

Reference Guide

Issue No. 2, 31 March 2021



CONTACT AUSTRALIAN EX-50 FUND

Evolution Trustees Limited

ABN 26 611 839 519

Australian Financial Services Licence (AFSL) No. 486217



The information in this document forms part of the product disclosure statement dated 31 March 2021 and issued by Evolution Trustees Limited as responsible entity of the Contact Australian Ex-50 Fund

ARSN 639 574 708, APIR Code EVO4741AU

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ABOUT THIS REFERENCE GUIDE

The information in this Reference Guide forms part of the Product Disclosure Statement (PDS) issued by Evolution Trustees Limited (**Evolution, the Responsible Entity, we or us**) as Responsible Entity of the Contact Australian Ex-50 Fund (ARSN 639 574 708) (Fund) and dated 31 March 2021. Contact Asset Management Pty Limited (**Contact or the Investment Manager**) is the Investment Manager of the Fund.

Defined terms used in the PDS have the same meaning in this Reference Guide unless stated otherwise.

We recommend that you keep a copy of the PDS for the Fund and this Reference Guide for future reference.

The Information contained in the PDS and this Reference Guide is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should read this Reference Guide together with the PDS (in their entirety) before making a decision to invest in the Fund. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances before proceeding to acquire or dispose of units in the Fund.

You can access the PDS and this Reference Guide from contactam.com.au/ex-50-fund-overview/. You can obtain, free of charge, a paper copy of the PDS and this Reference Guide upon request by telephoning Contact on +61 2 9238 0522.

PART

A

HOW THE CONTACT AUSTRALIAN EX-50 FUND WORKS

INVESTING AND WITHDRAWING

Initial applications

You may invest in the Fund by using the application form accompanying the PDS. The PDS and application form are available at contactam.com.au/ex-50-fund-overview/.

We can only process your application if:

- we consider that you have correctly completed the Application Form;
- you have provided us with the relevant identification documents, if required; and
- we have received the application money (in cleared funds) stated in your Application Form. The time it takes for application money to clear varies depending on how you transfer the money and your bank.

We reserve the right to accept or reject applications in whole or in part at our discretion and delay processing of applications where we believe this to be in the best interest of all the relevant Fund's investors, without giving any reason.

We reserve the right at our discretion to accept application or redemption amounts below any applicable minimum amounts.

To invest in the Fund, use the application form accompanying the PDS.

Additional investments

Additional investments can be made at any time in writing using the appropriate form and will generally be processed on the business day they are received (if received by the Administrator by 2pm Sydney time).

Distributions

Any distributions reinvested are reinvested at the ex-distribution mid-price. The ex-distribution mid-price is calculated by taking the value of the investments of the Fund and taking away the value of the liabilities as defined in the Fund's constitution including the provision for distribution. We make no adjustment for costs of buying or realising investments (called a buy/sell spread). We divide the result of this by the number of units we have on issue. These steps give us a per unit price used in connection with reinvestment of distributions.

Withdrawing

Units in the Fund are not listed on any stock exchange like the ASX, so you cannot sell your units through a stockbroker.

If you want to withdraw your money, submit a withdrawal form to the Administrator. Instructions on how to submit a withdrawal form are contained on the form itself.

If you request a withdrawal of units using electronic means, you will need to accept full responsibility (to the extent permitted by law) for loss arising from us acting upon faxed or scanned instructions which comply with these security processes and you also agree to release and indemnify us and our agents (including the Administrator) in respect of any liabilities arising from us acting on faxed or scanned instructions (including future instructions), even if those instructions are not genuine. You also agree that neither you nor any other person has any claim against us in relation to a payment made or action taken under the facsimile or scanned instruction service if the payment is made in accordance with these conditions. These terms and conditions are additional to any other requirements for giving withdrawal instructions.

The amount of money you receive is determined by the unit price we calculate at the time we process your withdrawal request. We can withhold from amounts we pay you any amount you owe us or we owe someone else relating to you (for example, the Australian Taxation Office).

We generally pay withdrawal proceeds in cash to your nominated bank account, however we are permitted under the constitution of the Fund to pay proceeds in kind (i.e. in specie).

Payments can be delayed

In certain circumstances we may need to delay withdrawal of your money. We can delay withdrawal of your money for 180 days or such period as considered appropriate in our view in all the circumstances if:

- there are not enough investments which we can easily turn into cash (the law dictates this). We do not anticipate the Fund would ever become illiquid. If the Fund is illiquid you do not have a right to withdraw from the Fund. In such circumstances you can only withdraw where we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such offers;
- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty). We can delay payment for so long as this goes on;
- we receive a quantity of withdrawal requests representing more than 10% of the value of the investments of the Fund. We can stagger withdrawal payments;
- an emergency or similar state of affairs occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors;
- there is a closure or material restriction on trading on the ASX or realisation of the assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market; or
- we otherwise consider it is in the best interests of the investors to delay withdrawal of units.

Compulsory redemption

In certain circumstances we can, or may be required to, redeem some or all of your units compulsorily, including:

- if your account falls below the minimum investment amount;
- if you breach your obligations to us (for example, you provide misleading information in your unit application form);
- to satisfy any amount of money due to us (as responsible entity or in any other capacity relevant to the Fund) by you;
- to satisfy any amount of money we (as responsible entity or in any other capacity relevant to the Fund) owe someone else relating to you (for example, to the Australian Taxation Office);
- where we suspect that law prohibits you from legally being an investor; or
- such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

How we calculate unit prices

We calculate unit prices in the following way:

1. we calculate the value of the investments of the Fund and take away the value of the liabilities as defined in the Fund's constitution;
2. we make an adjustment (up for the entry price, to take account of the costs of buying investments or down for the exit price to take account of the costs of realising investments – by applying a buy/sell spread). The buy/sell spreads do not represent a fee payable to us or the Investment Manager and are discussed in more detail in "Additional explanation of fees and costs" in the PDS; and
3. we divide the result of this by the number of units we have on issue to produce a unit price.

Please note, all forms related to the administration of your investment in the Fund are available from the following website: contactam.com.au/ex-50-fund-overview/. This includes application forms, additional investment forms, change of details forms and withdrawal forms. Each form contains details as to how to send the form to the Fund's Administrator.

PART

B

BENEFITS OF INVESTING IN THE CONTACT AUSTRALIAN EX-50 FUND



BENEFITS AND FEATURES

Experience

Managed funds pool investor money in one place, and the professionals who manage the Fund use their resources, experience and expertise to make investment decisions.

Contact was established as an innovative investment manager, implementing a set of principles honed over many generations. It focuses on developing strong relationships with clients and investing alongside its investors, managing unique products to create long-term wealth. Contact is wholly owned by its founders Tom Millner, Will Culbert and Washington H. Soul Pattinson and Company Limited (**Soul Pattinson**). Together they are committed to investing for better outcomes.

Will Culbert and Tom Millner are primarily responsible for managing the assets of the Fund on a day to day basis.

Will Culbert (Director and Lead Portfolio Manager)

Will has over 20 years' experience in the funds management industry in Australia and the United Kingdom. Prior to the establishment of the Investment Manager in 2016, Will was Portfolio Manager for BKI Investment Company for 3 years. Will spent 11 years with Invesco Asset Management (formerly Concord Capital Pty Ltd) as an Equity Analyst and Portfolio Manager. He has also worked for the Bank of New York and Challenger Group.

Will holds a Bachelor of Business from the Australian Catholic University, a Graduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA) and a Masters of Commerce from the University of New South Wales. He is also a Graduate of the Australian Institute of Company Directors.

Tom Millner (Director and Portfolio Manager)

Tom has 19 years' experience in investment markets. Prior to the establishment of the Investment Manager, Tom was Chief Executive Officer of BKI Investment Company from 2008 to 2016 – a period in which total assets grew from \$440 million to almost \$1 billion.

Tom holds a Bachelor of Industrial Design from the University of Newcastle, a Graduate Diploma in Applied Finance and Investment from FINSIA and is also a Graduate of the Australian Institute of Company Directors.

Tom's current directorships include Soul Pattinson (since 2011) and New Hope Corporation Limited (since 2015).

Corporate governance

Under the Corporations Act and the Fund documents, investors are provided with several layers of independent oversight providing a robust corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

We are the responsible entity and we operate and administer the Fund. We hold an appropriate AFSL.

We have appointed Contact as the investment manager of the Fund.

We have appointed Mainstream as the independent custodian to hold the assets of the Fund and to provide administration and registry services for the Fund.

Clear legal rights

The constitution establishes the Fund and sets out the rules. Together with the PDS and the law from time to time, it governs your relationship with us and sets out your (and our) legal rights.

It gives us rights to be paid fees and expenses and be indemnified from the Fund. It governs (amongst other things) our powers (which are very broad), investor meetings and unit issue, pricing and withdrawal, as well as what happens if the Fund terminates.

The constitution limits our need to compensate you if things go wrong. Generally, subject always to liability which the Corporations Act imposes, we are not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

The constitution also contains a provision that it alone is the source of the relationship between you and us and not any other laws (except, of course, those laws that cannot be excluded).

We must have investor approval to make changes to the constitution that are adverse to the rights of investors.

You can obtain a free copy of the Fund's constitution by calling us on +61 2 8866 5150.

PART

C

RISKS OF MANAGED INVESTMENT SCHEMES



RISKS IN GENERAL

About risk and return

All investments are subject to varying risks and the value of your investment can decrease as well as increase (i.e. you can experience investment gains or investment losses).

Investment returns are affected by many factors including market volatility, interest rates and economic cycles. Changes in value can be significant and they can happen quickly.

Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in several different types of investments (often called diversification).

The significant risks associated with investing in this Fund are discussed in the PDS.

We cannot eliminate all risks and can't promise that the ways they are managed will always be successful. However, the Investment Manager's process is an important step in managing many of these risks.

The performance of the Fund will be influenced by many factors, some of which are outside our control and the Investment Manager's control.

If these risks materialise, your distributions may be lower than expected or there may be none. The value of your investment could fall and you could lose money.

Ways to manage your risk

You can help manage your own risks too. You can:

- know your investment goals and your risk tolerance;
- understand risk and return and be comfortable that an investment may not give you the outcomes you hope for;
- diversify your investments (that is, don't invest all your monies in the Fund);
- invest for at least the recommended timeframe;
- keep track of your investment; and
- speak with a financial adviser and make sure the Fund is the right investment for you.

PART

D

HOW WE INVEST YOUR MONEY



THE INVESTMENT PROCESS

The Investment Manager invests for the long term. It is a research driven, active equity manager that takes a bottom up fundamental approach when investing. The Investment Manager aims to invest in well managed, quality companies that offer compelling growth and yield opportunities. It places its investment focus on the merits of the individual company rather than market or economic factors.

The investment process encapsulates the following five key fundamentals for analysis of potential investment opportunities:

1. **Principal Activity** – sustainable business model, competitive advantages, barriers to entry and industry structure.
2. **Income** – dividend yield, franking credits, pay-out ratios and dividend sustainability.

3. **Financial Strength** – debt levels, debt serviceability, gearing ratios and coverage ratios.
4. **Management and Board** – alignment, experience, skill set and a track record in creating shareholder wealth.
5. **ESG Rating** – MSCI Rating Scorecard. Environmental Impact, Social Aspects, Corporate Governance and MSCI – ESG Rating
6. **Valuation** – earnings profiles and a variety of valuation metrics, including price to earnings multiples, enterprise value to EBITDA multiples and discounted cash flow valuations.

The diagram below shows the elements of the investment process.



PART

E

FEEES AND COSTS



ADDITIONAL EXPLANATION OF FEES AND COSTS

Can fees be different for different investors?

The law allows us to negotiate fees with “wholesale” investors or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion.

If you qualify as a wholesale investor, contact us to see if you’re eligible to negotiate fees with us.

What are the costs of investing and withdrawing from the Fund?

We have a documented policy (**Unit Pricing Policy**) in relation to the guidelines and relevant factors taken into account when calculating unit prices, including all transaction costs and the buy-sell spread. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the Unit Pricing Policy and records is available free on request. The Unit Pricing Policy is on our website (www.evolutiontrustees.com.au).

Can the fees change?

We may change the fees for the Fund. Reasons for this might include changing economic conditions and changes in regulation. The constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund’s constitution, we would need the approval of investors.

We will give you (or your IDPS operator) 30 days’ written notice of any proposed change to these fees.

We may accept lower fees than those disclosed in the fee table in section 6 of the PDS.

Government charges and taxation

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

The fees outlined in the PDS take into account any reduced input tax credits which may be available.

PART

F

HOW MANAGED INVESTMENT SCHEMES ARE TAXED



PAYING TAX

In all likelihood you will need to pay tax in relation to your investment in this Fund. Generally you will pay income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident. So it is important that you seek professional advice before you invest or deal with your investment.

We will send you the information you need each year to help you to complete your tax return.

We will distribute income and capital gains, if any, shortly after 30 June and 31 December each year. Distributions could comprise:

- income (for example, dividends and interest);
- net taxable capital gains (from the sale of the Fund's investments); and
- tax credits (for example, franking credits attached to dividend income and credits for tax paid on foreign income).

Additionally, Australian residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

If you choose not to provide us with your Tax File Number (**TFN**) or Australian business number (**ABN**) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

Australia has specific laws dealing with the taxation of certain trusts known as "Attribution Managed Investment Trusts" (**AMITs**). A trust can be an AMIT where it is a managed investment trust and its investors have "clearly defined interests". For the Fund to be an AMIT, we must make an irrevocable election to enter the AMIT regime.

Consequences of entering the AMIT regime include:

- the "attribution" of income to investors whereby investors are taxable on the income of the Fund attributed to them by the Trustee in accordance with the Fund documents;
- the ability to carry forward under/over distributions of income;
- upward and downward adjustments to the tax cost base of units in the Fund; and
- deemed fixed trust treatment under the tax law.

We intend to decide for the Fund to be an AMIT, if eligible. Under the AMIT regime, taxable income flows through to investors on an attribution basis rather than a distribution basis.

PART

G

MORE INFORMATION



PRIVACY

We use personal information about you to administer your investment and also to conduct research.

By applying for units in the Fund you consent and agree to information about you being obtained and used by us. We will collect and use your information in accordance with our Privacy Policy, a copy of which is available free of charge.

If you fail to provide us with the required information or if you provide us with incomplete or inaccurate information we may not be able to provide you with the products or services you are seeking within the time periods contemplated in the PDS.

Personal information about you is used to administer your investment in the Fund and also to conduct research.

Your information will not be disclosed unless:

- the law requires;
- your financial adviser needs the information;
- it is in keeping with our Privacy Policy and may be provided to external service providers including the Fund's custodian, Investment Manager, auditors, taxation and legal advisers and information technology consultants; or
- we need it to send you promotional material. If you do not want this, indicate on the application form or contact us anytime.

We may provide your personal information confidentially to external service providers including the Fund's custodian, auditors, taxation and legal advisers and information technology consultants.

We will disclose information if required by law to do so (including under the AML CTF Act and relevant taxation legislation (including FATCA and CRS)).

If you fail to provide the required information or if you provide incomplete or inaccurate information we may not be able to provide you with the products or services you are seeking.

If you think any of the details that we hold are wrong or out of date contact us and we will correct the details. You can always access the personal information held about you by contacting us on +61 2 8866 5150.

ANTI-MONEY LAUNDERING

In order to meet our obligations under the AML CTF Act or taxation legislation (including FATCA and CRS), we may require further information from you as to identity, the source of your funds and similar matters.

We are required to verify that information by sighting appropriate documentation.

Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential.

By applying for units in the Fund, you also agree that we may, in our absolute discretion:

- determine not to issue units to you;
- cancel units which have been issued to you; and/or
- redeem any units issued to you.

If we believe such action to be necessary or desirable in light of our obligations under the AML CTF Act or other legislation (including FATCA and CRS), we will not be liable to you for any resulting loss.



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