

Smarter Money Higher Income Fund USD Investor Class



Product Disclosure Statement

ARSN 601 093 485
APIR ETL3997AU
Issue Date 15 May 2020

About this PDS

This Product Disclosure Statement ("PDS") has been prepared and issued by Equity Trustees Limited ("Equity Trustees", "we" or "Responsible Entity") and is a summary of the significant information relating to an investment in the Smarter Money Higher Income Fund USD Investor Class (the "Fund"). It contains a number of references to important information (including a glossary of terms) contained in the Smarter Money Funds Reference Guide ("Reference Guide"), which forms part of this PDS. You should carefully read and consider both the information in this PDS, and the information in the Reference Guide, before making a decision about investing in the Fund.

The information provided in this PDS is general information only and does not take account of your personal objectives, financial situation or needs. You should obtain financial and taxation advice tailored to your personal circumstances and consider whether investing in the Fund is appropriate for you in light of those circumstances.

All references to dollar amounts in this PDS are in US Dollars unless otherwise stated.

The offer to which this PDS relates is only available to persons receiving this PDS (electronically or otherwise) in Australia.

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the Securities Act of 1933 as amended ("US Securities Act"). Equity Trustees may vary this position and offers may be accepted on merit at Equity Trustees' discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise approved by Equity Trustees and may not be offered or sold in the US to, or for, the account of any US Person (as defined in the Reference Guide) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

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The Reference Guide

Throughout the PDS, there are references to additional information contained in the Reference Guide. You can obtain a copy of the PDS and the Reference Guide, free of charge, by calling the Investment Manager on 1300 901 711, visiting www.coolabahcapital.com or by visiting Equity Trustees at www.eqt.com.au/insto or by calling the Responsible Entity.

The information contained in the Reference Guide may change between the day you receive this PDS and the day you acquire the product. You must therefore ensure that you have read the Reference Guide current as at the date of your application.

Updated information

Information in this PDS is subject to change. We will notify you of any changes that have a material adverse impact on you or other significant events that affect the information contained in this PDS. Any information that is not materially adverse information is subject to change from time to time and may be obtained by calling the Investment Manager on 1300 901 711, visiting www.coolabahcapital.com or by visiting Equity Trustees at www.eqt.com.au/insto. A paper copy of the updated information will be provided free of charge on request.

Investment Manager

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Ph: 1300 901 711
Email: info@coolabahcapital.com
Web: www.coolabahcapital.com

Authorised Representative (AR) #000414337 of
Coolabah Capital Institutional Investments Pty
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Responsible Entity Services Limited AFSL
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Administrator

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Responsible Entity

Equity Trustees Limited
ABN 46 004 031 298, AFSL 240975
GPO Box 2307
Melbourne VIC 3001
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Web: www.eqt.com.au/insto

1. About Equity Trustees Limited

The Responsible Entity

Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975, a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's responsible entity and issuer of this PDS. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Fund's responsible entity are governed by the Fund's constitution ("Constitution"), the Corporations Act and general trust law. Equity Trustees has appointed Smarter Money Investments Pty Limited as the investment manager of the Fund. Equity Trustees has appointed a custodian to hold the assets of the Fund. The custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

The Investment Manager

Smarter Money Investments Pty Limited

Smarter Money Investments Pty Limited is an authorised representative (#000414337) of Coolabah Capital Institutional Investments Pty Ltd (AFSL 482238) and an authorised representative (#001277030) of EQT Responsible Entity Services Limited (AFSL 223271).

Established in 2011, the Investment Manager's goals are to develop and deliver low risk savings and retirement solutions that outperform traditional cash and fixed-income products through active portfolio management. As at 30 September 2019, it was investment manager for approximately \$1.25 billion in assets.

These savings solutions, which include this Fund, have been created to satisfy demand for lower risk investment products that can:

- provide investors with cash and fixed-income opportunities that add value generally beyond deposits,
- outperform conventional fixed-income investments without taking significant interest rate duration risk,
- offer investors diversification opportunities away from the volatility of the share market, and
- supply retirees with regular quarterly income.

The Investment Manager sub-delegates all portfolio management responsibilities for the Fund to Coolabah Capital Institutional Investments Pty Ltd (CCII), which was responsible for running \$2.9 billion in fixed income strategies as at 30 September 2019.

2. How the Smarter Money Higher Income Fund - USD Investor Class works

The Fund is a class of the Smarter Money Higher Income Fund ARSN 601 093 485 (a registered managed investment scheme governed by the Constitution) denominated in US Dollars which will gain exposure to the underlying assets of the Smarter Money Higher Income Fund. The Fund will have rights to income and capital which are distinct from other classes of units on issue. The class of units offered under this PDS is the "USD Investor Class".

The Underlying Pool is predominately denominated in Australian Dollars and the Fund will aim to fully hedge its underlying Australian Dollar exposure back to US Dollars.

The Fund comprises assets which are acquired in accordance with the Fund's investment strategy. Direct investors receive units in the Fund when they invest. In general, each unit represents an equal interest in the assets of the Fund subject to liabilities; however, it does not give investors an interest in any particular asset of the Fund.

If you invest in the Fund through an IDPS (as defined in the Reference Guide) you will not become an investor in the Fund. The operator or custodian of the IDPS will be the investor entered in the Fund's register and will be the only person who is able to exercise the rights and receive the benefits of a direct investor. Your investment in the Fund through the IDPS will be governed by the terms of your IDPS. Please direct any queries and requests relating to your investment to your IDPS Operator. Unless otherwise stated, the information in the PDS applies to direct investors.

Applying for units

You can acquire units by completing the Application Form that accompanies this PDS or using the online application at www.coolabahcapital.com. The minimum initial investment amount for the Fund is \$1,000 USD. The Fund only accepts US Dollars.

Completed Application Forms should be sent along with your identification documents (if applicable) to:

Mainstream Fund Services Pty Ltd
GPO Box 4968
Sydney NSW 2001

Please note that cash cannot be accepted.

By completing the online application at www.coolabahcapital.com, you can identify yourself and transfer funds by electronic funds transfer (EFT) (a reference number will be sent to you).

We reserve the right to accept or reject applications in whole or in part at our discretion. We have the discretion to delay processing applications where we believe this to be in the best interest of the Fund's investors.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price on a Business Day is, in general terms, equal to the Net Asset Value ("NAV") of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Buy Spread"). At the date of this PDS, the Buy Spread is nil.

The Buy Sell Spread may change depending on the liquidity of the assets within the Fund's portfolio at that time. Any changes to the spreads after the date of this PDS will be published on the Funds website at www.coolabahcapital.com

The Application Price will vary as the market value of assets in the Fund rises or falls.

Making additional investments

You can make additional investments into the Fund at any time by sending us your additional investment amount together with a completed Application Form. Alternatively complete the online application. You can transfer funds by electronic funds transfer (EFT). The minimum additional investment into the Fund is \$1,000 USD. For more information on making an investment see the Reference Guide.

Distributions

Rights to income and capital in the Fund are distinct from other classes of units on issue. An investor's share of any distributable income is calculated in accordance with the Constitution and is generally based on the investments (the Underlying Pool, foreign currency and hedge arrangements) held by this class and the number of units held by the investor at the end of the distribution period.

The Fund usually distributes income quarterly at the end of June, September, December and March. Distributions are calculated effective the last day of each distribution period and are normally paid to investors as soon as practicable after the distribution calculation date.

Investors in the Fund can indicate a preference to have their distribution:

- reinvested back into the Fund; or
- directly credited to their USD denominated Australian domiciled bank account.

Investors who do not indicate a preference will have their distributions automatically reinvested. Applications for reinvestment will be taken to be received immediately prior to the next Business Day after the relevant distribution period. There is no Buy Spread on distributions that are reinvested.

In some circumstances, the Constitution may allow for an investor's withdrawal proceeds to be taken to include a component of distributable income.

Indirect Investors should review their IDPS Guide for information on how and when they receive any income distribution.

Access to your money

Investors in the Fund can generally withdraw their investment by completing a written request to withdraw from the Fund and mailing it to:

Mainstream Fund Services Pty Ltd
GPO Box 4968
Sydney NSW 2001

Or sending it by fax to +61 2 9251 3525

Or sending it by email to registry@mainstreamgroup.com

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

Equity Trustees will generally allow an investor to access their investment within 5 Business Days of acceptance of a withdrawal request by transferring the withdrawal proceeds to such investor's nominated bank account. Access to your investment at the end of a distribution period will take longer as the Fund's unit price is placed on a temporary hold whilst the distribution is calculated. However, Equity Trustees is allowed to reject withdrawal requests, and also to make payment up to 180 days after acceptance of a request (which may be extended in certain circumstances) as outlined in the Constitution and Reference Guide.

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

The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price on a Business Day is, in general terms, equal to the NAV of the Fund, divided by the number of units on issue and adjusted for transaction costs ("Sell Spread"). At the date of this PDS, the Sell Spread is 0.10%.

The Buy Sell Spread may change depending on the liquidity of the assets within the Fund's portfolio at that time. Any changes to the spreads after the date of this PDS will be published on the Funds website at www.coolabahcapital.com.

The Withdrawal Price will vary as the market value of assets in the Fund rises or falls.

Equity Trustees reserves the right to fully redeem your investment if your investment balance in the Fund falls below \$1,000 USD as a result of processing your withdrawal request. In certain circumstances, for example, when there is a freeze on withdrawals, where accepting a withdrawal is not in the best interests of investors in the Fund including due to one or more circumstances outside its control or where the Fund is not liquid (as defined in the Corporations Act), Equity Trustees can deny or suspend a withdrawal request and you may not be able to withdraw your funds in the usual processing times or at all. When the Fund is not liquid, an investor can only withdraw when Equity Trustees makes a withdrawal offer to investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator and the terms of the IDPS.

Unit pricing discretions policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of the assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy will be made available free of charge on request.

Additional information

If and when the Fund has 100 or more direct investors, it will be classified by the Corporations Act as a 'disclosing entity'. As a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations. Investors would then have a right to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report lodged with ASIC ("Annual Report");

- any subsequent half yearly financial report lodged with ASIC after the lodgement of the Annual Report; and
- any continuous disclosure notices lodged with ASIC after the Annual Report but before the date of this PDS.

Equity Trustees will comply with any continuous disclosure obligation by lodging documents with ASIC as and when required.

Copies of these documents lodged with ASIC in relation to the Fund may be obtained from ASIC through ASIC's website.

Further reading

You should read the important information in the Reference Guide about:

- Application cut-off times;
- Application terms;
- Direct Debit & savings plan;
- Authorised signatories;
- Reports
- Withdrawal cut-off times;
- Withdrawal terms;
- Withdrawal restrictions; and
- Compulsory redemptions,

under the "Investing in the Smarter Money Funds", "Managing your investment" and "Withdrawing your investment" sections before making a decision. Go to the Reference Guide which is available at www.eqt.com.au/insto. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

3. Benefits of investing in the Smarter Money Higher Income Fund - USD Investor Class

Significant benefits

Active management	The investment manager actively adjusts the Fund's portfolio of Australian cash, bonds, and listed income securities in order to maximise returns while minimising risk.
Target return	Targets returns above the midpoint of the US Federal Funds – Target Range plus 1.5% to 3.0% per annum after management costs – see Fees and costs section of this PDS for details.
Exposure to the wholesale bond market	The Fund has exposure to the Underlying Pool which invests in wholesale bonds issued by governments, banks and companies that are not always easy for individual investors to access.
No capped return	The Fund has no capped or fixed return, as would be the case with a fixed term deposit.
No fixed term	The Fund has no fixed minimum term, as would be the case with a term deposit.
Higher income	Aims to reliably distribute quarterly income above the returns available on traditional cash products.
No withdrawal penalties	You can access your investment anytime without penalties or break costs subject to normal liquidity and spreads.
Fast access	Withdrawals generally available in your bank account after 5 Business Days.

4. Risks of managed investment schemes

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

The Responsible Entity and the Investment Manager do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments will vary. Returns are not guaranteed and you may lose money by investing in the Fund. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may change in the future. The structure and administration of the Fund is also subject to change.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial or taxation advice, you should contact a licensed financial adviser and/or taxation adviser.

Market risk

This is the risk that an entire market, country or economy (such as Australia) changes in value or becomes more volatile, including the risk that the purchasing power of the currency changes (either through inflation or deflation), potentially causing a reduction in the value of the Fund and increasing its volatility. This may be because, amongst many other things, there are changes in economic, financial, technological, political or legal conditions, natural and manmade disasters, conflicts and changes in market sentiment.

Currency risk

The Fund is denominated in US Dollars and will have exposure to an underlying pool of assets which are predominately denominated in Australian Dollars. The Investment Manager will aim to manage the Fund's currency risk through the use of foreign exchange transactions such that at purchase the Fund's currency exposure is fully hedged to US Dollars. Although the Investment Manager aims to fully hedge currency exposures within the Fund they may not be hedged perfectly.

Currency movements may adversely affect the value of the Fund's investments and the income from those investments.

Investment and credit risk

This is the risk that the value of an individual investment in the Fund may change in value or become more volatile, potentially causing a reduction in the value of the Fund and increasing its volatility. This may be because, amongst many other things, there are changes in government or bank policies, the Investment Manager's operations or management, or business environment, or a change in perceptions of the risk of any investment. Various risks may lead to the issuer of the investment defaulting on its obligations and reducing the value of the investment to which the Fund has an exposure.

Interest rate risk

This is the risk that changes in interest rates can have a negative impact on certain investment values or returns. Reasons for interest rates changes are many and include variations in inflation, economic activity and Reserve Bank of Australia (RBA) policies.

However, interest rate risk with this Fund is reduced because the Underlying Pool predominantly invests in cash and floating-rate debt securities and is prohibited from investing in fixed-rate (ie, not floating-rate) debt securities with a term to maturity of longer than 24 months unless it hedges out the interest rate risk.

Ratings risk

The assets in which the Underlying Pool invests may or may not have been assigned credit ratings by independent ratings agencies. A ratings downgrade could significantly reduce the value of an investment and impact the value of the units of the Fund. Credit ratings do not guarantee the credit quality of a security, its underlying assets, or its repayment, and may be re-assessed by ratings agencies in a range of circumstances. Ratings agencies can make mistakes. The Investment Manager seeks to minimise this risk by assessing the credit risks inherent in any investments it makes.

Risk measure

The Investment Manager considers that the "standard risk measure" for this Fund is a Low to Medium risk rating, which means that the estimated number of negative annual returns over any 20 year period is 1 to 2. On a scale of 1 to 7 where 7 is riskiest in this respect, the Fund is in category 3.

The standard risk measure is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. It is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of fees and tax on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

Further reading...

You should read the important information in the Reference Guide under "Additional information on risks" about the risks associated with investing in the Fund before making an investment decision. Go to the Reference Guide which is available at www.eqt.com.au/insto. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

5. How we invest your money

Warning: Before choosing to invest in the Fund you should consider the likely investment returns, the risks of investing and your investment time frame.

Investment objective

The Fund targets returns in excess of the midpoint of the US Federal Funds Target Range plus 1.5% to 3.0% per annum, after management costs, over a rolling 12 month period. Investors targeting returns above deposits and other "active cash" investments may wish to consider the Fund.

The investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve over a rolling 12 month period. The Fund may not achieve its investment objective. Returns are not guaranteed.

Benchmark

Midpoint of the US Federal Funds Target Range plus 1.50% plus management fees (0.55% p.a.)

Minimum suggested time frame

Greater than 1 year.

Risk level of the Fund

Low to Medium risk rating.

Investor suitability

Those seeking returns in excess of the midpoint of the US Federal Funds Target Range rate plus 1.5% to 3.0% per annum, after management costs, over a rolling 12 month period.

Investment style and approach

The Investment Manager is an active manager. This entails applying bottom-up fundamental analysis of both issuers of the securities and the credit quality and structural features of the securities themselves to build a diversified portfolio of Australian cash and debt investments, including listed hybrids, that offer attractive total returns whilst minimising the risk of capital loss. Active managers seek to exploit mispricings of assets and/or find undervalued securities in order to produce superior performance.

The Fund has exposure to the Underlying Pool which offers relatively low interest rate/duration risk with a target of less than 3 months by investing in cash and floating-rate notes, which generally track the returns of the RBA cash rate plus a spread or margin, and limiting the maximum term of any fixed-rate securities to 24 months unless the interest rate has been hedged to floating. The Fund will invest in foreign exchange transactions (AUD) such that at purchase the Funds currency exposure is fully hedged to US Dollars. The Fund is separate from all other classes, with distinct rights to income and capital.

In addition to an active investment philosophy that seeks to profit from mispriced assets, the Underlying Pool also employs active asset-allocation between cash and riskier debt/hybrids securities. The Underlying Pool retains the agility to switch between cash and debt securities based on the Investment Managers' valuation views of each sector. When credit spreads are wide and the risk-return payoff on debt securities may be higher than cash, the exposure to these debt securities may increase. Equally when credit spreads compress the portfolio weight to cash may rise.

The ability to invest 100% in cash is a defensive attribute of the Underlying Pool.

Although the Underlying Pool is not the same as a bank account, the Underlying Pool does have a considered and diversified investment approach:

- the Underlying Pool can invest in bonds issued by Australian incorporated companies (or their wholly-owned subsidiaries) in Australian Dollars and foreign currencies, subject to hedging the exchange rate risk associated with these bonds (principal and interest) back into Australian Dollars,
- all the Underlying Pool's investments are Australian Dollar-denominated or fully hedged into Australian Dollars (so the Underlying Pool has no direct exposure to foreign exchange risk, for example),
- the Underlying Pool is diversified, investing across a range of Australian deposits and cash securities, floating-rate notes, fixed-rate bonds, asset-backed bonds and hybrid securities,
- the Underlying Pool targets a dollar-weighted average Standard & Poor's 'A' credit rating across its bonds and deposits (or equivalent rating as determined by rating agencies),
- the Underlying Pool may also invest in units in an ASX-listed fund or trust that solely invests in Australian Dollar denominated deposits, issued by ADIs that are regulated by APRA,
- the Underlying Pool does not hold more than 10% of its portfolio in unrated unlisted debt securities,
- the Underlying Pool does not hold more than 20% of its portfolio in ASX listed hybrids,
- the Underlying Pool does not invest directly in listed or unlisted ordinary shares (i.e. equities) although it can invest in exchange traded funds (ETFs), listed income securities and convertible preference shares (or hybrids),
- the Investment Manager seeks to limit the Underlying Pools interest rate risk, as defined by changes in capital values resulting from interest rate movements, by investing primarily in short-term deposits and floating-rate debt securities that generally track the RBA's cash rate and fixed-rate bonds with maturities no greater than 24 months unless the interest rate is hedged to floating with a target of keeping the portfolio's interest rate duration risk to less than 3 months,
- the Underlying Pool is not permitted to use leverage or gearing to enhance its returns, and
- the Underlying Pool has a Low to Medium risk rating under the "standard risk measure".

The Underlying Pool also has access to liquidity facilities that allow assets that are classified as "eligible securities" for repurchase by the RBA to be swapped with major Australian and international trading banks in exchange for cash, subject to these banks accepting these assets as part of their own repurchase operations.

Due to movements in the market or similar events, the guidelines set out above may not be adhered to from time to time. In these circumstances, the Investment Manager will seek to bring the Fund's investments within the guidelines within a reasonable period of time.

Asset allocation

The Fund will hold units in the Underlying Pool, USD & AUD cash, and invest in foreign exchange transactions such that at purchase the Fund's currency exposure is fully hedged to US Dollars. The Underlying Pool is actively managed by the Investment Manager and aims to take advantage of investment opportunities, and assets which are considered mispriced, within the Australian cash, fixed-income and listed hybrid (including bonds and preference shares with equity conversion features) markets. The Underlying Pool targets holding 30 to 60 bonds, hybrid securities, and cash investments as appropriate, although the actual number of assets may vary from this target.

Investment in the Fund is not the same as putting your money into a bank account. The Fund has exposure to the Underlying Pool which invests in a range of Australian deposits, money market securities, rated and unrated floating rate notes, fixed-rate bonds, asset-backed bonds, and listed hybrids. The Underlying Pool may also invest in units in an ASX-listed fund or trust that solely invests in Australian Dollar denominated deposits, issued by Authorised Deposit-taking Institutions (ADIs) which are regulated by the Australian Prudential Regulation Authority (APRA). It is also possible that from time to time derivatives may be used to manage the Underlying Pool's risks when considered appropriate.

Changing the investment strategy

The investment strategy and asset allocation parameters may be changed. If a change is to be made, investors in the Fund will be notified in accordance with the Corporations Act.

Labour, environmental, social and ethical considerations

The investment manager considers that that environment, social and governance (ESG) issues can affect investment performance and other issues including like credit ratings. It considers for example that ESG issues are not always fully incorporated by credit agencies when rating Australian fixed-income securities. Accordingly, it may take into account ESG issues as part of its active investment process, including with the goal of helping reduce potential credit risks and enhance investment performance. In accordance with its ESG policy, the Investment Manager takes a broad, implicit approach when carrying out this subjective assessment.

The types of ESG that may be taken into account include:

- **environmental:** weather, pollution and environmental disruption, sustainability, and associated reputational and brand risks
- **social:** political stability, human rights issues, privacy and cyber-security, impact on local communities, health and safety, and associated reputational and brand risks
- **governance:** board composition, risk management track-record, legal and compliance track-record, history of prosecutions, management remuneration, distribution of equity, and associated reputational and brand risks

Fund performance

Up to date information on the performance of the Fund can be obtained from www.eqt.com.au/insto. A free of charge paper copy of the information will also be available on request.

6. Fees and 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 account 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 contribution fees and management costs 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)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

The information in the following template can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from an investor's account or deducted from investment returns. For information on tax please see Section 7 of this PDS.

Type of fee or cost	Amount
Fees when your money moves in or out of the Fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs	
The fees and costs for managing your investment ¹	<p>Management fees: 0.55% p.a. of the NAV of the Fund²</p> <p>Performance fees: 22.50% of the amount by which the Fund's performance exceeds the Midpoint of the US Federal Funds Target Range plus 1.50% plus management fees 0.55% p.a. (Benchmark). No performance fees are payable until any accrued Fund losses from prior periods has been made up (we call this the high-watermark)³</p>

¹ All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how management costs are calculated.

² Management fees can be negotiated. See "Differential fees" below.

³ This represents the performance fees which are payable as an expense of the Fund to the Investment Manager. See "Performance fees" below for more information.

Additional Explanation of fees and costs

What do the management costs pay for?

Management costs comprise the additional fees or costs that a unitholder incurs by investing in the Fund rather than by investing directly in the assets.

The management fees of 0.55% p.a. of the NAV of the Fund are payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees are accrued daily and paid from the Fund monthly in arrears and reflected in the unit price. As at the date of this PDS, ordinary expenses such as investment management fees, custodian fees (excluding transaction-based fees such as trading or settlement costs incurred by the custodian), administration and audit fees, and other ordinary expenses of operating the Fund are covered by the management fees at no additional charge to you.

The management costs shown above do not include extraordinary expenses (if they are incurred in future), including litigation costs and the costs of convening unitholder meetings.

In addition, management costs do not include transactional and operational costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through the Sell Spread).

Performance fees

Performance fees are payable to the Investment Manager where the investment performance of the Fund exceeds the performance of the Midpoint of the US Federal Funds Target Range plus 1.50% plus management fees 0.55% p.a. (Benchmark). The performance fees are 22.50% of this excess, calculated daily and paid monthly in arrears from the Fund and calculated based on the beginning NAV of the Fund over the relevant period.

No performance fees are payable until any accrued Fund losses from prior periods has been made up (this feature is sometimes referred to as a high-watermark).

Based on the current calculation methodology for the performance fee, the Responsible Entity has estimated that the typical ongoing performance fee payable per annum may be \$160 assuming an average account balance of \$50,000 during the year. Prior performance periods for the Smarter Money Higher Income Fund have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available at www.eqt.com.au/insto.

Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, settlement costs, clearing and break costs and applicable stamp duty when assets are bought and sold. This generally happens when the assets of a fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of a fund.

The Buy/Sell Spread is a reasonable estimate of transaction costs that the Fund will incur when buying or selling assets of the Fund. These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing applications monies and funding withdrawals from the Fund and are not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption and not paid to Equity Trustees or the Investment Manager. The estimated Buy/Sell Spread is nil upon entry and 0.10% upon exit. The Dollar value of these costs based on an application or a withdrawal of \$1,000 USD is nil (application) and \$1.00 (withdrawal) for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time and www.coolabahcapital.com will be updated as soon as practicable to reflect any change. The Responsible Entity may also waive the Buy/Sell Spread in part or in full at its discretion.

Transactional costs which are incurred other than in connection with applications and redemptions arise through the day-to-day trading of the Fund's assets and are reflected in the Fund's unit price. As these costs are factored into the net asset value of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity. These costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to securities traded by the Fund. Liquid securities generally have a lower bid-offer spread while less liquid assets have a higher bid-offer spread.

We estimate that the total transaction costs for the Fund over the first full financial year will be 0.15% of the NAV of the Fund, of which 71.36% of these transaction costs is reasonably estimated to be recouped via the Buy/Sell Spread when applications or redemptions take place, resulting in a net transaction cost to the Fund of 0.04% p.a. These figures reflect the transaction costs of the Smarter Money Higher Income Fund - Direct Investor Class ARSN 601 093 485 during the financial year ended 30 June 2019.

However, actual transactional and operational costs for future years may differ.

Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. Equity Trustees has the right to recover all proper and reasonable expenses incurred in managing the Fund and as such these expenses may increase or decrease accordingly. We will generally provide investors with at least 30 days' notice of any proposed change to the management costs. In most circumstances, the Constitution defines the maximum fees that can be charged for fees described in this PDS. Expense recoveries may change without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law.

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 management fees and is not an additional cost to the investor. If the payment of annual fees to IDPS Operators is limited or prohibited by the law, Equity Trustees will ensure the payment of such fees is reduced or ceased.

Differential fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients.

Example of annual fees and costs for the Fund

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

Example – Smarter Money Higher Income Fund USD Investor Class		
BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
Plus Management costs comprising:	0.87% p.a.	And , for every \$50,000 you have in the Fund you will be charged \$435 each year comprising:
Management fees:	0.55% p.a.	\$275
Performance fees:	0.32% p.a.	\$160
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, then you would be charged fees of: \$435* What it costs you will depend on the fees you negotiate.

*This example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in the Fund.

The performance fees stated in this table shows the estimated performance fees for the financial year ended 30 June 2020 as a percentage of the Fund's average NAV. Our estimate reflects the performance fee of the Smarter Money Higher Income Fund - Direct Investor Class ARSN 601 093 485 during the financial year ended 30 June 2019. The performance of the Fund, and the performance fees, may be higher or lower or not payable in the future. As a result, the management costs may differ from the figure shown in the table. It is not a forecast of the performance of the Fund or the amount of the performance fees in the future. See also above (next to the heading "Performance fees") our estimated typical ongoing performance fees fee payable per annum. The actual indirect costs and performance fees for the current financial year and for future financial years may differ. For more information on the performance history of the Fund, visit Equity Trustees' website at www.eqt.com.au/insto. Past performance is not a reliable indicator of future performance.

Further reading...

You should read the important information in the Reference Guide under "Additional information on fees and costs" about the fees and costs associated with investing in the Fund before making an investment decision. Go to the Reference Guide which is available at www.eqt.com.au/insto. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

Warning: Investing in a registered managed investment scheme (such as the Fund) is likely to have tax consequences. You are strongly advised to seek your own professional tax advice about the applicable Australian tax (including income tax, GST and duty) consequences and, if appropriate, foreign tax consequences which may apply to you based on your particular circumstances before investing in the Fund.

The Fund is an Australian resident for tax purposes and does not generally pay tax on behalf of its investors. Where the Fund is eligible to be an Attribution Managed Investment Trust ("AMIT"), Australian resident investors are assessed for tax on any income and capital gains attributed to them. Where the Fund is not an AMIT, Australian investors will be assessed on income and capital gains generated by the Fund to which they become presently entitled.

Equity Trustees will make an irrevocable AMIT multi-class election for the USD class to be treated separately from other unit classes for income tax purposes. Consequently, where the Fund qualifies as an AMIT the net income and gains of the USD class (including in respect of FX hedges) will be attributed only to unitholders in this class. Where the USD class has a tax loss for a year of income, that tax loss may not be offset against the taxable income of the other classes but should instead be quarantined and carried forward to be offset against the income of the USD class in future income years (subject to the satisfaction of tax loss testing requirements).

Where the Fund does not qualify to be an AMIT for a particular year of income, the AMIT multi-class election would also not apply for that year of income. In this event, investors in the Fund (both in the USD class and other classes) would be taxed on the total taxable net income of the Fund in proportion to their share of the Fund's distributable income for that year of income.

8. How to apply

To invest please complete the Application Form accompanying this PDS, send funds (see details in the Application Form) and your completed Application Form to:

Mainstream Fund Services Pty Ltd
GPO Box 4968
Sydney NSW 2001

By completing the online application at www.coolabahcapital.com, you can identify yourself and transfer funds by electronic funds transfer (EFT) (a reference number will be sent to you).

Please note that cash cannot be accepted and all applications must be made in US Dollars.

Who can invest?

Eligible persons (as detailed in the 'About this PDS' section) can invest, however individual investors must be 18 years of age or over.

Cooling off period

If you are a retail client (as defined in the Corporations Act) who has invested directly in the Fund, you may have a right to a 'cooling off' period in relation to your investment in the Fund for 14 days from the earlier of:

- confirmation of the investment being received; and
- the end of the fifth business day after the units are issued.

A Retail Client may exercise this right by notifying Equity Trustees in writing. A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant Application Price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unit holder in the Fund during the 14 day period, this could include selling part of your investment or switching it to another product.

Indirect investors should seek advice from their IDPS Operator as to whether cooling off rights apply to an investment in a fund by the IDPS. The right to cool off in relation to a fund are not directly available to an indirect investor. This is because an Indirect Investor does not acquire the rights of a unit holder in a fund. Rather, an Indirect Investor directs the IDPS Operator to arrange for their monies to be invested in a fund on their behalf. The terms and conditions of the IDPS Guide or similar type document will govern an Indirect Investor's investment in relation to a fund and any rights an indirect investor may have in this regard.

Complaints resolution

Equity Trustees has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: 1300 133 472
Post: Equity Trustees Limited
GPO Box 2307, Melbourne VIC 3001
Email: compliance@eqt.com.au

We will acknowledge receipt of the complaint as soon as possible and in any case within 3 days of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 45 days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("AFCA").

Contact details are:
Online: www.afca.org.au
Phone: 1800 931 678
Email: info@afca.org.au
Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it's important that you contact us first.

9. Other information

Consents

The Investment Manager has given and, as at the date of this PDS, has not withdrawn:

- its written consent to be named in this PDS as the Investment Manager of the Fund; and
- its written consent to the inclusion of the statements made about it and CCII, in the form and context in which they appear.

The Investment Manager and the Custodian have not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. Neither the Investment Manager, the Custodian nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which it has provided its written consent to Equity Trustees for inclusion in this PDS.

Further reading

You should read the important information in the Reference Guide about:

- Your privacy;
- The Constitution;
- Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF");
- Indirect Investors;
- Information on underlying investments;
- Foreign Account Tax Compliance Act ("FATCA");
- Common Reporting Standard ("CRS");

under the "Other important information" section before making a decision. Go to the Reference Guide which is available at www.eqt.com.au/insto. The material relating to these matters may change between the time when you read this PDS and the day when you acquire the product.