and costs should be set out in the Statement of Advice by your adviser.

### Fees and Costs Summary: Solaris Australian Equity Long Short Fund

Type of fee or cost	Amount	How and when paid
<b>Ongoing Annual Fees and Costs<sup>1,2</sup></b>		
<b>Management Fees and Costs</b> The fees and cost for managing your investment.	<b>Management Fee:</b> 0.99% p.a. <b>Indirect cost:</b> 0.00% p.a. <b>Management fees and costs are</b> 0.99% p.a. of the NAV of the Fund.	Management fees and costs are comprised of: <ul style="list-style-type: none"> <li>• Management Fees</li> <li>• Indirect costs</li> </ul> The Management fee is calculated daily based on the Fund's NAV, reflected in the daily unit price and payable monthly in arrears from the Fund. Indirect costs are paid out of the assets of the Fund or interposed vehicles in which the Fund invests as and when incurred and reflected in the unit price of the Fund. Extraordinary expenses are paid from the Fund's assets as and when incurred. <sup>3</sup>
<b>Performance fee</b> Amounts deducted from your investment in relation to the performance of the product.	0.03% p.a. of the NAV of the Fund. <sup>4</sup>	If applicable, a performance fee of 15% of the Fund's outperformance (net of management fees) relative to its Benchmark return, multiplied by the NAV of the Fund. The performance fee is calculated and accrued each Business Day and is reflected in the daily unit price. The performance fee is payable semi-annually.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets.	Transaction costs are estimated to be 0.31% of the NAV of the Fund.	Transaction costs associated with dealing with the Fund's assets will be deducted from the Fund. As some transaction costs will be paid for by investors who are charged the buy/sell spread when they enter or exit the Fund, the transaction costs are shown net of the buy/sell spread.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)</b>		

<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment.	Nil	Not applicable
<b>Buy/Sell spread<sup>5</sup></b> An amount deducted from your investment representing costs incurred in transactions by the scheme.	0.30% upon entry and 0.30% upon exit.	The buy/sell spread is applied to each application and withdrawal from the Fund and operates to increase the relevant unit price for each new investment and to decrease the unit price for each withdrawal to cover costs of dealing with the Fund's assets.
<b>Withdrawal fee</b> The fee on each amount you take out on your investment.	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment.	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options.	Nil	Not applicable

1. Fees are inclusive of GST and net of any applicable Reduced Input Tax Credits ('RITC').
2. Fees and costs may be negotiated for certain investors such as wholesale clients (as defined in the Corporations Act), depending on factors such as the amount invested. Refer to 'Differential fee arrangements' below for further information about negotiable fees.
3. Refer to 'Extraordinary expenses' below for more information.
4. In accordance with the Corporations Regulations, this represents the average of the performance fees charged by the Fund over the past five financial years and which reasonably represents what a typical performance may be in any given financial year. However, the actual performance fee payable (if any) will depend on the performance of the Fund and the performance fee estimate provided may not be a reliable indicator of future performance fees.
5. When money moves in or out of the Fund, you may incur a buy/sell spread which is included in the unit price of the Fund. Refer to 'Buy/Sell spread' below for more information.

## Example of annual fees and costs for the Fund

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

Example of fee or Amount cost		Balance of \$50,000 with a contribution of %5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs	0.99% p.a. <sup>1</sup>	<b>And</b> for every \$50,000 you have in the Fund, you will be charged or have deducted from your investment <b>\$495</b>
<b>PLUS</b> Performance fees	0.03% p.a. <sup>2</sup>	<b>And</b> , you will be charged or have deducted from your investment <b>\$15</b> in performance fees each year



<b>PLUS</b>	Transaction Costs	0.31% p.a.	<b>And</b> you will be charged or have deducted from your investment <b>\$155</b> in transaction costs
<b>Equals</b>	Cost of the Fund	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of <b>\$665</b> .	
<b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>			

1. The example includes a performance fee estimate of 0.03%, which is the average of the performance fees charged by the Fund using actual performance history from inception up to 30 June 2024. However, the actual performance fee payable (if any) will depend on the performance of the Fund and the performance fee estimate provided may not be a reliable indicator of future performance fees of the Fund.
2. The example assumes management costs are calculated on a balance of \$50,000 with the \$5,000 contribution occurring at the end of the first year. Therefore, management costs are calculated using the \$50,000 balance only.

## Additional explanation of fees and other costs

### Management fee and costs

The management fees and costs, in relation to the Fund, are generally the administration and investment fees and costs (excluding transaction costs) of the Fund.

These costs include (where relevant):

- Responsible Entity fees;
- administration costs;
- safekeeping fees;
- audit costs; and
- legal costs.

The Investment Manager pays management costs out of the fees it receives. Therefore, for this Fund, the management fee, performance fee (if any), and indirect costs will typically reflect the total management costs.

### Performance fees

Depending on how well the Fund performs, the Investment Manager may be entitled to receive a performance fee which is payable by the Fund. The average annual performance fee charged by the Fund is estimated to be 0.03% p.a. or \$15 based on a \$50,000 investment. In accordance with the Corporations Regulations, this estimate is an average of the performance fees charged by the Fund since inception using actual performance history from inception up to 30 June 2024. Please note that the performance fees disclosed above are not a forecast as the actual performance fee and the current and future financial years may differ.

The performance fee is equal to 15% of the Fund's outperformance (net of management fees) relative to its Benchmark return, multiplied by the NAV of the Fund. The performance fee is calculated and accrued each Business Day. The Benchmark used for calculating the performance fee is the S&P/ASX 200 Accumulation Index. If the Benchmark ceases to be published, we will nominate an equivalent replacement index.

The performance fee is calculated each Business Day and may be positive or negative. If the performance fee is positive, the amount is incorporated in the Fund's unit price. If the performance fee is negative, the negative amount will be carried forward.

The performance fee amount payable by the Fund is equal to the total daily performance fee accrual for each half-year period, ending 31 December and 30 June.

The Investment Manager will only be paid the performance fee if the Fund's total daily performance fee accrual is positive at the end of each period. That is, any previous negative performance fee accruals generated when the Fund underperformed the Benchmark have been recovered.

### Performance fee calculation worked example

The worked example in the following table is shown only for the purpose of illustrating how the performance fee may be calculated for two unrelated days only and assumes there are no applications or withdrawals made during each day. The daily performance fee accrual is actually calculated as the day's opening NAV excluding the performance fee accrual plus any applications, minus any withdrawals (both assumed to be nil in the examples), multiplied by the Fund's daily out or underperformance of the Benchmark, multiplied by 15% (performance fee rate). The day's performance fee accrual is then added to the performance fee accrual balance (carried over from the previous day) to give the total performance fee for the period. The actual performance in the ordinary course of business, the unit price, the Benchmark, and the hurdles may all fluctuate during the period.

It is also important to note the below table is not an indication of the expected or future performance of the Fund, and that actual performance may differ materially from that used in the following worked example.

Fee Components	Example A (Fund outperforms Benchmark)	Example B (Fund underperforms Benchmark)
Performance fee rate	15%	15%
Opening NAV excluding performance fee accrual	\$10,000,000	\$20,000,000
Fund daily return	0.10%	-0.25%
Benchmark daily return	0.05%	0.70%
Daily out/underperformance of Benchmark	0.05%	-0.95%
Performance fee accrual (carried over from previous day)	\$20,000	\$75,000
Daily performance fee accrual	\$750	-\$28,500
<b>Total performance fee accrual<sup>1</sup></b>	<b>\$20,750</b>	<b>\$46,500</b>

1. If the performance fee accrual was positive on the last day of the performance period, a performance fee would be payable equal to the performance fee accrual (includes the net effect of GST and RITC).

Performance fees vary from year to year according to the Fund's actual performance and can be zero in any financial year. Past performance is not a reliable indicator of future performance. In particular, the performance fee payable (if any) will depend on the performance of the Fund and previous performance fees and may not be a reliable indicator of future performance fees of the Fund.

### Units withdrawn during a calculation period

The proceeds received by Investors for units withdrawn during a calculation period will be net of any payable performance fees accrued.

Where the accrued performance fee is negative and the number of units on a Business Day decreases, the accrued performance fee will be reduced by the proportion that the number of decreased units bears to the number of units on issue prior to the withdrawal. For example, if the accrued performance fee is negative and 5% of the units on issue are withdrawn (net of any applications), then the accrued performance fee amount will be reduced by 5%. An implication of this mechanism is that net redemptions for units could cause negative performance fee accruals to be recovered earlier than if no adjustment to the negative performance fee accrual were made, provided that the Fund subsequently outperforms the Benchmark. There is no reciprocal adjustment where the number of units increase.

## **Indirect Costs**

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in) and certain OTC derivative costs, where relevant. The Fund's indirect costs are estimated to be 0.00%, which is the actual indirect costs for the Fund over the prior financial year. The actual indirect costs payable (if any) will depend on the investments of the Fund and the indirect costs estimate provided may not be a reliable indicator of future indirect costs of the Fund.

## **Extraordinary expenses**

In general, the management fees, performance fees (when accrued, if any), and indirect costs are all that will be charged. However, under certain circumstances, extraordinary expenses may be paid directly by the Fund. Extraordinary expenses are not of an ongoing nature. Examples of this type of expense include:

- convening of a unitholders' meeting;
- termination of the Fund;
- amending the Fund's Constitution;
- defending or bringing of litigation proceedings; and
- replacement of the Responsible Entity.

## **Transaction costs**

Transaction costs associated with dealing with the Fund's assets may be recovered from the Fund. Transaction costs, other than any buy/sell spread (which is described below), may include brokerage, settlement fees, clearing costs and applicable stamp duty when underlying assets are bought or sold.

The total transaction costs incurred by the Fund for the previous financial year were calculated to be \$213 based on a \$50,000 holding (approximately 0.43% of total average net assets). The total transaction costs, net of buy/sell spread recovery, are estimated to be approximately 0.31% of total average net assets, or \$155 based on a \$50,000 holding. The net transaction costs are borne by the Fund as an additional cost to investors and are shown above in the 'Fees and costs summary'. These costs are in addition to the management costs set out above. These estimated costs are based on the actual amount for the Fund for the previous financial year.

Transaction costs are paid out of the assets of the Fund and are not paid to the Investment Manager.

## **Buy/sell spread**

The buy/sell spread forms part of the transaction costs. When you invest or withdraw all or part of your investment we generally apply a cost via a unit price 'buy/sell spread', which is an additional cost to you and retained by the Fund. A buy/sell spread operates to increase the relevant unit price for each new investment and to decrease the unit price for each withdrawal to cover costs of underlying portfolio transactions, which include brokerage, share settlement and clearing fees, government charges/stamp duty, bank charges and foreign exchange transaction fees. The current buy/sell spread for the Fund, which is an estimate of these costs, is 0.30% on both investment and withdrawal. For example, if \$50,000 was invested in, or withdrawn from, the Fund, the cost of your buy/sell spread would be \$150 in and \$150 out.

The purpose of the buy/sell spread is to ensure that the costs to the Fund of buying or selling underlying assets are borne by investors as they invest or withdraw and to not disadvantage longer term investors remaining in the Fund.

From time to time, we may vary the buy/sell spread. Any revised spread will be applied uniformly to transacting investors while that spread applies. In circumstances where the Responsible Entity determines that unitholders of the Fund are not being treated equitably (for example, withdrawals in stressed and dislocated markets), the buy/sell spread may be higher than our estimate.

The Responsible Entity has discretion to waive or reduce the buy/sell spread where the Fund incurs no costs, or reduced costs. Investors will be provided with notification of any changes to the buy/sell spread via the Fund's webpage.

### **Securities borrowing costs**

The securities borrowing costs are paid to the securities lender out of the Fund's assets. The securities borrowing costs are calculated each day based on the value of the short positions held by the Fund.

The total percentage of NAV that may be held in short positions for the Fund is limited to 40%. It is reasonably expected that 32% of the NAV may be held short at a borrowing rate of 0.75% per annum. Therefore, the securities borrowing costs that may be paid by the Fund is estimated to be \$120 on a \$50,000 holding (0.24% per annum). However, short positions and borrowing rates may vary over time.

### **Incidental fees and costs**

Standard government fees, duties and bank charges may also apply to your investments and withdrawals, including dishonour fees and conversion costs.

### **Adviser fees**

We do not pay fees to financial advisers. If you consult a financial adviser, you may incur additional fees charged by them. You should refer to the Statement of Advice they give you for any fee details.

### **Payments to IDPS Operators**

Subject to the law, annual payments may be made to some IDPS operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its investment management fee and is not an additional cost to the investor.

### **Fees for indirect investors (additional master trust or wrap account fees)**

Indirect investors must also refer to the fees and costs payable for the IDPS, master trust or wrap account they are investing through. The IDPS operator will be the registered holder of the units and may charge you fees that are different or in addition to the Fund's fees detailed in this section. You should refer to the offer document for the relevant IDPS, master trust or wrap account for more information.

### **Differential fee arrangements**

The management costs of the Fund may be negotiated with persons who qualify as wholesale clients within the meaning of the Corporations Act, such as sophisticated or professional investors. In negotiating such fees, we will take into consideration our obligations under the Corporations Act. Such arrangements will be by individual negotiation and will be disclosed separately to relevant clients. Please contact us on 1300 010 311 for further details.

### **Changes to fees and other costs**

We reserve the right to change fees and other costs, subject to any limitations under the Fund's Constitution and applicable law. We will give investors 30 days' notice prior to an increase in any fees.

The Fund's Constitution provides for various fees, specifically an application fee and withdrawal fee which we do not currently recover from the Fund.

**For more information on fees and costs**

If you would like to better understand how our fee structure may impact your investment in the Fund, we recommend that you speak to your financial adviser or visit the ASIC website at [www.moneysmart.gov.au](http://www.moneysmart.gov.au) where a fee calculator is available to help you compare the fees of different managed investment products.

# 11. Taxation

**WARNING:** Investing in a registered managed investment scheme may have tax consequences. You are strongly advised to seek professional tax advice.

The taxation implications of investing in the Fund can be complex and depend on a number of factors, including whether you are a resident or non-resident of Australia for taxation purposes and whether you hold the units on capital account or revenue account. This summary may not be relevant for investors that are subject to special tax rules such as banks, superannuation funds, insurance companies, managed investment trusts, tax exempt organisations and dealers in securities.

The Fund is an Australian resident for tax purposes and does not generally pay tax on behalf of its investors. Investors are generally subject to tax on their share of taxable income and capital gains attributed to them by the Fund.

The following tax comments have been prepared on the assumption that:

- the investor holds the units on capital account as a long-term investment;
- the Fund qualifies as an attribution managed investment trust ('AMIT') within the meaning of Section 276-10 of the Income Tax Assessment Act 1997 (Cth) and the Responsible Entity of the Fund elects to apply the AMIT regime to the Fund; and
- the Fund has made an irrevocable "capital election" to apply the Capital Gains Tax ('CGT') provisions pursuant to Section 275-115 of the Income Tax Assessment Act 1997 applicable to certain "covered assets"..

## Income of the Fund

The Fund has been established as an Australian resident unit trust. In accordance with the AMIT provisions, the Fund is required to determine certain amounts (e.g. assessable income, exempt income, non-assessable non-exempt income and tax offsets). The Fund then attributes these amounts of assessable income, exempt income, non-assessable non-exempt income and tax offsets (referred to as "characters") to investors on a fair and reasonable basis in accordance with their interests. The attributed trust amounts retain their tax character in the hands of investors and investors will be taxed on their attributed amounts even where amounts are not distributed in cash. Investors will be provided with an AMIT Member Annual ('AMMA') Statement for tax purposes after 30 June each year to assist the investor in determining their tax position. The AMMA Statement will advise all amounts attributed to an investor by the Fund for inclusion in their income tax returns. The AMMA Statements will also advise the character of the income, and any cost-base adjustments required to the units. Generally, no Australian income tax will be payable by the Responsible Entity of the Fund where investors are attributed with all taxable characters of the Fund each year.

The Fund's investments and activities are likely to give rise to income, dividends, capital gains and losses. Further detail in respect of the Australian tax treatment of these income/gains and losses at the Fund level is provided below.

In normal circumstances, you should expect the Fund to derive assessable income and/or capital gains each year.

### Fund franking credits

The Fund may derive franking credits from the receipt of franked dividends. These franking credits will be attributed to investors if certain conditions are met. One of these conditions is that the 45-day holding period rule has been satisfied by the Fund.

## **Tax losses**

In the case where the Fund makes a loss for tax purposes, the Fund cannot distribute the loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to take into account the losses in determining the income tax position in subsequent years.

## **Taxation of Financial Arrangements ('TOFA') rules**

The TOFA rules apply tax timing methods to certain “financial arrangements”. The TOFA rules mandatorily apply to all financial arrangements entered into by the Fund (for example debt securities and hedging arrangements), provided that the TOFA eligibility criteria is met by the Fund and no exclusions from the TOFA rules apply. Broadly, the TOFA rules have the effect of treating gains and losses from financial arrangements on revenue account and recognise certain gains and losses on an accruals basis which may, in certain circumstances, result in a taxing point prior to the realisation of the investments (unless a specific TOFA elective methodology is adopted).

## **Taxation of Australian resident investors**

Investors are generally subject to tax on their share of the taxable characters attributed to them by the Fund each year. Investors are treated as having derived their share of the taxable characters of the Fund directly on a flow through basis.

The way in which investors are taxed will depend on the underlying nature of each character they receive (for example, franked dividends to which franking credits may attach, capital gains, foreign income to which foreign income tax offsets ('FITOs') may attach, or interest income).

The AMMA Statement, provided to investors after 30 June each year (within three months of the end of the income year), will outline the amounts attributed to you by the Fund and the nature of those amounts (i.e. the characters of the total amount attributed), including any FITOs and franking credit entitlements.

## **Capital gains**

To the extent that an investor is attributed with characters of assessable capital gains, investors will include the capital gain in their net capital gain calculation. Certain investors may be entitled to apply the relevant CGT discount in working out the net capital gain (i.e. after offsetting capital losses) to include in their assessable income (refer further comments below).

## **Investor franking credits**

If franking credits are attributed to investors by the Fund, investors must include the amount of the franking credits in addition to the franked dividend income in their assessable income.

Certain requirements, including the 45-day holding period rule, may need to be satisfied in order to utilise franking credits in relation to dividends. The investor's particular circumstances will be relevant to determining whether the investor is entitled to any franking credits, in respect of franked dividends. Where entitled, a tax offset equal to the franking credits will be applied against the tax otherwise payable by investors on their total assessable income, subject to the investor satisfying specific conditions. Corporate investors may be entitled to convert any excess franking credits into tax losses. Certain other investors may be entitled to obtain a refund of any excess franking credits.

## **Under and overstatements of taxable income**

If the Responsible Entity discovers understatements or overstatements of taxable income and tax offsets in prior years, the Responsible Entity has the ability under the AMIT regime to deal with these understatements and overstatements in the financial year in which they are discovered ('discovery year') or to carry these forward to be dealt with in a future income year. That is, the distribution statements in relation to the discovery year may be adjusted to take into account these understatements or

overstatements from a prior financial year, rather than re-issuing amended distribution statements for the prior financial year to which the understatements or overstatements relate to.

The amount of attributed income from the Fund which the investor is required to include in their assessable income may be different to the cash distributions received by an investor in respect of their units. This is because the distributions received on the units may be determined by reference to the cash returns received in respect of the Fund, whereas the attributable income of the Fund is determined by reference to the overall tax income position of that Fund.

An investor may be required to make, in certain circumstances, both upward or downward adjustments to the cost or cost base of their unit holdings, where there is a difference between the cash amount distributed by the Fund and the taxable characters attributed by the Fund to investors for any income year.

If the amount of cash distribution received in relation to an income year exceeds the taxable characters (including the discount component of any discounted capital gains) attributed by the Fund, the cost base of the investor's units in the Fund should be reduced by the excess amount. This results in either an increased capital gain, or a reduced capital loss, upon the subsequent disposal of the investor's units in the Fund. Should the cost base of the units be reduced to below zero, the amount in excess of the cost base should be treated as a capital gain that is to be included in the investor's calculation of their net capital gain.

Conversely, where the cash distribution amount received in relation to an income year falls short of the taxable characters (together with the discount component of any discount capital gain) attributed by the Fund during a financial year, the cost base of the investor's units in the Fund should be increased by the shortfall amount.

### **Withdrawals from the Fund and disposal of units**

The withdrawal or disposal of a unit in the Fund is the disposal or cancellation of a CGT asset by an investor and a CGT event for tax purposes. To the extent that the proceeds exceed the cost base of the unit, you will make a capital gain. However, if the proceeds are less than your reduced cost base, you will make a capital loss. Generally, a capital loss can only be used to offset against capital gains derived in the current or a future tax year (subject to satisfying certain conditions).

An individual, trust or complying superannuation entity may be able to claim the benefit of the CGT discount if they have held the units for 12 months (excluding the acquisition date and disposal date). A corporate investor cannot claim the benefit of the CGT discount. Gains and losses realised by an investor who holds their units on revenue account will be taxable as ordinary income or an allowable deduction, and will not qualify for the CGT discount.

It is important to highlight that on 8 May 2018, the Australian Government announced a proposed measure to prevent Managed Investment Trusts ('MIT's) and AMITs from applying the CGT discount at the trust level. Following various deferrals of this measure (i.e. due to the COVID-19 crisis), it was announced that the start date for this proposal to apply would be revised to income years commencing on or after three months after the date of Royal Assent of the enabling legislation. At present, the legislation to introduce this new proposal has not yet been released. Further, following the Federal Election in 2022, the current Australian Government has not confirmed whether it will proceed with this proposal. Notwithstanding, it is recommended that any investors which are MITs or AMITs seek independent professional taxation advice in relation to the status and implications of this proposal before investing in the Fund.



## Non-resident individual unitholders

The above taxation summary is only for investors who are residents of Australia for tax purposes. The tax treatment of non-resident investors in the Fund depends on the investor's particular circumstances and the provisions of the relevant Double Tax Agreement between Australia and the country of residence. It is important that non-resident investors seek independent professional taxation advice before investing in the Fund.

The Fund may be required to withhold tax on part, or all, of the distributions made to non-resident investors.

## Goods and Services Tax ('GST')

Unless otherwise stated, the fees quoted in this PDS are inclusive of the net effect of GST and Reduced Input Tax Credits ('RITC'). The rate of GST and any other taxes may change if the relevant law changes.

Investors should not be directly subject to GST when applying for or withdrawing Units. However, the Fund may incur GST as part of the expenses of the Fund. The Fund may then be entitled to claim RITCs for GST incurred on certain expenses.

## Tax File Numbers and Australian Business Numbers

You are not required to quote your Tax File Number ('TFN') or, if you have one, an Australian Business Number ('ABN')<sup>1</sup> or claim an exemption from providing a TFN.

However, if a TFN or ABN is not provided, or an exemption is not claimed, we are required by law to withhold tax from distributions at the top marginal tax rate plus the Medicare Levy (and any other levies required to be withheld from distributions from time to time). If you are making this investment on behalf of a business or enterprise you carry on, you may quote your ABN instead of a TFN. The ABN, TFN, or an appropriate exemption can be provided on the Application Form when making an initial investment. The collection of TFNs is authorised and their use is strictly regulated by tax and privacy laws.

## Tax reforms

The expected tax implications of investing in the Fund may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Taxation Office.

It is recommended that investors obtain independent taxation advice that takes into account your specific circumstances regarding investing in the Fund and the potential application of any changes in the tax law.

## Foreign Account Tax Compliance Act ('FATCA') and OECD Common Reporting Standard ('CRS')

Tax evasion is a global problem and international cooperation and sharing of high quality, predictable information between revenue authorities will help them ensure compliance with local tax laws. FATCA was enacted by the United States (U.S.) Congress to improve compliance with U.S. tax laws by imposing due diligence and reporting obligations on foreign financial institutions, notably the obligation to report U.S. citizen or U.S. tax-resident account holders to the U.S. Internal Revenue Service ('IRS').

Similar to FATCA, the CRS for the automatic exchange of information, is a single global standard for the collection and reporting to tax authorities of information by financial institutions on non-Australian residents.

---

<sup>1</sup> Under AML/CTF Law, disclosure of an ABN is required for those individual investors who are a sole trader.

Accordingly, we may request certain information about yourself (for individual investors) or your controlling persons (where you are an entity) in order for the Fund to comply with its FATCA or CRS obligations. In the event that the Fund suffers any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither the Fund nor the Responsible Entity acting on behalf of the Fund, will be required to compensate you for any such tax, except in exceptional circumstances.

## 12. Privacy

All Personal Information will be collected, used and stored by the Responsible Entity in accordance with our Privacy Policy, a copy of which is available at [www.pinnacleinvestment.com](http://www.pinnacleinvestment.com) or on request.

### Collecting and using your information

The Unit Registry on behalf of the Responsible Entity may collect Personal Information during the application process. We may gather information about you from a third party. These include credit agencies, financial advisers, fund managers or intermediaries and appointed agents. We may also collect details of your interactions with us and our products and services (including from our records of any telephone and email interactions).

If you provide someone else's personal information to us, you must ensure that they first agree on the basis of this privacy section.

We will only collect Personal Information that is reasonably necessary for one or more of our functions or required or authorised by law. Generally, this means we collect information for the following purposes:

- to process your application;
- to administer your investment and provide you with reports;
- to monitor and improve the quality of service provided to you; and
- to comply with regulatory or legal requirements, including the Corporations Act, the AML/CTF Law, FATCA and CRS.

We may use your Personal Information so that we and our related companies can communicate with you to promote products and services that may be of interest to you. Please contact us if you do not wish your details to be used for marketing purposes.

### Accessing and correcting your details

You can access, correct or update any Personal Information we hold about you, subject to some exceptions allowed by law, by contacting 1300 010 311. We may charge a reasonable fee for access to your Personal Information. To ensure that the Personal Information we retain about you is accurate, complete and up to date, please contact us, if any of your details change.

### What happens if you do not provide information

If, for any reason, you do not provide all necessary information, we may not be able to process your application, and this may have implications for your investment account. For example:

- we may not be able to give effect to subsequent transaction requests (including additional applications or withdrawals) until all required information has been provided; or
- we may need to notify the Australian Taxation Office or international tax offices, or apply the highest marginal tax rate to any payments made to your accounts.

### Disclosing your information

We may exchange your Personal Information with your adviser, authorised representative, Power of Attorney and any other third parties if you request or provide consent to us. In addition, we may exchange Personal Information about you in the following circumstances:

- you consent to the disclosure;
- such disclosure is to your joint investor (if any);
- such disclosure is to companies that provide services to us, to our related bodies corporate (as defined in the Corporations Act), to the Fund, or on our behalf (and our related bodies corporate

may also exchange personal information with these companies) - for example administration, custody, investment management, technology, identity verification, auditing, registry, mailing or printing services. These service providers may be located outside Australia (for example in Malaysia, or elsewhere), where your personal information may not receive the same level of protection as that afforded under Australian law;

- where required or authorised by law, which may include disclosures to the Australian Taxation Office and other Government or regulatory bodies; or
- such disclosure is to organisations related to us, whether in Australia or any overseas jurisdiction.

# 13. Additional Information

## Consents

Solaris, Citi and PwC have consented to be named in this PDS in the form and context in which it is named and, as at the date of this PDS, have not withdrawn their consent. Solaris consents to the inclusion of statements about its investment strategy statements about the extent to which it takes labour standards and environmental, social and ethical considerations into account in making investment decisions, information about its investment team, and statements about when Solaris will effect short selling, leverage or derivatives strategies (where relevant). Solaris, Citi and PwC have not authorised or caused the issue of any part of this PDS and takes no responsibility for any part of this PDS other than the inclusion of the statements referred to above.

## Appointment of authorised representative

A person appointed as your authorised representative is authorised by you to:

- apply for units in the Fund and sign all documents necessary for this purpose;
- make requests to redeem all or some of your units (note: withdrawals processed as directed by the authorised representative fully discharges our withdrawal obligations to you); and
- make written requests for information regarding your units.

The Responsible Entity may act on the sole instructions of the authorised representative until the Responsible Entity is notified that the appointment of the authorised representative is terminated.

You can cancel your appointment of the authorised representative by giving the Responsible Entity 14 days prior notice. Termination of an appointment does not prejudice the following statement. By appointing an authorised representative, you agree to release, discharge and indemnify the Responsible Entity from and against any loss, expense, action, claims or other liability which may be suffered by you or brought against the Responsible Entity for any actions or omissions by you or your authorised representative, whether authorised or not by you or your authorised representative. Any request for information by an authorised representative will be responded to in writing only. Such written responses will be sent to the authorised representative's email/fax/residential address nominated on the Authorised Representative Form.

If an authorised representative is a partnership or a company, any one of the partners or any director of the company is each individually deemed to have the powers of the authorised representative. It is sufficient for the Responsible Entity to show that it had reasonable grounds for belief that an action was taken or a request given by or for an authorised representative, when determining whether an action or request was taken or given by the authorised representative.

## Indirect investors

Investors and prospective investors may also access the Fund indirectly. This PDS has been authorised for use by operators through an IDPS or master trust. An IDPS is an investment and reporting service offered by an operator. People who invest through an IDPS, master trust or wrap account are indirect investors. Such indirect investors do not acquire the rights of a unit holder of the Fund. Rather, it is the operator or custodian of the IDPS or master trust that acquires those rights. Therefore, indirect investors do not receive income distributions or reports directly from us, do not have the right to attend meetings of unit holders and do not have cooling off rights. Different investment, balance and withdrawal minimums may also apply. Indirect investors should not complete the Fund's application form. Indirect investors should not complete the Fund's application form. The rights of indirect investors are set out in the

disclosure document for the IDPS or master trust. If you are investing through an IDPS or a master trust, enquiries should be made directly to the IDPS operator or the trustee of the master trust.

All changes to an account for an indirect investor, including but not limited to the switches, changes of details, additional investment and redemption requests must be processed through the IDPS, master trust or wrap account provider.

## 14. Defined terms

Term	Definition
<b>ABN</b>	Australian Business Number.
<b>Administrator</b>	the appointed administrator of the Fund is Citigroup Pty Limited.
<b>AFSL</b>	an Australian financial services licence issued by ASIC.
<b>AMIT</b>	attribution managed investment trust.
<b>AML/CTF Law</b>	our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and associated rules and regulations.
<b>Application Form</b>	the application form for the Fund.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Business Day</b>	a day which is not a Saturday, Sunday or public holiday in New South Wales, Australia.
<b>Buy/Sell Spread</b>	the difference between the entry and exit price for a Fund, relating to transaction costs. It is a set, average percentage amount paid by investors when they transact.
<b>CGT</b>	Capital Gains Tax.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth).
<b>CRS</b>	OECD Common Reporting Standards.
<b>Custodian</b>	the appointed custodian of the Fund.
<b>FATCA</b>	Foreign Account Tax Compliance Act.
<b>Fund</b>	Solaris Australian Equity Long Short Fund ARSN 618 962 995
<b>Fund Forms</b>	the Solaris Fund Forms which incorporate all the necessary forms required for changing your details, applying to, or redeeming from Solaris Funds.
<b>Goldman</b>	Goldman Sachs International.
<b>Gross Asset Value ('GAV')</b>	the market value of a Fund's assets determined in accordance with the constitution and applicable accounting standards.
<b>Illiquid</b>	that a fund has liquid assets that amount to less than 80% of the fund's assets having regard to Section 601KA of the Corporations Act.
<b>Initial investment</b>	an Investor's initial investment which requires the opening of a new Fund account.
<b>Investor Directed Portfolio Service ('IDPS')</b>	or IDPS-like scheme or a nominee or custody service (collectively referred to as master trusts or wrap accounts), refers to a service that allows a person to access the Fund indirectly.
<b>Liquid</b>	that a fund has liquid assets that amount to at least 80% of the fund's assets having regard to Section 601KA of the Corporations Act.
<b>Net Asset Value ('NAV')</b>	the total value of the Fund's underlying investment portfolio, less any fees, charges, expenses and other liabilities accrued by the Fund, but excludes unitholder liabilities.
<b>PDS</b>	Product Disclosure Statement for the Fund.
<b>Personal Information</b>	information or an opinion (including information or an opinion forming part of a database) whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion, which is collected or held by the Responsible Entity.
<b>Pinnacle</b>	Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140
<b>Pinnacle Fund Services Limited or Responsible Entity</b>	Pinnacle Fund Services Limited ABN 29 082 494 362.
<b>Related Body Corporate</b>	as that term is defined in Section 9 of the Corporations Act.

<b>Relevant Law</b>	<p>any requirement of the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth), the Superannuation Industry (Supervision) Act 1993 (Cth), the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth), the Superannuation Prudential Standards issued by the Australian Prudential Regulation Authority from time to time, the AML/CTF Law and any other present or future law of the Commonwealth of Australia or any State or Territory with which the Responsible Entity, Solaris, or the governing rules of the Fund must satisfy in order:</p> <ol style="list-style-type: none"> <li>1. to secure imposition at a concessional rate of any income tax which, in the opinion of the Responsible Entity, is or may become payable in connection with the Fund; or,</li> <li>2. for the Responsible Entity or Solaris to avoid a relevant penalty, detriment or disadvantage.</li> </ol>
<b>RITC</b>	Reduced Input Tax Credits.
<b>Solaris or Investment Manager</b>	Solaris Investment Management Limited ABN 72 128 512 621 AFSL 330505.
<b>TFN</b>	Tax File Number.
<b>The US Securities Act</b>	US Securities Act of 1933, as amended.
<b>Unit Pricing Policy</b>	a compliant policy adopted by the Responsible Entity for unit pricing discretions it uses in relation to the Fund.
<b>Unit Registry</b>	The appointed unit registry of the Fund is Citigroup Pty Limited
<b>US Persons</b>	<p>U.S. Person, as defined in Regulation S of the U.S. Securities Act 1933, include:</p> <ul style="list-style-type: none"> <li>• any natural person resident in the United States;</li> <li>• any partnership or corporation organised or incorporated under the laws of the United States;</li> <li>• any estate of which any executor or administrator is a US Person;</li> <li>• any trust of which any trustee is a US Person;</li> <li>• any agency or branch of a foreign entity located in the United States;</li> <li>• any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;</li> <li>• any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or</li> <li>• any partnership or corporation if organised or incorporated under the laws of any foreign jurisdiction and formed by a US person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended ('the Act'), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Act) who are not natural persons, estates or trusts.</li> </ul>
<b>Withdrawal Request</b>	the form that must be completed when making a withdrawal of your investment from the Fund.