

Third Link Growth Fund

Additional Information to the Product Disclosure Statement

Issued 24 June 2016

Bennelong Funds Management Ltd

Issuer and responsible entity

ABN 39 111 214 085 AFSL 296806

Third Link Investment Managers Pty Limited

Investment manager

ABN 31 128 965 702 AFSL 321611

The information in this document forms part of the Product Disclosure Statement for the Third Link Growth Fund (Fund) dated 24 June 2016 (PDS). You should consider this information together with the PDS before making a decision to invest into the Fund.

This additional information is general information only and does not take into account your personal financial situation or needs. You should consider the appropriateness of this information for your financial situation before you decide to invest.

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1. Restrictions on withdrawals

If a withdrawal request is received when withdrawals are suspended, the withdrawal request will be deemed to have been received immediately after the end of the suspension period.

If we receive withdrawal requests for more than 20 per cent of the net asset value of the Fund for processing at the end of a particular month, we may decide to reduce the amount of each withdrawal request so that only 20 per cent (or such other percentage as we determine) of the net asset value of the Fund is processed at the end of that month. The remainder of withdrawal requests would then be processed at the end of the next month.

It is our intention to manage the Fund so that it is 'liquid' for the purposes of the Corporations Act. If the Fund is not sufficiently liquid then you will only be permitted to make a withdrawal if we first make a withdrawal offer to all investors in accordance with the Corporations Act.

The constitution of the Fund also contains specific provisions that provide us with powers to suspend the redemption of units and payment for redemptions if we consider or determine that it is desirable for the protection of the Fund or investors, an emergency or state of affairs which makes it not reasonably practicable for us to acquire or dispose of assets or to determine fairly the unit price or where we cannot realise assets at an appropriate price or on adequate terms due to circumstances outside of our control.

2. How we invest your money

It is expected that the majority of the Fund's assets will be invested in other managed investment funds run by third party investment managers (limited to a maximum of 25% of the overall Fund value invested in any one managed investment fund). The process of choosing each investment manager is based on their investment style and process, the expertise of the investment team, past performance (through different market cycles), correlation issues and a range of other factors. This process is based on Chris Cuffe's extensive industry knowledge, considerable contacts and many years of experience in the investment management industry. To help with the selection process of fund managers, Chris may seek input from various advisors listed on the Third Link website.

In the absence of changes in key personnel, management methodology or asset allocation, the Fund is likely to remain invested with a particular manager/fund for the medium to long term. The various managers/funds that Third Link Growth Fund is invested with are listed on the Third Link website.

The Fund predominantly invests in other managed investment funds and investment is not made on a look through basis. As a result, where an underlying managed investment fund holds cash or cash-equivalents, the Fund's total investment in cash or cash-equivalents may exceed 10% of the overall Fund value.

A portion of the Fund may also be invested directly rather than through other managed investment funds. Such investments may include what Third Link considers to be:

- ▶ materially undervalued listed investment companies (though liquidity will be a relevant consideration);
- ▶ securities which complement the portfolio but which are not available through an acceptable managed investment fund structure;
- ▶ securities that are judged to be better held directly to minimise fees or administrative requirements, without compromising expected risk/return outcomes;
- ▶ individual securities that appear materially undervalued and are judged to have sustainable, robust profits and cash flows (limited to 2% of the overall Fund value at the time of purchase for each individual security and 15% in aggregate of the overall Fund value); and
- ▶ cash or cash-equivalent investments that are judged to be better held directly for administrative or other reasons.

Within the above framework, the investment strategy will be implemented having regard to the following:

- ▶ the desire for the majority of investments to provide a consistent and robust income stream;

- ▶ Third Link's belief that investment markets are not perfectly efficient and that skilled 'active' investment management can exploit such inefficiencies; and
- ▶ derivatives may be used by the Fund to more efficiently gain or reduce exposure to a market or security (compared to holding physical securities) or to protect the Fund's investments from possible adverse events but will not be used speculatively.

To better understand the type of share-based managed investment funds that the Fund will invest in, following is a list of different styles and the Fund's investment preference:

Investment style	Third Link Growth Fund investment preference
<p>Relative versus absolute return – the objective of most funds is to outperform an index or benchmark over the long term (with the index usually representing the market within which it invests) regardless of whether that index is making a return or a loss. Others follow a more absolute return style, with their focus on whether they make a profit or a loss.</p>	<p>Both styles would be considered, though Third Link is not drawn to managers who seek to remain closely aligned to an index.</p>
<p>Active versus index managers – active funds seek superior returns to an index whereas index funds make no attempt to produce superior absolute or relative returns.</p>	<p>Active managers, as markets are often not efficient and skilled managers can outperform indices.</p>
<p>The role of cash – most managed funds have a 'fully invested' ethos where they aim to have close to 100 per cent of their money invested in the market. Consequently they hold relatively little cash. However, some funds are prepared to hold cash if they can't find attractive investments.</p>	<p>Both styles would be considered. Third Link may take into account the cash holdings within underlying funds in determining the Fund's weightings to cash.</p>
<p>Long only or short – some funds will short a stock or a market, seeking to generate profits from a fall in the assets value. Others will never short, which is described as being 'long only'.</p>	<p>Both would be considered, though extra scrutiny is applied where shorting is used as this requires separate skills to long only investing.</p>
<p>Value versus growth – 'value' investors generally seek to buy stocks that are cheaply priced using particular valuation tools, whereas 'growth' investors are more interested in owning companies expected to be growing rapidly irrespective of whether they are cheap or not.</p>	<p>The Fund will have a slight bias to 'value', but recognises many stocks can have both 'growth' and 'value' attributes. While appreciating the merits of 'value' investing, attempting to predict with precision the timing of when particular value will be realised is not possible.</p>
<p>Momentum investing – focusing on the recent past, momentum investors buy stocks on the basis of their inertia, caring only about the direction of recent price movements to determine a trend.</p>	<p>Generally, Third Link will select managers who are not momentum investors. Managers who are momentum investors would only be considered if momentum was only one of the factors that the manager takes into account, not the sole factor in their strategy.</p>
<p>Top down versus bottom up – bottom up managers focus primarily on the selection of individual stocks whereas top down managers tend to consider an overriding set of factors affecting a market or the economy before considering any specific investments.</p>	<p>Generally, Third Link will select bottom up managers, though there may be rare cases where a top down manager would be selected.</p>
<p>Large cap versus small cap – some funds invest only in large companies whereas some seek out small companies. Others are indifferent to size.</p>	<p>No particular bias, but recognises the need for adequate liquidity.</p>
<p>Portfolio concentration – some funds diversify widely by holding stocks in many companies, while others concentrate their investment into only a small number of stocks.</p>	<p>Generally prefer more concentrated portfolios as they provide more possibility for active returns.</p>
<p>Quality filters – some funds limit their universe to stocks which they deem to be of good quality with their belief to never buy a poor quality company, irrespective of its price. Others acknowledge that a poor quality company is worth less than a high quality one, but believe that a fair price can be calculated for each.</p>	<p>Prefer shares to be in companies considered to be good quality, as this helps underwrite a base value and reduce the risk of permanent loss of capital.</p>

3. Fees and costs

The following section provides detailed information about the main fees and costs that you may be charged for investing in the Fund along with further information about the additional fees and costs that could apply to your investment. This information should be read in conjunction with the PDS.

Type of fee or cost	Amount ¹	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment		
	Management fee – The fee paid to us for managing the Fund. 1.40% per annum. (\$14.00 per \$1,000 per annum).	This fee is calculated and accrued monthly on the value of the gross assets of the Fund and is paid from the Fund monthly in arrears.
	Expenses – The abnormal expenses of the Fund including costs of unitholder meetings, changes to the constitution, pursuing/defending legal proceedings, changing the responsible entity or termination of the Fund.	Abnormal expenses are paid from the Fund as and when they are incurred.
Service fees		
Investment switching fee The fee for changing investment options	Not applicable	Not applicable

¹ All fees set out in this section are inclusive of the net effect of Goods and Services Tax (GST) (i.e. includes GST, any applicable stamp duty and is net of any applicable reduced input tax credits). The Fund may not be entitled to claim a reduced input tax credit in all instances.

Additional explanation of fees and costs

Management costs

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than investing directly in the underlying assets. Management costs are payable from the Fund's assets and are not paid directly from your account. Management costs do not include transaction costs. The Management costs for the Fund is an estimate and is expressed as a percentage of the Fund's net asset value.

Management costs include:

- ▶ Management fee – the fee charged for managing the investments, overseeing the Fund's operations and providing access to the Fund. The management fee is paid to us and in turn we pay other service providers such as Third Link Investment Managers Pty Limited and RBC Investor Services Trust, the Custodian and Administrator for the Fund.

Expenses:

- We currently pay normal operating expenses of the Fund from our management fee and do not recover these separately from the Fund. Such expenses may include custodian fees, costs of maintaining the unitholder register, stationery, printing, postage, web development/maintenance, audit, tax advice etc.
- We may pay abnormal expenses out of the Fund as and when they are incurred. Such expenses include costs of unitholder meetings, changes to the constitution, pursuing/defending legal proceedings, changing the responsible entity or termination of the Fund. While it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly.

Transaction costs

Transaction costs comprise the costs associated with brokerage and stamp duties, taxes and other charges and expenses from buying or selling investments and are paid by the Fund. When you make an application for units or withdraw units, we charge an allowance for transaction costs (often called the 'buy/sell spread').

Buy/sell spread

The buy/sell spread is an additional cost to you and is an adjustment to the Unit price. It represents a contribution to the transaction costs (such as brokerage) incurred when assets are bought and sold by the Fund. The current buy/ sell spread is +/- 0.25% of the value of Units being bought and sold. This charge is levied to investors transacting rather than investors remaining in the Fund and is retained in the Fund. There is no buy/sell spread on distributions from the Fund that are re-invested. We may vary the buy/sell spread from time to time and prior notice will not normally be provided to you. Updated information on the Unit prices will be posted on the Third Link website.

Changes to the fees

Under the constitution for the Fund we are entitled to certain maximum fees and expenses as follows:

- ▶ Contribution fee – 3% (excluding GST) of each application amount;
- ▶ Withdrawal fee – 3% (excluding GST) of each withdrawal amount;
- ▶ Management fee – 2.5% (excluding GST) per annum of the gross asset value of the Fund; and
- ▶ Recovery of expenses – unlimited.

Although it is not our current intention to vary the actual fees charged from the amounts shown on the previous page, we have the discretion to do so at any time and without your consent, provided any variation does not exceed the maximums shown above. If we decide to increase the fees in the table on the previous page we will provide you with at least 30 days prior written notice.

Adviser remuneration and service fees

We do not pay an adviser service fee or commission to financial advisers.

You may incur a fee for the advice provided to you by your adviser, but this does not represent a fee that we have charged you for investing in the Fund and is not an amount paid out of the assets of the Fund.

Investing in underlying funds

The Fund invests in other listed managed investment funds run by professional third party investment managers. The management costs in the table on the previous page take into account the management fees of these funds. However they do not include any operating or abnormal expenses of those funds that are in addition to management fees and performance fees as they are generally not known in advance nor are such expenses likely to be significant. These operating or abnormal expenses are deducted from the assets of the relevant underlying fund when they are incurred and reflected in unit prices. The management costs in the table on the previous page do not take into account performance fees payable in relation to the underlying funds as it is not possible to provide a meaningful

estimate of the performance fees payable in relation to an underlying fund in any given period, as the performance of the underlying funds against their benchmark cannot be accurately forecast. Performance fees are deducted from the assets of the relevant underlying fund when they are incurred and are reflected in the unit price of that fund.

4. Indirect investors

Investors investing in the Fund indirectly via a master trust or wrap account do not themselves become investors in the Fund, and accordingly have no rights as a Unitholder. If you are an indirect investor, generally the relevant operator or custodian of a master trust or wrap account acquires the rights of a Unitholder. Unitholder rights include the right to attend Unitholder meetings, to make withdrawal requests, receive and reinvest distributions, participate in termination proceeds and lodge complaints. The offer document for your master trust or wrap account should have further details. Your rights and liabilities will be governed by the terms and conditions of the relevant master trust or wrap account, which you should read carefully prior to directing the relevant operator or custodian to invest in the Fund. Indirect investors complete application forms for the master trust or wrap account, not the Fund, and receive reports from their operator or custodian, not the Responsible Entity. Enquiries should be directed to that operator or custodian. Minimum investment and withdrawal requirements may not always be relevant to indirect investors because the operator or custodian may invest on behalf of a number of indirect investors. Indirect investors will also incur fees and expenses applicable to the master trust or wrap account, as well as the Fund's fees and expenses. The tax information in this PDS does not specifically cater for indirect investors.

5. Donations to charity

The Responsible Entity is entitled to a Management Fee of 1.40% p.a. of the value of the gross assets of the Fund. The Management Fee is calculated and accrued monthly and payable monthly from the Fund's assets. Under the investment management agreement under which the Investment Manager is appointed, they are entitled to receive a fee. The Responsible Entity intends to pay the Investment Manager's fee out of the Management Fee to which the Responsible Entity is entitled. The Responsible Entity intends to pay the full Management Fee to which it is entitled to the Investment Manager.

All fees received by Third Link from managing the Fund's investments, net of expenses incurred, are donated to the charitable sector. The donations to the charitable sector do not dilute the investment returns. Since the inception of the Fund in April 2008 up until the date of this PDS, these donations have totaled in excess of \$4,500,000.

Third Link embraces a strategy for its philanthropic engagement, known as the Third Link Thrive Program (*Thrive*).

Thrive represents a portfolio approach to the charitable giving of Third Link, forging long-term partnerships with carefully selected organisations that aim to help Australian children and young people to thrive.

When selecting philanthropic partners to join the *Thrive* portfolio, priority will be given to organisations that are:

- ▶ national;

- ▶ serving children or young people under the age of 25;
- ▶ unique and have a demonstrable point of difference;
- ▶ at a crucial growth phase in their evolution, where philanthropic funding can result in significant capacity improvements within the organisation; and
- ▶ able to demonstrate how Third Link's funding will be leveraged ('the multiplier effect') for maximum social impact.

The Third Link website contains a list of Third Link's charitable partners, together with a brief description of each. The list of charitable partners will change from time to time and the website will be updated accordingly.

Third Link engages Australian Philanthropic Services (www.australianphilanthropicservices.com.au) to make recommendations on the charities to support as part of its *Thrive* program and to monitor the performance of these organisations on an ongoing basis.

6. How managed investment schemes are taxed

General

The following taxation information is of a general nature and should not be relied upon by investors. The information provided is based on applicable Australian tax laws as at the date of this Additional Information Booklet.

The taxation treatment of the Fund and of Australian Resident Investors may be affected by the Attribution Managed Investment Trust (AMIT) regime. Outlined below are the circumstances in which the AMIT regime will apply and the effect it may have on the Fund and Australian Resident Investors.

The taxation information below provides a guide for Australian resident investors only.

Tax position of the Fund

The Fund is a resident of Australia for taxation purposes.

On the basis that Unitholders are presently entitled to all of the distributable income of the Fund for a financial year, the Fund itself should not be liable to tax. Unitholders that are entitled to a share of a Fund's distributable income will be required to include a proportionate share of the taxable income of the Fund in their assessable income.

The Fund may derive franking credits from the receipt of franked dividends. The eligibility of the Fund to distribute franking credits is subject to certain conditions such as the holding period rule. An investor's individual circumstances will also be relevant in determining whether an entitlement to franking credits exists.

In the case where the Fund makes a loss for tax purposes, this loss cannot be distributed to Unitholders. It may be available for recoupment by the Fund against net income in future years subject to certain conditions.

The Fund has made a capital account election for the purposes of the managed investment trust regime under Australian income tax law. This election means gains and losses on the disposal of certain assets (such as shares in companies and units in unit trusts, rights and options over such assets but excluding assets that are derivatives, foreign exchange or any other investments that are subject to the 'financial arrangement provisions') are subject to capital account treatment.

Tax position of Australian resident investors

Distributions

After the Fund's year-end, investors will be issued with an annual statement detailing the composition of the distributions they have received in respect of that year.

Generally, an investor's entitlement to net income for any year, including amounts reinvested by investors, will form part of an investor's assessable income and should be included in the investor's tax return for the year in which the entitlement arises.

Foreign income

Where the Fund pays foreign tax in respect of income or gains from a foreign investment, you may be entitled to receive a foreign income tax offset (FITO). You will usually include the foreign income and the FITO in your assessable income and may be eligible for a tax offset for all or part of the FITO. The amount of FITO will be detailed in the tax report provided to you.

Disposal of Units

A taxable capital gain or loss may arise from the disposal of an investment in the Fund and may form part of an investor's assessable income. The taxable gain or loss may be treated as a capital gain or loss or as ordinary income, depending on the investor's particular circumstances.

If the taxable gain is treated as a capital gain, individuals, trusts and complying superannuation funds may be entitled to a capital gains tax discount in relation to the disposal of Units where the Units have been held continuously for more than 12 months and other requirements are met. Companies are not entitled to this discount.

The Fund may distribute non-assessable amounts which are generally not subject to income tax. Broadly, the receipt of certain non-assessable amounts may reduce the cost base of the investor's investment in the Fund. If the investor has no cost base the amounts may trigger a taxable capital gain.

AMIT regime

A new regime for the taxation of managed investment trusts that qualify as an AMIT (the AMIT Rules) has become law. The AMIT Rules may be applicable to the Fund from as early as the 2016 income year, subject to the Fund satisfying the relevant eligibility requirements and the Responsible Entity making an election to apply them.

The Fund's Constitution contains provisions which enable, but do not require, the Responsible Entity to make an election to apply the AMIT Rules to the Fund. In due course, the Responsible Entity will make an assessment of whether the Fund qualifies as an AMIT and whether it will make an election to apply the AMIT Rules to the Fund (and the date from which that election is to take effect). If the Fund meets the eligibility requirements, the Responsible Entity is expected to make an election to apply the AMIT Rules.

If the rules do apply, the Fund will be deemed to be a 'fixed trust' for taxation law purposes, can rely on specific legislative provisions to make yearly adjustment to reflect under-or-over distributions of income, and the Fund's income will be 'attributed' to investors.

Australian resident investors will be subject to tax on the income of the Fund which is attributed to them under the AMIT Rules. The tax payable (if any) depends on the investor's individual tax profile and applicable tax rate. The amount attributed to

investors will be advised in an AMIT Member Annual Statement (**AMMA Statement**). This is similar to a distribution statement that is currently provided to investors by the Responsible Entity. The AMMA Statement will set out the amount which has been 'attributed' to an investor (and where relevant, its components) and other relevant tax information.

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

Under the AMIT Rules, if the Fund attributes amounts to investors which are taxable, the investor is expected to be entitled to increase the cost base in their units in the Fund to reflect this attribution. Payment of a cash distribution will reduce the cost base.

Tax File Number (TFN) and Australian Business Number (ABN)

It is not compulsory for you to quote your TFN or ABN. If you are making an investment in the Fund in the course of a business or enterprise carried on by you, you may quote an ABN instead of a TFN.

If you fail to quote an ABN or TFN or claim an exemption, the Responsible Entity may be obliged to withhold tax at the top marginal rate (including Medicare levy) on gross payments (including distributions of income) to you.

FATCA

The United States of America has enacted rules known as the Foreign Account Tax Compliance Act (**FATCA**). FATCA could result in the Fund becoming subject to a 30% withholding tax on part or all of the payments it receives from US sources (from 1 January 2014) or from financial institutions or investment bodies with US assets (from 1 January 2017).

Australia has entered into an Intergovernmental Agreement (**IGA**) with the United States of America to improve international tax compliance and implement FATCA. The Australian Government has introduced legislation to give domestic effect to Australia's obligations under the IGA.

Under these rules the Fund is required to collect and report certain information to the Australian Taxation Office (**ATO**).

Investors should consult their own advisors regarding the possible implications of FATCA on their investment in the Fund and the information that may be required to be provided and disclosed to us, and in certain circumstances, to the US Internal Revenue Service.

Common Reporting Standards

The Australian Government has implemented the OECD Common Reporting Standard to take effect from 1 July 2017. The Common Reporting Standard like the FATCA regime will require banks and other financial institutions (like the Fund) to collect and report to the ATO financial account information on non-residents which the ATO will exchange with the foreign tax authorities of the non-residents.

Goods and Services Tax (GST)

The GST information provided in this section is of a general nature only.

GST will apply to the investment Management Fees. Fees and expenses included in Section 7 of the PDS are quoted on a GST inclusive basis less any reduced input tax credits available to the Fund. GST will also apply to most other Fund expenses.

Generally, the Fund cannot claim full input tax credits for GST incurred on expenses, but the Fund may be entitled to reduced input tax credits for any GST paid in respect of these expenses.

7. Anti-money laundering/Counter terrorism financing AML/CTF obligations

As part of anti-money laundering and counter-terrorism financing responsibilities required by legislation, the Responsible Entity, the Investment Manager and the Administrator may request that a potential investor or Unitholder provide any information it reasonably requires to verify the identity of the investor or Unitholder, the identity of any underlying beneficial owner of Units, or the source or destination of any payment to or from the Fund. If an investor does not provide such information or delays in doing so, the Responsible Entity may not be able to accept an application for Units, refuse to accept an application for Units or may suspend payment of withdrawal proceeds payable to a Unitholder. If an application for Units is not accepted for this reason, the Responsible Entity may hold application monies in an applications bank account until we receive the required information.

Application monies are held for a maximum period of 30 days commencing on the day the Responsible Entity receives the application monies and will be returned (without payment of interest) to the source of payment after this period. By subscribing, an investor consents to the disclosure by the Fund and the Administrator of any information about them to regulators and other parties upon request, in connection with money laundering and similar matters, in any jurisdiction. Please also refer to the Privacy section on Page 8 of the PDS. ■